

# DISCIPLINED GROWTH

2016 ANNUAL REPORT



## SELECT FINANCIAL HIGHLIGHTS

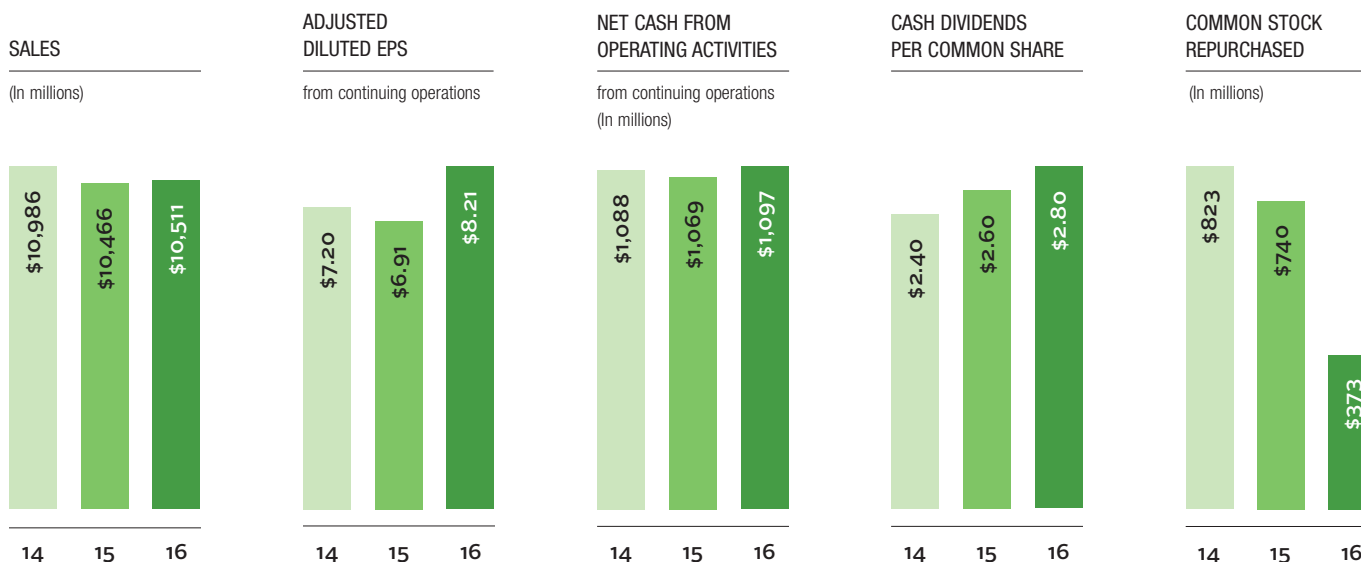
(In millions, except per share amounts)

For the year ended December 31,	2016 <sup>(a)</sup>	2015 <sup>(a)</sup>	2014 <sup>(a)</sup>
Net sales	\$10,511	\$10,466	\$10,986
Operating income	\$1,008	\$475	\$1,012
Segment operating income <sup>(b)</sup>	\$1,008	\$890	\$1,012
Operating margin	9.6%	4.5%	9.2%
Segment operating margin <sup>(b)</sup>	9.6%	8.5%	9.2%
Diluted earnings per share (EPS) from continuing operations	\$8.21	\$3.44	\$7.20
Adjusted diluted earnings per share (EPS) from continuing operations <sup>(c)</sup>	\$8.21	\$6.91	\$7.20
Diluted shares outstanding	78.8	81.9	87.8
Net cash from operating activities (NCFOA) from continuing operations	\$1,097	\$1,069	\$1,088
Cash dividends per common share	\$2.80	\$2.60	\$2.40
Common stock repurchased	\$373	\$740	\$823

(a) The years ended December 31, 2016, 2015, and 2014 give effect to the sale of National Security Solutions, which was completed on February 1, 2016, and is reported as discontinued operations.

(b) Segment operating income and margin represent earnings from L3's business segments before the pre-tax losses related to business divestitures of \$31 million and pre-tax goodwill impairment charges of \$384 million for the year ended December 31, 2015.

(c) Adjusted diluted EPS from continuing operations is a non-GAAP financial measure that excludes losses related to business divestitures and goodwill impairment charges. Please see the page that precedes the 10-K in this report for a reconciliation of this measure to GAAP and a discussion of why the company is presenting this information.



This Summary Annual Report should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2016 included in this book.



## OPTIMIZING L3 FOR DISCIPLINED GROWTH

INVESTING IN OUR CORE. EXPANDING ON OUR STRENGTHS.  
IMPROVING OUR OPERATIONS. BUILDING OUR TEAM. THIS IS HOW WE  
ARE POSITIONING OUR COMPANY FOR DISCIPLINED GROWTH. WE ARE  
NOW L3 TECHNOLOGIES—A NEW NAME THAT REPRESENTS BOTH OUR  
CAPABILITIES TODAY AND OUR VISION FOR THE FUTURE.

## DEAR FELLOW SHAREHOLDERS:



IN 2016, L3 ACHIEVED SOLID FINANCIAL AND PROGRAM PERFORMANCE ACROSS THE BUSINESS. WE STRENGTHENED OUR PORTFOLIO WITH THE GOAL TO OPTIMIZE OPERATIONS, IMPROVE MARGINS AND ENHANCE VALUE. WE INTENSIFIED OUR FOCUS ON GROWTH MARKETS THAT BETTER ALIGN WITH OUR STRENGTHS AND OUR CUSTOMERS' PRIORITIES. L3 IS NOW EMBARKING ON OUR NEXT PHASE — DISCIPLINED GROWTH.

To achieve this objective, we have refined our business strategy to address the global environment. The U.S. defense budget is growing. Around the world, air traffic continues to rise and our international allies have increased security demands. We have positioned L3 to capitalize on these trends by expanding our business development efforts, and by making thoughtful investments in R&D and acquisitions in markets where we are strongest.

2017 marks L3's 20th anniversary, an important milestone in our history. Over the last two decades, we have built a company driven by continuous innovation and an unwavering commitment to developing technologies our customers need to execute their missions. We started this year with a new name, L3 Technologies, Inc., to reflect our ascent into a well-respected industry leader and trusted partner with diverse capabilities that reach far beyond communications.

**L3 is fortunate to have a diverse and talented workforce of 38,000 employees who adhere to the highest standards of integrity, excellence and accountability.**

Also, effective March 1, 2017, we realigned our businesses to better pursue global opportunities by splitting our Electronic Systems segment in two. The new Sensor Systems segment develops market-leading technologies for gathering and securely sharing information. L3's segments, which include Aerospace Systems, Communication Systems, Sensor Systems and the

reorganized Electronic Systems, will enhance our drive for higher levels of organic growth and operational efficiency.

Throughout 2016, we improved our program performance, strengthening our position for follow-on work and new contracts with existing customers. We also streamlined operations by continuing to selectively consolidate business units, manufacturing facilities and back-office functions to reduce costs and combine capabilities.

The success of L3's strategy showed in our performance. We exceeded our 2016 financial plan in key metrics, including sales, orders, earnings per share and free cash flow. We generated positive organic growth and margin improvement in all of our segments. We won major new contracts in the defense, commercial aviation and security markets, and we entered 2017 with positive momentum.

L3 is fortunate to have a diverse and talented workforce of 38,000 employees who adhere to the highest standards of integrity, excellence and accountability. Their determination to deliver solutions for our customers is unparalleled, and we owe L3's continued success to their hard work and unwavering dedication.

### A RETURN TO GROWTH

One of L3's central objectives is to create value for our shareholders and customers. By that measure, 2016 was a solid year. We achieved 2 percent organic growth, led by a 5 percent increase in our Department of Defense (DoD) sales, which offset declines in our commercial and international end markets. Our defense business grew at a



TOP LEFT: With fully active four- and five-axis MX™-Series stabilization, L3's MX designating systems are configured with a series of high-sensitivity, multi-spectral sensors that enable precision engagement from tactical ranges during daylight, low-light and nighttime missions. In 2016, L3 won an FMS contract to provide this technology to support counterterrorism efforts in North Africa.

TOP RIGHT: The highly successful ROVER™ family of products is designed to be interoperable across current U.K., U.S. and NATO intelligence, surveillance, target acquisition and reconnaissance (ISTAR) platforms, as well as the most recent U.K. AH-64 Apache E Block upgrade and the P-8 maritime patrol aircraft.

BOTTOM LEFT: For the U.S. Coast Guard (USCG), L3 extends our legacy of integrating command, control, communications, computers, intelligence, surveillance and reconnaissance (C4ISR) systems with a contract for the Sentinel-class Fast Response Cutter (FRC). The FRC is the USCG's newest-generation patrol vessel and plays a vital role in its homeland security mission.

**L3 continued to generate robust cash flow and deploy it strategically while maintaining a strong capital structure to support growth initiatives.**

rate that exceeded DoD budget growth, indicating that we are well-positioned in DoD priority areas. We posted consolidated net sales of \$10.5 billion and operating income of \$1.0 billion. Orders increased 11 percent compared with the previous year, resulting in a healthy book-to-bill ratio of 1.05. Diluted earnings per share from continuing operations was \$8.21 in 2016, a 19 percent improvement compared to 2015. We converted net income to cash at an impressive rate of 136 percent.

#### **DISCIPLINED CAPITAL ALLOCATION: DELIVERING VALUE**

L3 continued to generate robust cash flow and deploy it strategically while maintaining a strong capital structure to support growth initiatives. Net cash from operating activities was \$1,097 million in 2016, and we returned \$593 million to our shareholders through share repurchases and dividends. We stabilized our investment-grade credit ratings and extended our debt maturity profile during the year, reducing debt by \$300 million while refinancing

**\$4.1B**  
AEROSPACE SYSTEMS



**\$2.1B**  
COMMUNICATION SYSTEMS



NET SALES

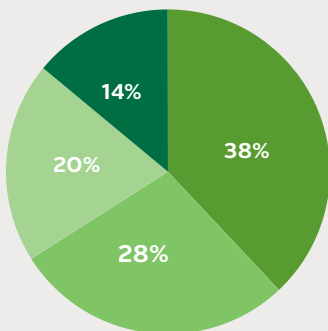
**\$3.0B**  
ELECTRONIC SYSTEMS



**\$1.5B**  
SENSOR SYSTEMS



## L3'S NEW BUSINESS SEGMENTS



### AEROSPACE SYSTEMS - 38%

Aerospace Systems is a lead integrator that installs ISR systems and performs modification and maintenance on virtually any aircraft.

### COMMUNICATION SYSTEMS - 20%

Communication Systems increases situational awareness by enabling secure communications and interoperability across multiple platforms.

### ELECTRONIC SYSTEMS - 28%

Electronic Systems provides training, avionics, airport security, precision engagement, and power and propulsion systems to customers around the world.

### SENSOR SYSTEMS - 14%

Sensor Systems provides sensor-driven market-leading solutions for land, sea, air, space and cyber applications.

\$550 million of debt with new 10-year senior notes at 3.85 percent, L3's lowest coupon rate ever for 10-year fixed-rate notes. We also renewed our \$1 billion 5-year revolving credit facility.

We shifted the balance of our capital allocation to accelerate disciplined growth by increasing investments in our businesses. Complementing our 12th consecutive annual dividend increase, L3 boosted research and development (R&D) spending by 13 percent year-over-year to \$258 million and accelerated our mergers and acquisitions (M&A) activities with a number of bolt-on acquisitions.

### M&A: STRENGTHENING CORE CAPABILITIES

Our acquisition strategy focuses on the intersection of identifying market opportunities, building on our core capabilities and evaluating companies with complementary strengths at attractive valuations. In 2016, we enhanced our portfolio through acquisitions that provide more high-value, comprehensive solutions for our customers.

We bolstered our Commercial Training Solutions with the addition of Aerosim Technologies and Aerosim Flight Academy, leading U.S.-based commercial pilot instruction businesses. This acquisition adds innovative



L3 is a global leader in providing F/A-18 A-D maintenance solutions, with an international customer base including Canada, Australia, Finland, Spain and Switzerland. The U.S. Navy life-extension and depot maintenance contract represents a significant milestone in our long-standing relationship with this customer.

and flexible maintenance training products, distance learning and low-cost training devices to L3's offerings, enabling us to deliver complete training, resourcing and simulation solutions to commercial aviation customers, including pilots at every proficiency level.

We also significantly strengthened L3's ability to provide total system solutions in aviation security with the acquisitions of MacDonald Humfrey (Automation) in November 2016 and the explosives trace detection assets of Implant Sciences Corporation in January 2017. MacDonald Humfrey is a U.K.-based systems integrator of networked software-based airport checkpoint security and baggage handling systems. Both companies brought critical automation and screening technologies to our growing security and detection business.

Early in 2016, we expanded L3's advanced communications business with the acquisition of Advanced Technical Materials (ATM), and integrated its coaxial and waveguide RF microwave products into L3's Narda-MITEQ division. We enhanced our electronic warfare capabilities and expanded our sensor offerings with the acquisition of Microe, an Australian developer of high-performance microwave, millimeter wave and photonic components. The addition of Microe also positions L3 for broader penetration into the Australian defense market.

#### TECHNOLOGY LEADERSHIP: DRIVING INNOVATION

L3's investments in R&D help develop solutions that define us as a leader in innovative and affordable technologies. In 2016, we continued to build a pipeline of

discriminating next-generation products by investing in projects with near-term potential, including ways to reduce size, weight, power and cost, as well as those out on the development horizon. We are engaging in a number of initiatives and collaborative relationships with commercial enterprises and are incorporating advanced commercial technologies into defense applications in attractive growth areas, such as virtual reality, with the objective of anticipating customer needs.

**Our acquisition strategy focuses on the intersection of identifying market opportunities, building on our core capabilities and evaluating companies with complementary strengths at attractive valuations.**

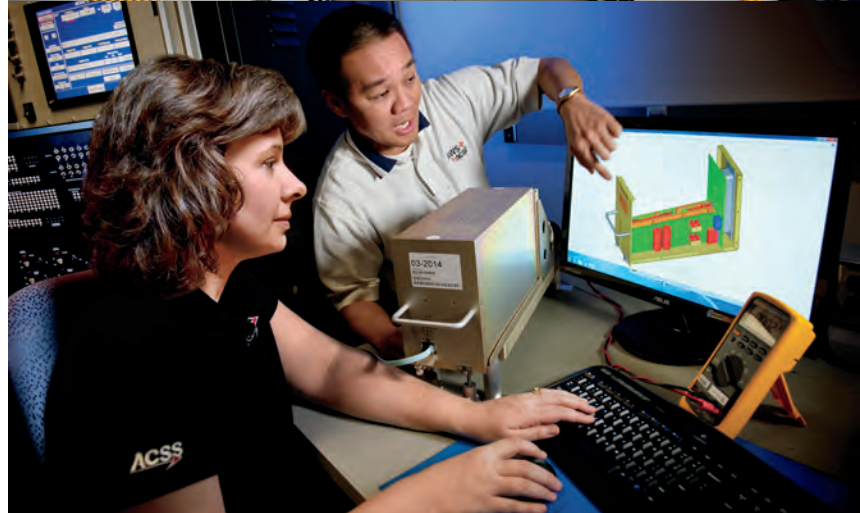
One example is our next-generation Military Code (M-Code) GPS User Equipment. In 2016, we successfully obtained U.S. government security certification for this product, making L3 the first DoD contractor to receive this designation. To support the manned-unmanned teaming MUMT-X program and other advanced platforms, we continue to invest in developing an advanced signal processing engine that is an agile enabler for secure communications. Another technology we introduced in 2016 was a high-performing, high-resolution night vision image intensifier. L3 is also creating new simulation systems that utilize the visual spectrum in both strategic and tactical environments to heighten the advantage to our warfighters.



TOP: The USAF chose L3 to provide full contractor logistics support for 59 USAF KC-10s and two Royal Netherlands Air Force KDC-10 aircraft, demonstrating L3's ability to provide innovative solutions for this mission-critical platform.

RIGHT: L3's RealitySeven™ full flight simulators can be reconfigured to multiple commercial air transport platforms. L3 utilizes cutting-edge technologies, such as virtual reality and augmented reality, in training highly skilled pilots for airlines throughout the world.

BOTTOM: L3's Mode S transponders are compliant with global ADS-B mandates. The NXT line is optimized for flight in the next-generation air traffic environment.





## U.S. DEFENSE: INCREASED SUPPORT TO THE DOD

Defense has always been L3's core business. The DoD remains our largest customer — constituting approximately 70 percent of our total sales. L3 has a long track record of combining our broad capabilities to deliver effective solutions in priority areas on time and on budget. This positions us to benefit from defense spending that is trending upward for the first time since fiscal year 2010. We are confident L3 has the right mix of in-demand capabilities, including ISR solutions, secure communications, precision strike, electronic warfare, sensors, night vision equipment and naval systems. We also believe readiness and special operations forces support are areas of increased opportunity. Whatever is needed, we have the products, technologies and expertise to help the DoD achieve its objectives.

L3 has a well-earned reputation as a highly responsive and proven provider of ISR systems and solutions for a wide variety of aircraft. In 2016, less than one year after the original award, L3 completed the inaugural flight of the U.S. Army's Enhanced Medium Altitude Reconnaissance and Surveillance System EMARSS-M1 prototype aircraft — completing a major milestone in the program.

Underscoring L3's value as a trusted provider of military flight training services, we were selected to supply two additional trainers and associated services in support of the UH-60M helicopter. This critical training program has logged more than 250,000 hours. L3 also received a contract modification to deliver the first full-motion, high-fidelity aircrew simulators as part of the Flight School XXI program.

For the U.S. Army, we extended our night vision and laser rangefinder technology leadership with a production contract to deliver our Small Tactical Optical Rifle-Mounted (STORM) SLX precision targeting system. Size and weight are critical design factors for our customer, and the improved SLX system delivers increased performance while reducing the weight of the current STORM by one-third.

For the U.S. Navy, L3 won a contract to provide depot-level maintenance for its F/A-18 fleet. Building upon our international F/A-18 experience, this competitive win represents the first time we will perform sustainment on this Navy platform at our facilities in Canada and Waco, Texas. L3 is developing an optical system that increases shipboard situational awareness, threat detection and cueing as part of the Combined EO/IR Surveillance and Response System (CESARS). CESARS represents an opportunity to apply our leading airborne wide-field-of-view ISR capabilities to protect U.S. Navy ships and sailors.

Our contractor logistics support (CLS) services maintain a variety of military platforms all over the

world. In 2016, we won the right to provide full CLS services for the U.S. Air Force's (USAF) KC-10 aircraft, a contract that is expected to be valued at \$1.9 billion over nine years.

L3 has maintained a longtime position as the prime contractor on the USAF's E-3 Airborne Warning and Control System (AWACS) flight crew training program. This includes performing the majority of the program's ground-based flight crew training using our devices at an L3 training facility. In 2016, L3 won a contract for the new AWACS Diminishing Manufacturing Sources Replacement of Avionics for Global Operations and Navigation (DRAGON) flight crew training program.

## INTERNATIONAL DEFENSE: SUPPORTING ALLIES IN A DANGEROUS WORLD

In a persistent and unpredictable global threat environment, delivering solutions that aid and protect our U.S. allies is of crucial importance for us. We are investing and expanding in key markets by opening additional facilities and forming new partnerships, while strengthening our established relationships around the world. We continue to see long-term growth potential for our EO/IR sensors and night vision equipment, airport security systems and secure communications. L3's strong reputation for expertise, quality and affordability contributed to a number of significant international wins in 2016.

L3 continued our long-term support of Canada with a contract for the sustainment of mission systems and avionics installed in the Royal Canadian Air Force's CP-140 aircraft, which ensures that the platform maintains mission-capable avionics for ISR operations.

**L3 has a long track record of combining our broad capabilities to deliver effective solutions in priority areas on time and on budget.**

The U.K. Ministry of Defence (MOD) awarded L3 a contract to deliver our ROVER™ transceivers for the Joint Common Remote Viewing Terminal (JCRVT). The JCRVT enables the secure exchange of ISR information, including full-motion video, across the battlespace via a wideband IP network. In a separate MOD contract, L3 will deliver TacNet ROVERS™ and ROVER™ 6i receivers — flexible, highly mobile systems that transmit secure full-motion video and other data to support real-time situational awareness in land and maritime applications.

Demand for our night vision equipment continues to grow internationally, including the purchase of our Clip-On Ruggedized Advanced Thermal Optical Sight



(CRATOS) for a European law enforcement customer and a Middle Eastern ally. CRATOS is a miniaturized, all-in-one thermal weapon sight designed for handheld, weapon clip-on or stand-alone use in degraded visual environments.

**L3 has built a broad portfolio of pilot training services and equipment that enables us to deliver a suite of solutions to commercial aviation customers worldwide.**

L3 received a significant contract valued at approximately \$200 million over five years under the Australian Defence Force Soldier Modernisation Systems Program to provide the Australian Army with innovative targeting and detection capabilities designed to perform at night and under all weather conditions. These include binocular night vision goggles, which incorporate white phosphor image intensification (I2) technology, a compact multifunction aiming laser with integrated white light capability, and the next generation of lightweight, miniature laser rangefinders. Other awards in the region included a contract for the Integrated Starter Generator (ISG) for Australia's Hawkei armored vehicle, an order for an F-16 mission training system from Taiwan, and funding for communications and ISR integration on South Korea's Global Hawk program.

We are identifying areas where our industry-leading expertise and technologies can contribute to security in the Middle East and Africa. In 2016, we were selected

under a Foreign Military Sales (FMS) contract to provide our MX™-10D EO/IR turrets for a North African nation in support of counterterrorism operations aboard newly acquired UH-60 helicopters. Other important wins for the year included a contract to supply MX™-15 EO/IR turrets to a Middle Eastern country for internal security and a major integration contract for ISR/data link technology on multiple rotary-wing aircraft for another North African customer.

#### COMMERCIAL AVIATION: EXPANDING BUSINESS WITH ADVANCED PRODUCTS AND TRAINING

The commercial aviation market represents a significant long-term growth opportunity for L3. Global air traffic revenue continues to grow at a faster rate than global GDP. Pilot shortages are projected to worsen over the next decade and beyond, enhancing demand for our pilot training capabilities around the world. Mature markets in North America and Europe continue to recapitalize their fleets, while Asia and the Middle East are investing in new or expanded commercial air travel capacity. The outlook remains robust for pilot training and commercial avionics, including displays, flight recorders, and Traffic Alert and Collision Avoidance System (TCAS) solutions — areas where L3 is a well-recognized industry leader.

L3 has built a broad portfolio of pilot training services and equipment that enables us to deliver a suite of solutions to commercial aviation customers worldwide. Capitalizing on the trend for airlines to cut costs by outsourcing this function, L3 developed flexible, scalable end-to-end pilot training that ranges from *ab initio* coursework for beginners to specific training tailored to experienced



L3 is a global leader in providing safe and effective aviation security technologies that help airports protect passengers and their belongings while moving them efficiently through checkpoints.

aviators. Over the years, we have expanded our high-fidelity simulation and training offerings by adding flight schools and instructors worldwide and becoming one of the few licensed authorities in Europe and Asia. This enables L3 to offer a variety of innovative and cost-effective programs to airlines, such as pay-by-the-hour flight instruction, that train and certify pilots for a broad range of commercial aircraft.

All Nippon Airways (ANA) awarded L3 a contract to build and deliver a customized full flight simulator for A320 aircraft based on our RealitySeven™ flight simulation platform. The new device will be installed at ANA's Tokyo flight training facility, joining an existing RealitySeven B787 full flight simulator. The contract affirms our relationship with ANA to support its long-term fleet expansion plans. L3 also received full flight simulator orders from Hainan Airlines and Sichuan Airlines during the year.

In commercial avionics, L3 further increased our market share with contracts to provide our solutions on new and existing aircraft for airlines around the world. In 2016, we reached agreements with various operators to install a mix of our aviation products, including flight data recorders, SATCOM systems, T<sup>3</sup>CAS collision avoidance systems and NXT-800™ systems, on more than 2,000 aircraft, including AirAsia, easyJet and China Eastern Airlines. In addition, as they equip their fleets to meet European Aviation Safety Agency (EASA) and the FAA's 2020 ADS-B mandates, increasing numbers of airline customers are selecting L3 to retrofit in-service platforms with our NXT-800 ADS-B Out transponder.

In the commercial SATCOM marketplace, L3 is reshaping Traveling Wave Tube Amplifier (TWTA) capabilities by introducing new technologies to better serve high-throughput satellites. As the frequency spectrum becomes more congested, L3 has products ready to fill the need for higher-frequency TWTAs through V-Band and beyond. In 2016, we continued to deliver space-qualified TWTAs to satellite customers and anticipate that we will announce the first sale of our new Q-Band TWTA product in 2017.

#### AVIATION SECURITY: MEETING A GLOBAL NEED

Growth in commercial air traffic worldwide and enduring security threats continue to drive the requirement for increasingly more sophisticated, safe, fast and reliable screening solutions.

Our recent acquisitions added highly advanced baggage screening and explosives trace detection technologies, broadening and deepening L3's whole-system solutions to streamline airport security and make the passenger experience easier without compromising safety. Our systems are operating at several major airports around the world, and we are developing more compact equipment to accommodate the smaller footprints of regional airports. In 2016, L3 expanded our market share with steady sales growth of our ProVision® and ClearScan™ passenger and cabin baggage screening brands worldwide. Additional orders from the U.S. Transportation Security Administration (TSA), the Canadian Air Transport Security Authority (CATSA) and other international regulators currently give us an installed base of more than 1,800 ProVisions at over 300 airports worldwide, making this the industry-leading solution for safe, reliable and efficient personnel screening. We also received orders for our MV3D® checked baggage screening equipment from customers in Istanbul and Bahrain.

**L3 remains committed to principles of good stewardship and corporate responsibility for the communities in which we live and work.**

#### COMMITMENT TO COMMUNITY

L3 remains committed to principles of good stewardship and corporate responsibility for the communities in which we live and work. We make contributions at the corporate and local levels and place the utmost importance on those initiatives that assist, serve and honor our U.S. military personnel, veterans and families. L3 is a member of the Employer Partnership of the Armed Forces, an organization that provides employment opportunities to former service members by leveraging their military



training and experience. We contribute to charities such as the Bob Woodruff Foundation, which funds programs that meet the needs of our injured heroes, and Homes for Our Troops (HFOT), which builds adaptable housing for veterans. In the last six years, employees from across L3 have donated funds, specialized items and manpower to build six HFOT homes, with more in the works. L3 honors the legacy and sacrifices of our armed services by supporting the capital campaign to build the first-ever National Museum of the U.S. Army. We provide financial assistance to the Special Operations Warrior Foundation, the Tragedy Assistance Program for Survivors (TAPS), the Marine Corps Scholarship Foundation and the Coast Guard Foundation, just to highlight a few.

As a company founded on technology leadership and engineering expertise, L3 has long valued the importance of science, technology, engineering and mathematics (STEM) education. We actively support a wide variety of programs at all education levels through mentoring and educational partnerships in STEM-oriented curricula, and we donate funds to university and college research programs.

L3 employees and divisions also contribute significant time, labor and money to causes outside of industry that provide critical support in their communities. In addition to fundraising efforts for medical research, our businesses have raised funds as part of local United Way campaigns and donated food, toys and manpower to help children, families and the elderly.



OPPOSITE TOP: L3 is Canada's leading In-Service Support integrator, delivering engineering and maintenance solutions for a variety of fleets, including Canada's CF-18 Hornet fighter, CC-150 Polaris transport aircraft, CH-148 Cyclone maritime helicopter and CT-114 Tutor demonstration aircraft.

OPPOSITE BOTTOM: L3 provides advanced submarine sensors and electronics to global naval customers. In 2016, L3 was awarded a contract for the development and production of the TB-29X and TB-34X towed array passive sonar receivers installed aboard U.S. Navy submarines, as well as one to provide switchboard power control systems on the USS Columbia – the Ohio Replacement Program.

LEFT: Aerosim gives L3 a stronger presence in commercial pilot training in the United States and Asia-Pacific by adding capabilities that include distance learning and flexible, low-cost flight training devices.

BOTTOM: The SPYDR II is mission-ready and fully certified with FAA Supplemental Type Certificates and features the L3-developed Rapid Aircraft Payload Deployment System (RAPDS), which is specifically designed for the rapid reconfiguration of sensor payloads. RAPDS allows customers to customize the aircraft's mission configuration on short notice for any ISR requirement.



### TAKING A STRONGER L3 FORWARD

Over the past few years, we have moved with decisiveness and clarity to forge a stronger L3 for the future. Our portfolio is well-aligned with customer needs and market trends in higher-growth areas of domestic and international defense, commercial aviation and global security. We have streamlined operations, maintained a strong, flexible balance sheet and returned to growth. In short, we did what we said we would do, but our work is never done.

Looking ahead, we will continue to optimize for increased efficiency and cross-business collaboration. We will employ a balanced capital allocation strategy that supports innovation and growth to drive long-term shareholder value. We remain committed to maintaining high standards, and meeting and exceeding the needs of all of our stakeholders.

L3's strength is our agility, responsiveness and market-leading technologies. Since 1997, we have grown to become one of the world's leading defense companies. Each of us is proud of the role our company plays in making our nation and the world safer and more secure. In an ever more complex global threat environment, no one knows for certain the impact of changing geopolitical and economic forces. What we do know is that L3 stands ready to deliver for our customers and our shareholders — with purpose, integrity and discipline.

Sincerely,

**MICHAEL T. STRIANESE**

Chairman and Chief Executive Officer

BOARD OF DIRECTORS



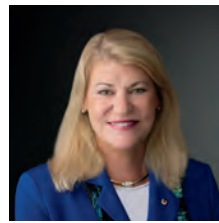
Michael T. Strianese



Claude R. Canizares



Thomas A. Corcoran



General (Ret.) Ann E. Dunwoody



Lewis Kramer



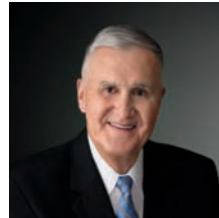
Robert B. Millard



General (Ret.) Lloyd W. Newton



Vincent Pagano, Jr.

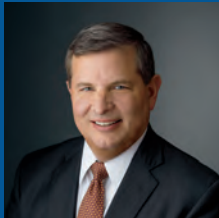


General (Ret.) H. Hugh Shelton



Arthur L. Simon

LEADERSHIP TEAM



Christopher E. Kubasik  
President and  
Chief Operating Officer



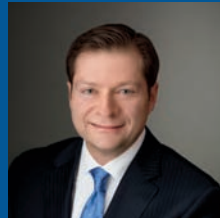
Curtis Brunson\*  
Former EVP, Corporate  
Strategy and Development



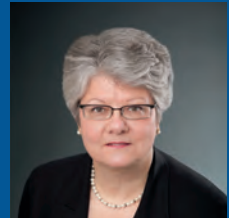
Richard A. Cody  
SVP, Washington Operations



Ron Cook  
SVP, London Operations



Ralph G. D'Ambrosio  
SVP and Chief Financial  
Officer



Ann D. Davidson  
SVP, General Counsel  
and Corporate Secretary



Steve Kantor\*  
Former SVP and President of  
Electronic Systems



Kathleen E. Karelis  
SVP and Senior Counsel



John S. Mega  
SVP and President of  
Communication Systems



David M. Van Buren  
SVP, Program Development



Mark Von Schwarz  
SVP and President of  
Aerospace Systems



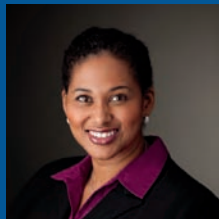
Heidi Wood  
SVP, Strategy



Todd W. Gautier  
SVP and President of  
Electronic Systems



Jeff Miller  
SVP and President of  
Sensor Systems



Juliet N. Bouyea  
VP, Corporate Communications



Sheila M. Sheridan  
VP, Administration



Lawrence V. Wasnock  
VP and Corporate  
Ethics Officer



Kevin Weiss  
VP, Human Resources

\* Transitioned from these roles in March 2017 and retiring from L3 in the second quarter of 2017.

## RECONCILIATION OF GAAP TO NON-GAAP MEASURES

### ADJUSTED DILUTED EARNINGS PER SHARE (EPS) FROM CONTINUING OPERATIONS

	2016	2015	2014
Diluted EPS from continuing operations	\$8.21	\$3.44	\$7.20
Loss related to business divestitures	-	0.25	-
Goodwill impairment charges	-	3.22	-
Adjusted diluted EPS from continuing operations	\$8.21	\$6.91	\$7.20

Adjusted diluted EPS is diluted EPS, excluding the charges related 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. The company believes that the charges related to business divestitures and non-cash goodwill impairment charges affect the comparability of the results of operations for 2016 to the results of operations for 2015 and 2014. The company also believes that disclosing diluted EPS, excluding the charges related to business divestitures and non-cash goodwill impairment charges, will allow investors to more easily compare the 2016 results to the 2015 and 2014 results. However, these measures may not be defined or calculated by other companies in the same manner.

# L3 Form 10-K



## CORPORATE INFORMATION

### CORPORATE HEADQUARTERS

You can contact the corporate headquarters by writing to:  
L3 Technologies  
600 Third Avenue  
New York, NY 10016  
or by calling 212-697-1111. To send a fax, dial 212-867-5249.

### CORPORATE INFORMATION

News media, analysts, shareholders and others seeking corporate information about L3 should contact corporate communications at 212-697-1111.

### PRINTED MATERIALS

Printed financial and governance materials can be obtained without charge by written request to the corporate headquarters addressed to the Corporate Secretary or by calling (866) INFO-LLL (866) 463-6555.

### INTERNET

You can access quarterly and annual financial information, news releases, job listings, information on becoming a supplier, and an overview of the company's products and services on the L3 website at [www.L3T.com](http://www.L3T.com).

### STOCK EXCHANGE LISTING

L3's common stock is listed on the New York Stock Exchange (NYSE) under the symbol LLL.

### ANNUAL MEETING

The annual meeting of shareholders will be held at 2:30 p.m. on Tuesday, May 9, 2017, at The Ritz-Carlton New York, Battery Park, Two West Street, New York, NY.

### SHAREHOLDER ASSISTANCE

If you have questions concerning your shareholder account, please contact the stock transfer agent:

### REGULAR MAIL

Computershare  
P.O. Box 30170  
College Station, TX 77842-3170

### OVERNIGHT DELIVERIES

Computershare  
211 Quality Circle, Suite 210  
College Station, TX 77845

or call 877-282-1168 (781-575-2879 from outside the United States).  
For the hearing impaired, the phone number is TDD: 800-490-1493.

You can also contact the stock transfer agent at its website at [www.computershare.com](http://www.computershare.com).

### EQUAL OPPORTUNITY EMPLOYER

It is the policy of *L3 Technologies, Inc.* to be an equal opportunity employer and to comply voluntarily with the concepts and practices of affirmative action. In keeping with this policy, it is L3 Technologies' objective to advertise for, recruit, hire, train and promote into all job levels the most qualified applicants without regard to race, color, religion, gender, age, national origin, genetic information, citizenship status, marital status, gender identity, sexual orientation, disability, protected veteran status or any other legally protected status. All such decisions will be made in accordance with established personnel policies and by utilizing objective standards based on the individual's qualifications as they relate to the particular job vacancy.

### SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Except for historical information contained herein, the matters set forth in this Annual Report are forward-looking statements. Statements 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 are forward-looking statements. The forward-looking statements set forth herein involve a number of risks and uncertainties that could cause actual results to differ materially from any such statement, including the risks and uncertainties discussed in the Company's "Forward-looking Statements" included in the Company's recent filings, including Forms 10-K and 10-Q, with the Securities and Exchange Commission. The forward-looking statements speak only as of the date made, and the Company undertakes no obligation to update these forward-looking statements. 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 this Annual Report.

### CREDITS

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