Investor Presentation

June 2018

L3 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, 2017 and our quarterly report on Form 10-Q for the period ended March 30, 2018, 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.

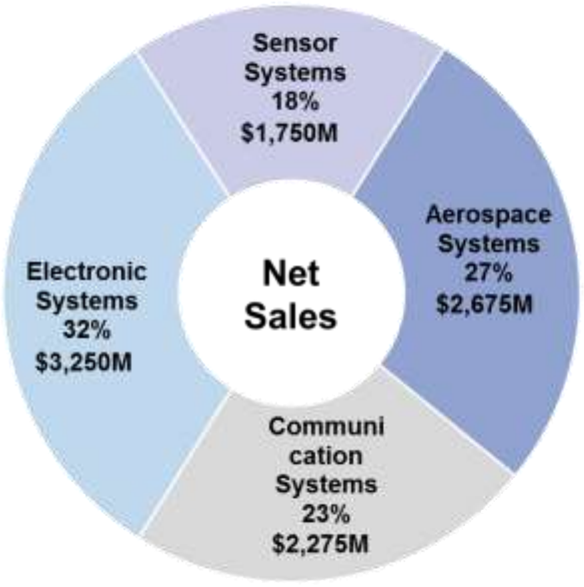
L3 Overview and Strategy

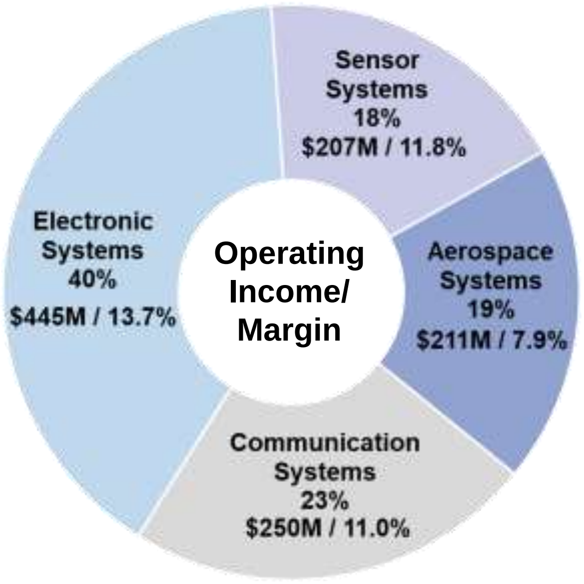
L3 Technologies Overview

L3 Technologies is a leading provider of electronics, communications, ISR, and sensor solutions for military, homeland security, and commercial platforms.

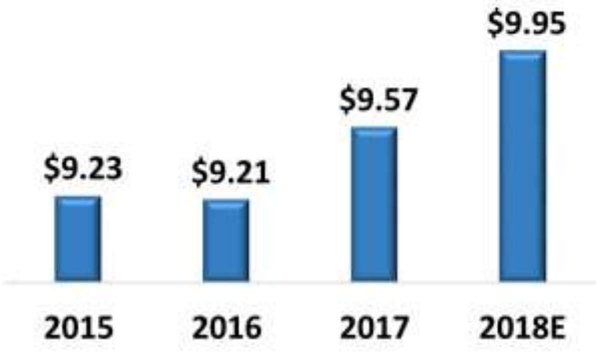
- ~$10 billion in estimated 2018 revenues
- $900 million in estimated 2018 FCF, ~120% of net income
- 32,000 employees, over 7,000 engineers
- $16 billion equity market capitalization

2018 Guidance -- May 1, 2018 ($ billion)

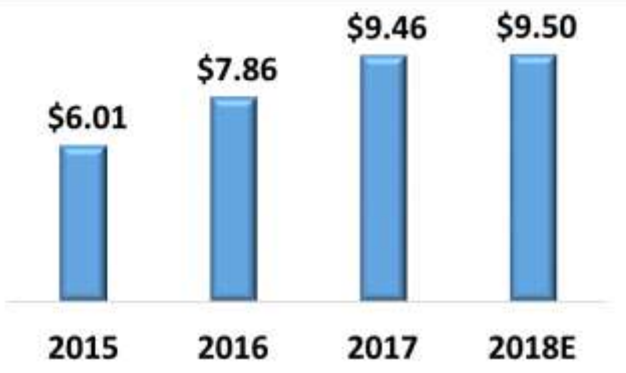




Net Sales ($ billion)



Earnings Per Share



Note: Equity market capitalization based on L3 stock price on 6/14/2018.

Investment Highlights

- Attractive DoD end market growing mid-single digits
- New CEO Chris Kubasik leading business transformation (L3 3.0) to create an operating company that is integrated, innovative, and collaborative
- Multi-year strategy to develop capabilities and increase scale to compete for programs as a non-traditional 6^{th} prime contractor
- Renewed focus on organic growth through accelerated R&D, investment in business development, and increased collaboration
- Proven M&A capability and history of accretive growth through acquisitions
- Strong balance sheet and cash flow generation

Long Term Value Drivers

Organic Growth	Margin Expansion	FCF Conversion
Get our fair share in a growing defense market	Optimize operations	Maintain strong investment returns and cash flow generation
Mid-single digit growth over medium term	12%+ operating margin (by 2020)	~120% of GAAP net income

U.S. Defense Market Growth

Rising DoD budget with relief from BCA sequester budget caps is providing an attractive environment for growth.

DoD Budget (in billion $)

	Base	OCO	Total	Total %
FY10	528	163	691	
FY11	528	159	687	-0.6%
FY12	530	115	645	-6.1%
FY13	495	82	578	-10.4%
FY14	496	85	581	0.5%
FY15	497	63	560	-3.6%
FY16	521	59	580	3.6%
FY17	523	83	606	4.5%
FY18	590	69	659	8.7%
FY19	617	69	686	4.1%
FY20	681	20	701	2.2%
FY21	694	20	714	1.9%
FY22	708	20	728	2.0%
FY23	722	20	742	1.9%

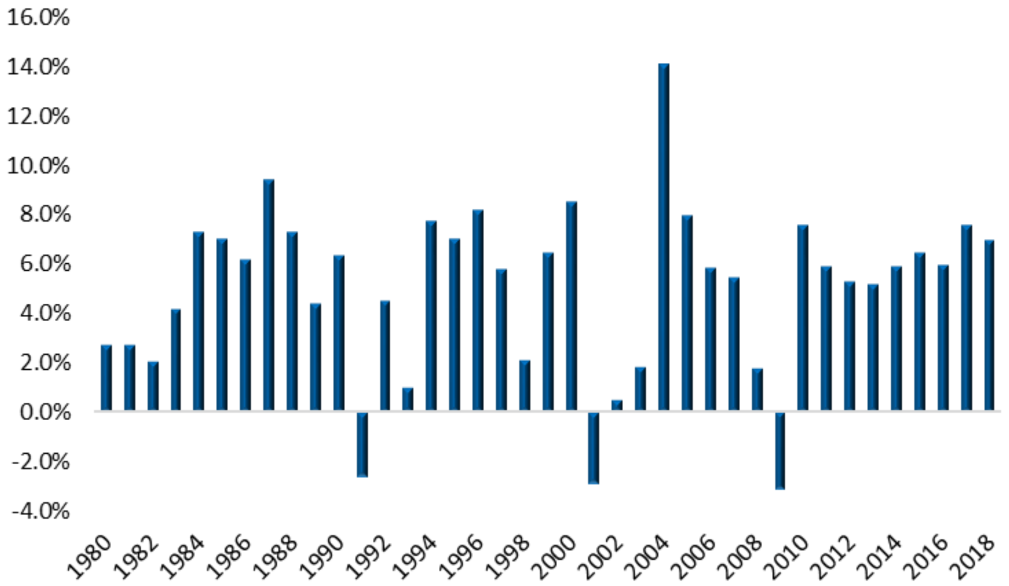
- Increase in both Procurement and R&D (investment) and Operations and Maintenance (O&M) accounts
- Increased appropriations will translate to outlays and defense industry sales over next several years
- International defense budgets stable

Sources: DoD, 2019-2023 based on OMB FY19 budget request

Commercial Market Growth

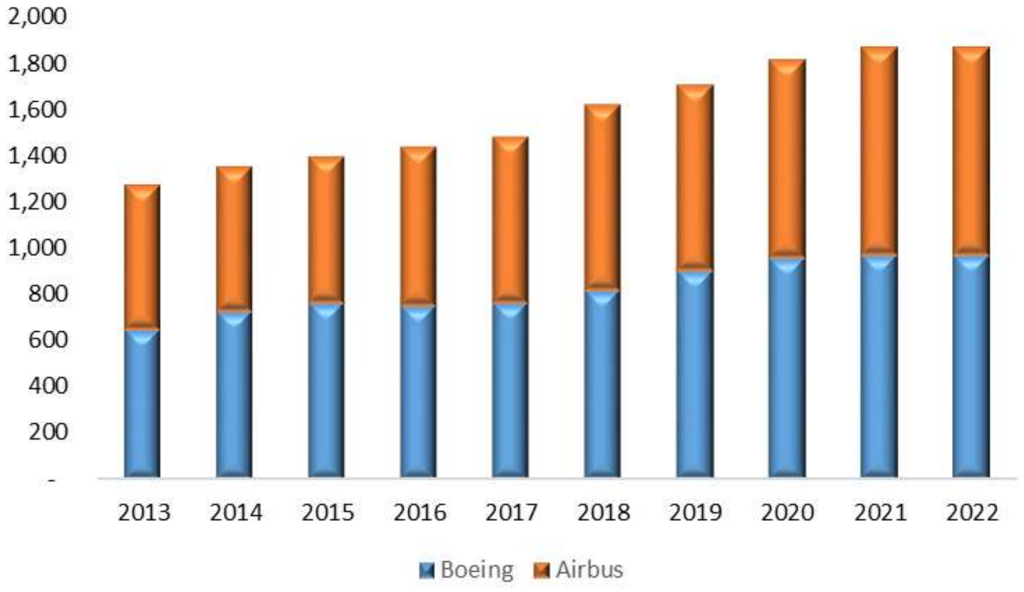
Passenger traffic continues to grow at mid/high-single digits, driving demand for airport infrastructure upgrades and commercial airplanes.

Passenger Traffic Growth



Sources: IATA, ICAO

Commercial Airplane Deliveries



Sources: Boeing, Airbus

L3 Technologies 3.0 Transformation

Legacy L3	L3 3.0
▪ Holding company model	▪ Operating company model
▪ Redundancies and inefficiencies due to de-centralization	▪ Investment in enterprise-wide technology, HR, R&D, and business development—drive standardization of processes, tools, and policies
▪ Limited collaboration and sometimes competition among divisions	▪ Greater collaboration with ability to move up the value chain to offer bundled systems and sell directly to end users
▪ Merchant supplier	▪ Portfolio realignment to higher value added, higher margin, higher growth businesses
▪ Proven track record of acquisitions	
▪ Divestiture of lower margin businesses (Engility, MSI, and NSS)	

3-Stage Path to Value Creation Over Next 5 Years

2018	2019	2020	2021	2022	2023

Stage 1: Integration

- Build enterprise-wide infrastructure and establish standardized processes, tools, and policies
- L365, shared services, consolidation, talent & HR, pension freeze
- Continued organic and inorganic growth to increase sales base
- **Margin expansion**

Stage 2: Strengthen

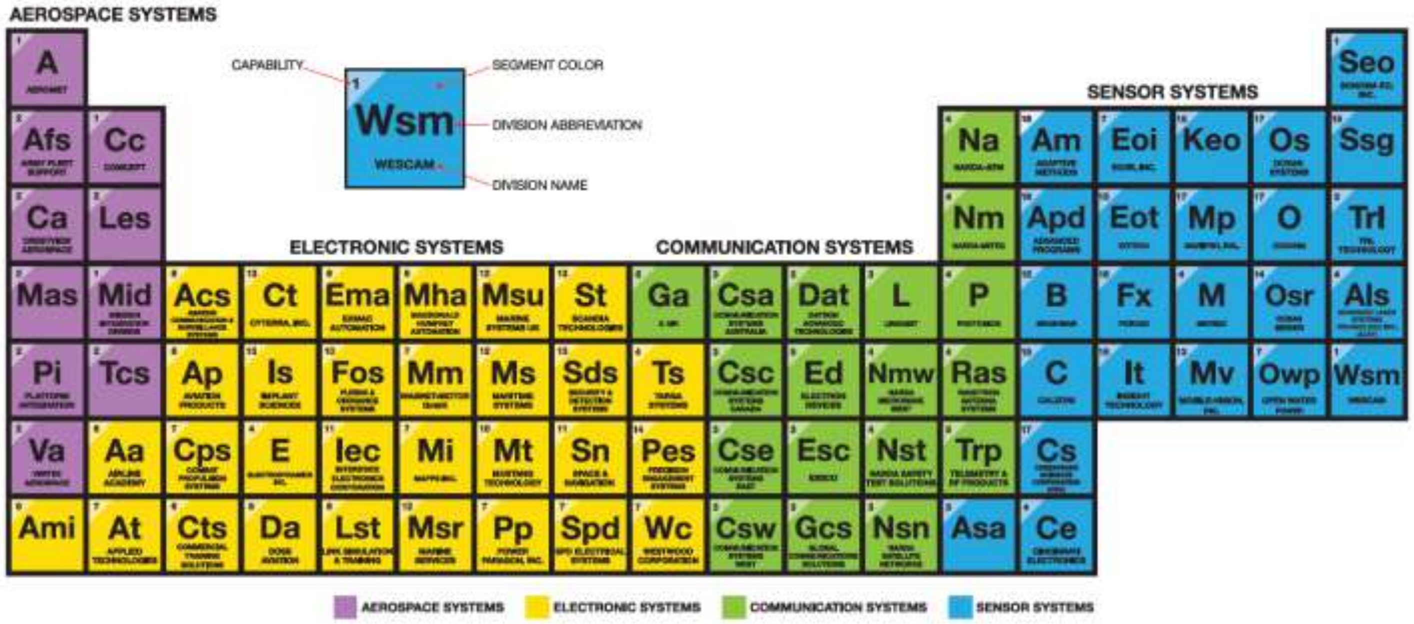
- Higher organic sales growth from internal investments
- Strategic M&A - innovative, high-tech, greater scale
- **Sales growth**

Stage 3: Non-traditional 6th Prime

- More sales from prime programs
- More complex, integrated systems
- Sell directly to end user
- Greater profit and cash flow
- **Move up to Prime/bundled solutions**

Stage 1: Integration

Integrate 80+ divisions within L3 to reduce costs and complexity and to drive collaboration and innovation across the enterprise.



- "Sectorization" by integrating and organizing divisions by capability
- Enterprise-wide IT around common platform (ERP, database, applications)
  - Consolidate 100+ systems to drive data fidelity and transparency
  - Enable greater collaboration and standardization
- Streamline organizational structure
- L365 continuous improvement across all functional areas
- Shared services in IT, HR, procurement, and finance
- Facilities and real estate consolidation

Key Margin Drivers

Investment in growth initiatives will offset some of the cost savings from L3 3.0 integration activities.

\+ Fixed cost leverage from increased sales volume

\+ Savings from direct and indirect cost takeout (headcount, real estate/facilities, COS, overhead)

\+ Elimination of redundant systems

\+ Pension freeze benefit of at least $25mm starting in 2019

\+ Growth in international sales

\- Additional restructuring charges from ongoing integration activities

\- Investment in R&D to drive innovation

\- Investment in business development including personnel, tools, and systems

\- Dilution from intangible amortization and development spending on acquisitions

\- More cost plus work on larger, development programs

Committed to at least 12% corporate operating margins by 2020.

Stage 2: Strengthen

Invest in talent, R&D, and processes to accelerate organic growth.

Talent

- Attract and retain top technical and business talent
- Develop greater systems engineering and project management capabilities
- Improve enterprise level HR
- Change incentive compensation to reward collaboration across the enterprise

R&D

- Increase IRAD investment to 3-3.5% of annual sales
- Increase targeted investment in highest priority and returns areas
- Partner with customers to bring innovative solutions to market
- Increase rate of commercialization and speed to market

Processes

- Leverage CRM platform and present single, unified L3 to customers
- Bundle technology and build capabilities across divisions and sectors
- Redesign proposal, bidding, contracting process to improve win rate
- Improve coordination and alignment of expertise across L3

New Senior Leadership

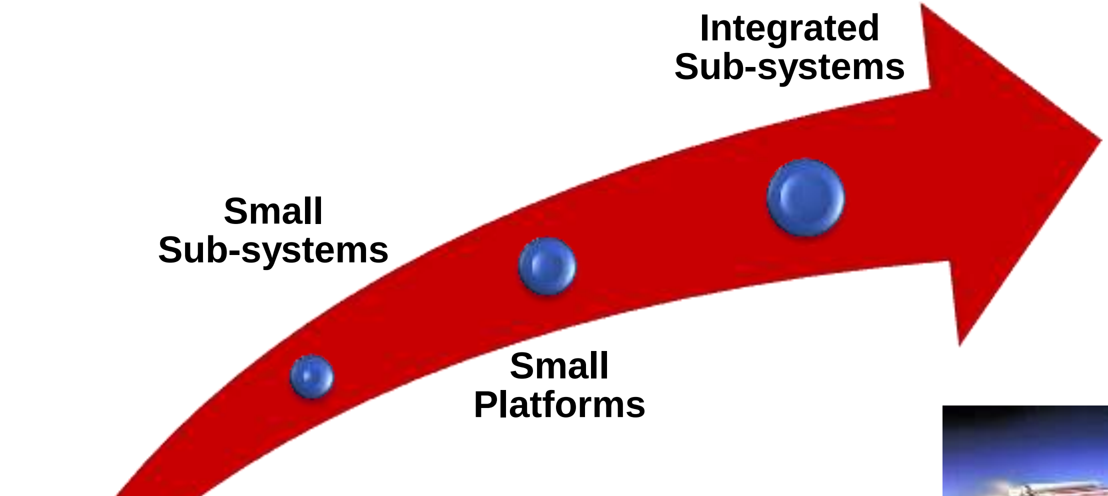
70% of direct reports to CEO are new. Management realignment will be largely completed in 2018.

Name	Position	Start Date	Background
Todd W. Gautier	President, Electronic Systems	Mar-17	17 yrs with L3 including President, Precision Engagement & Training, Naval aviator
Jeff Miller	President, Sensor Systems	Mar-17	4 yrs with L3 in Sensor Systems, various senior positions at Raytheon
Andrew C. Ivers	President, Communication Systems	Jan-18	17 yrs with L3 including President, Broadband Communications
Heidi R. Wood	promoted to SVP, Strategy & Technology	Jun-16	SVP of Strategy at Spirit Aerosystems, MD of A&D equity research at Morgan Stanley
Charles R. Davis	SVP of Strategy at Aerospace Systems	Sep-16	retired Air Force Lt. General, Deputy in Office of Assistant Secretary of Air Force for Acquisitions
Ann D. Davidson	SVP, General Counsel, Corporate Secretary	Aug-16	SVP, Chief Legal Officer and Corporate Secretary at Exelis, also at ITT and Thales
Andrew Hamilton	VP of Strategy Integration	Jan-17	Global A&D Director at PWC, Managing Partner Bancroft Hall Associates
Michael Sang	Director of Strategic Research & Analytics	May-17	Integration Leader at Tyco-JCI, VP of industrials equity research at Morgan Stanley
John N. Feren	VP of Business Development, Commercial	Dec-17	EVP at ACG, 30 yrs at Boeing Commercial in senior sales and marketing roles
Patrick J. O'Reilly	VP of Engineering	Jan-18	retired U.S. Army Lt. General, Director of U.S. Missile Defense Agency (MDA)
Sean J. Stackley	VP of Strategic Advanced Programs & Technolgy	Jan-18	Assistant Secretary of Navy for Research, Development, and Acquisition
John H. Kim	VP of Investor Relations & Analytics	Apr-18	Senior Analyst at SAB Capital and Ulysses Management, LLC
Melanie Heitkamp	SVP, Chief Human Resources Officer	May-18	SVP of HR at Leidos, VP of HR at Lockheed Martin

Stage 3: Non-traditional 6th Prime

Move up the value chain and sell larger, more complex systems directly to end users.





Complex systems:
Design & Integration


- Innovate faster and deliver non-traditional, disruptive solutions that uniquely solve customers' problems
- Integrate, bundle our systems into larger, more complex systems
  - Pursue larger opportunities and get more content on key programs
- Build stronger, direct relationships with customers--build L3 brand
- Integrate L3 to become low cost provider and invest in internal systems integration capabilities

Case Study: United Launch Alliance

- Announced in 2017, ULA and L3 will integrate the companies' design and manufacturing process to provide ULA with a low-cost, custom solution
- Incorporates next-generation space technologies including high capacity launch avionics, advanced imaging technologies, and mission analysis
- $1 billion plus opportunity over 10-year period, more than doubling content per launch and annual sales to $100mm from $40mm

"United Launch Alliance is proud to select L3 to develop the complete avionics package for our Vulcan Centaur launch systems."

Tory Bruno, President and CEO of United Launch Alliance

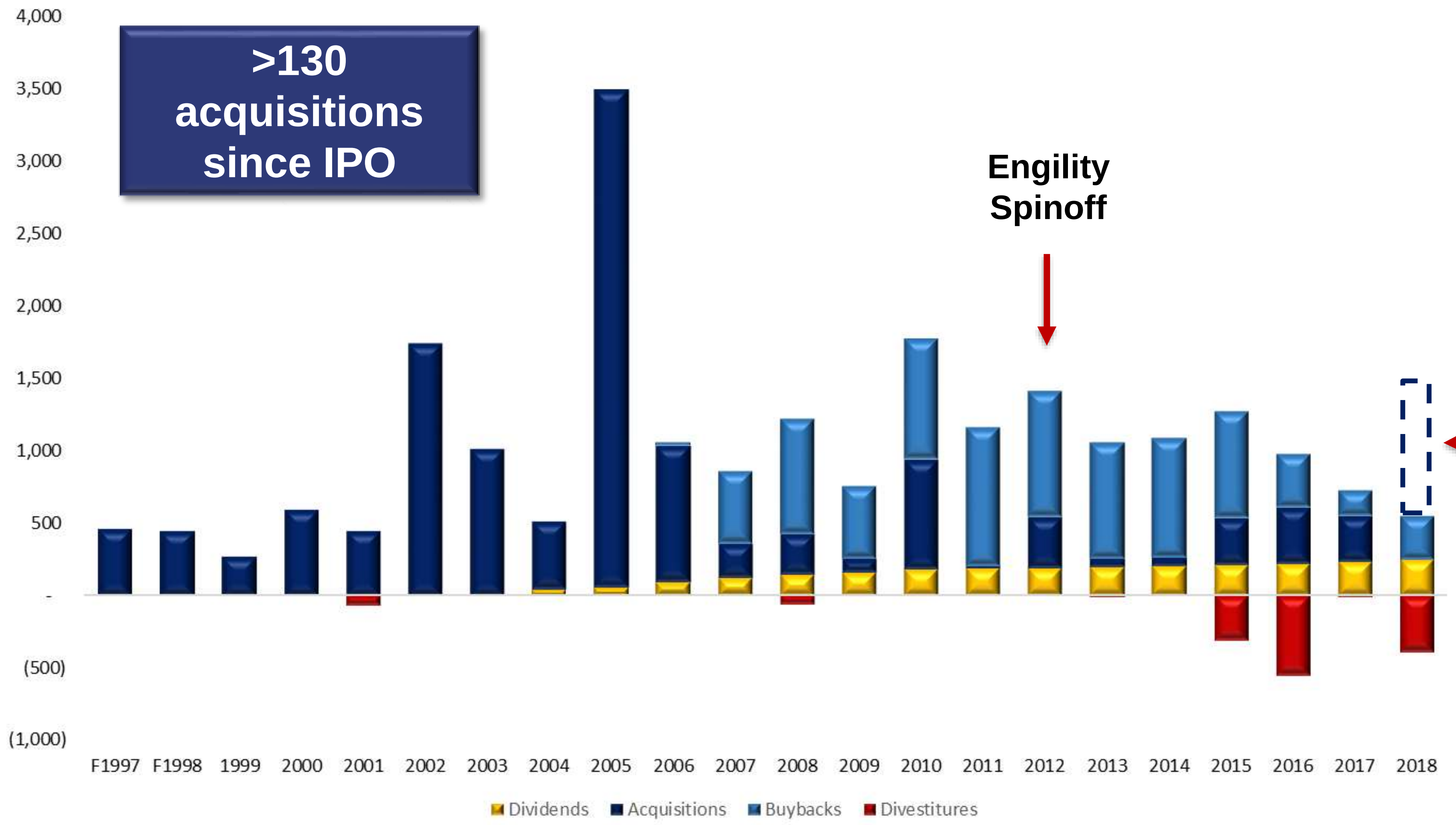
M&A Strategy

Capital Allocation Framework

Disciplined Capital Deployment

Internal Investment	▪ R&D expected to be 3-3.5% of sales ▪ Targeted investments in Sensor Systems ▪ Talent retention and acquisition
Dividends	▪ Continued modest annual increases
Debt	▪ Committed to maintaining investment grade credit rating
Share Buybacks	▪ Offsetting share creep and opportunistic repurchases
M&A	▪ Strategic fit, technology and talent, EPS accretion and strong return on investment

Proven Track Record of Acquisitions



Balance sheet capacity for up to $1B of acquisitions

M&A

M&A enables L3 to accelerate and expand capabilities needed to address evolving customer priorities.

Key Customer Priorities

- Modernize key capabilities including cyber, C4ISR, missile defense, space, and autonomous systems
- Foster greater speed, innovative, and risk taking--significantly increase the rate of development and fielding of advanced technologies
- Strengthen international alliance and deepen interoperability with allies
- Disaggregate large platforms in favor of smaller, cheaper platforms

L3 Technologies Strategy

- Acquire emerging technologies in white spaces that L3 can dominate
- Acquire assets that enable L3 to provide a more complete solution, accelerate innovation (high IP and technology content), and leverage existing businesses
- Acquire assets what bolster L3's already strong market position through scale and greater customer intimacy
- Acquire assets that accelerates growth in international markets

Technology/Company Lifecycle

L3 is evaluating a range of M&A opportunities, including early-stage companies with large upside potential.

Early

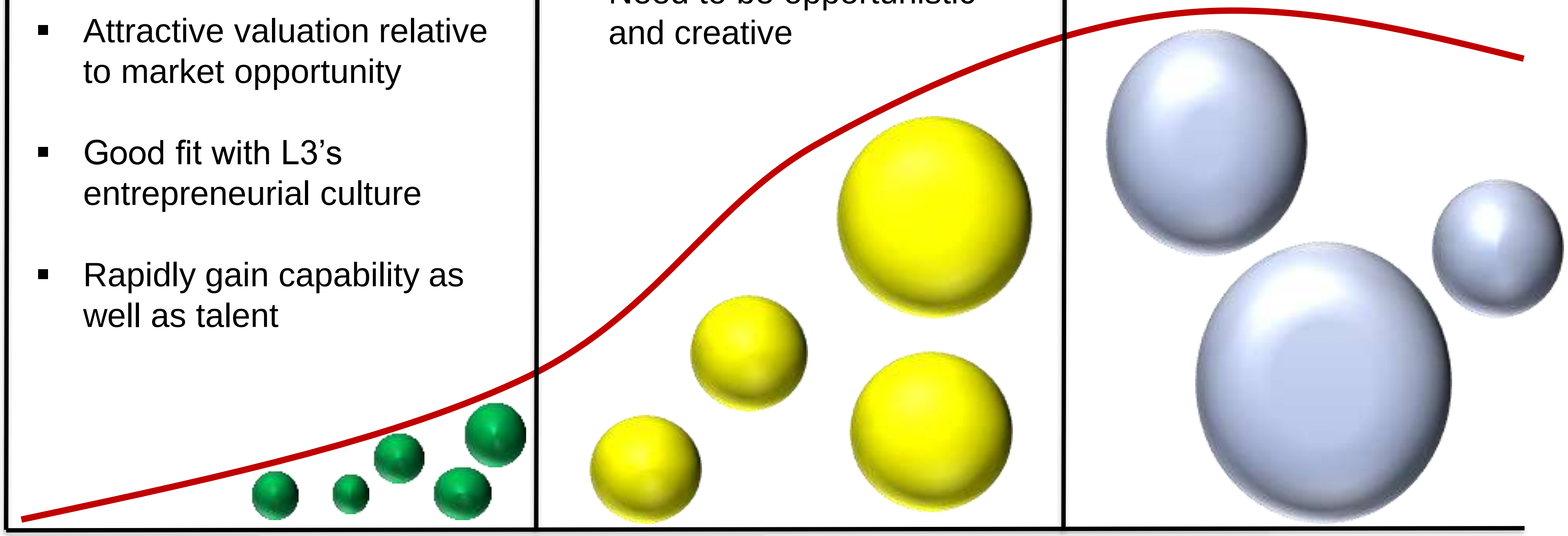
- Acquire after technological feasibility is determined
- Attractive valuation relative to market opportunity
- Good fit with L3's entrepreneurial culture
- Rapidly gain capability as well as talent

Growth

- Fewer attractive targets
- Need to be opportunistic and creative

Mature

- Evaluate on a one off basis



Case Study: Unmanned Undersea Vehicle (UUV)

With 3 acquisitions, L3 established a position in a potentially large market with cutting-edge technology.

- Acquired 3 leading companies in 2017 for total purchase price of ~$100 million
  - **OceanServer**—manufacturer of autonomous, lightweight UUVs
  - **Open Water Power**—undersea power generation technologies
  - **Adaptive Methods**—autonomy and sensor payload solutions for UUVs
- Iver Precision Workhorse (Iver PW) is 1st in a family of autonomous undersea vehicles (AUVs) designed to address a wide variety of missions, including multi-domain intelligence, ISR, anti-submarine warfare, seabed warfare, and mine warfare
- Strong interest from international customers

L3 Segment Overview

L3 Segment Overview

Electronic Systems

Aerospace Systems

Communication Systems

Sensor Systems

Notes: 2018 estimates represent the mid-point of guidance.

Sales in $ billion **Operating Margins**

Electronic Systems Overview

Key Business Metrics – 2018 Guidance (midpoint)

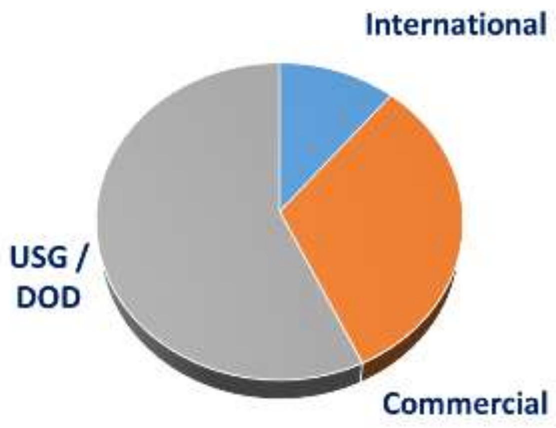
$3.25B Sales 7% Organic Growth

13.7% Operating Margin

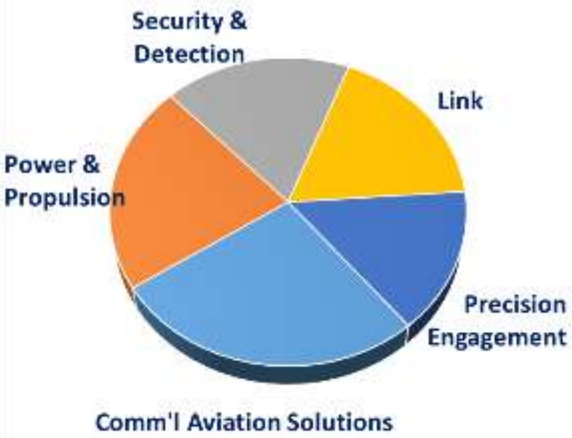
- **Winning:** Book-to-Bill: >1.0x ('16 – '18E)
- **Growing:** 7% Organic Growth in '18E
- **Margins:** +60bps ('16 -'18E)
- **Investing:** Segment Controlled & Focused
- **Optimizing:** Consolidating Divisions (23 to 15)

Revenue Mix and Capabilities

Sales by Customer



Sales by Sector



Capabilities

Aerospace Systems Overview

Key Business Metrics – 2018 Guidance (midpoint)*

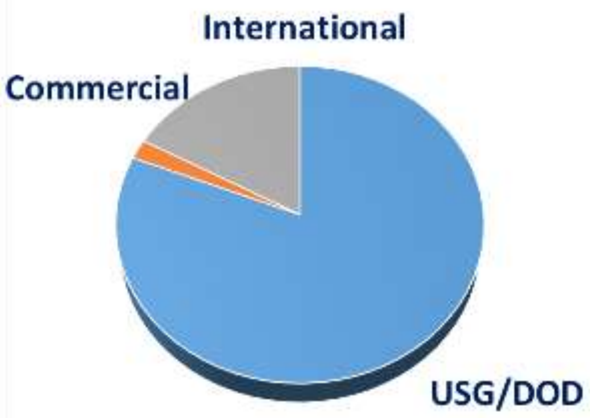
$2.675B Sales (1)% Organic Growth

7.9% Operating Margin

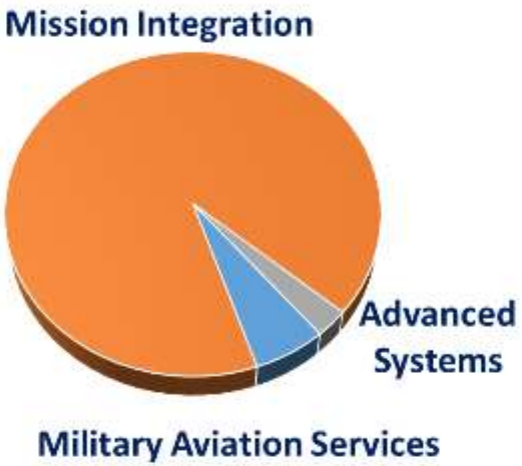
- **Winning:** Major FMS Award
- **Growing:** Key Market Penetration
- **Margins:** Stable
- **Investing:** International Capture
- **Execution:** Air Seeker & EMARSS

Revenue Mix and Capabilities[1]

Sales by Customer

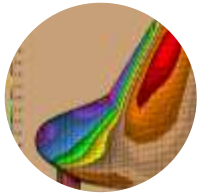


Sales by Sector



Capabilities


Complex ISR Systems


Aircraft Modification


C3ISR


Secure Comms


Life-Cycle Sustainment


Networked ISR

* Excludes Vertex

Communication Systems Overview

Key Business Metrics – 2018 Guidance (midpoint)

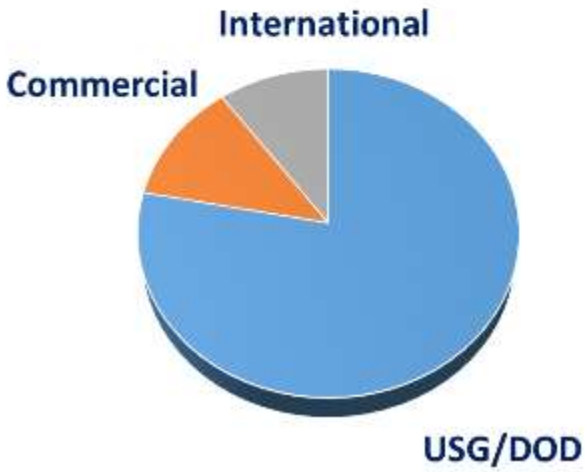
$2.275B Sales 2% Organic Growth

11.0% Operating Margin

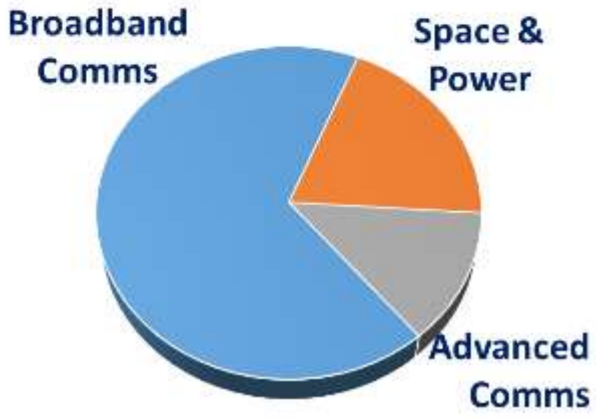
- **Winning:** Book-to-Bill: >1.0x
- **Growing:** +9% Organic Growth in ‘17
- **Margins:** Expanding
- **Investing:** R&D ~4% of Sales
- **Optimizing:** L365, Consolidation

Revenue Mix and Capabilities

Sales by Customer



Sales by Sector



Capabilities


Naval C4ISR


Microwave Components


Wideband ISR


Protected Comms


Space Qual Hardware


Information Assurance

Sensor Systems Overview

Key Business Metrics – 2018 Guidance (Midpoint)

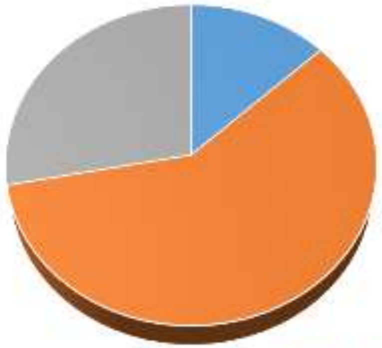
$1.75B Sales 12% Organic Growth

11.8% Operating Margin

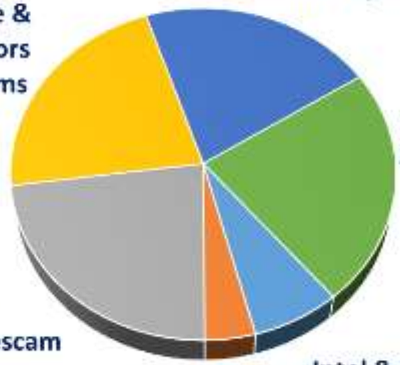
- **Winning**: Book-to-Bill ~1.25x (‘16 – ’18E)
- **Growing**: +10% Organic Growth in ’18E
- **Margins**: +180 bps (‘16 – ’18E)
- **Investing**: R&D >5% of Sales
- **Optimizing**: L365, Consolidation

Revenue Mix and Capabilities

Sales by Customer



Sales by Sector



Capabilities

Launch Electronics & Space Payloads

Airborne ISR Sensors

Counter UAS

Integrated Soldier Systems

Undersea Sensors

Tactical EW &Cyber

Medium / Long-Term Outlook

Segment	Sales Growth	Margin Target	Key Drivers
Electronics	**+mid single digit**	**13 - 14%**	▪ Pilot training ramp ▪ Security detection re-competes, new international customers ▪ A2AD wins, new markets
Aerospace	**+low/mid single digit**	**7 - 9%**	▪ Leverage recent success with international biz jet ISR ▪ Greater focus on annuity-like businesses
Communications	**+mid/high single digit**	**11 - 12%**	▪ Wideband datalinks for manned/ unmanned teaming ▪ Navy C4ISR ▪ A2AD
Sensors	**+mid/high single digit**	**13 - 14%**	▪ EO/IR international growth ▪ Space, undersea markets ▪ Canadian combat ship ▪ Ground vehicle fire control

L3 Financial Overview

Select Financial Data - - First Quarter, 2018

($ in Millions, except per share amounts)

	1Q18[(1)]	1Q17[(1)]	vs. 1Q17
Net Sales	$2,371	$2,321	2%
Organic Growth	2%	10%	n.m.
Operating Margin	10.6%	10.2%	+40 bps
Operating Income	$251	$237	6%
Interest Expense and Other, Net[(2)]	$35	$38	-8%
Effective Income Tax Rate	11.1%	21.1%	n.m.
Minority Interest Expense[(3)]	$5	$4	25%
Diluted Shares	79.9	79.3	1%
Diluted EPS from Continuing Operations	$2.34	$1.93	21%
Net Cash (used in) from Operating Activities - Continuing Operations	$(35)	$86	n.m.
Free Cash Flow (used in) from Continuing Operations[(4)]	$(85)	$53	n.m.

Notes: (1) Effective January 1, 2018 the Company adopted the Accounting Standard Update (ASU) 2014-09, *Revenue from Contracts with Customers* (commonly know as ASC 606) using the modified retrospective transition method. In accordance with the modified retrospective transition method, the 2018 first quarter is presented under ASC 606, while the 2017 first quarter is presented under ASC 605, *Revenue Recognition*, the accounting standard in effect for periods ending prior to January 1, 2018. See Adoption of ASC 606 Impact (page 39) for impact of adoption.

(2) Interest Expense and Other, Net is comprised of: (i) interest expense of $41 million and $42 million for 1Q18 and 1Q17, respectively, and (ii) interest and other income, net of $6 million and $4 million for 1Q18 and 1Q17, respectively.

(3) Minority Interest Expense represents net income from continuing operations attributable to noncontrolling interests.

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

n.m. = not meaningful

Segment Results - - First Quarter, 2018

($ in Millions)

Segment	1Q18 Net Sales	Sales Growth vs. 1Q17	Organic Growth	1Q18 Operating Margin	Margin Change vs. 1Q17 (bps)
Electronics	$ 785	6%	6%	13.8%	+160
Aerospace	686	-1%	-1%	8.3%	+30
Communications	493	-8%	-8%	7.5%	-30
Sensors	407	16%	13%	12.0%	-200
Total Segments	$ 2,371	2%	2%	10.6%	+40

Note: 2017 net sales presented under ASC 605 and 2017 margins include reclassification of employee benefit plan expense in accordance with ASU 2017-07, adopted effective January 1, 2018.

2018 Consolidated Financial Guidance

(in Millions, except per share amounts)

	Guidance (May 1, 2018)	vs. 2017	Prior Guidance (January 25, 2018)
Net Sales	$9,850 to $10,050	4%	$9,850 to $10,050
Organic Growth	4%	+200 bps	3%
Operating Margin	11.2%	+40 bps	11.2%
Operating Income	$1,100 to $1,125	8%	$1,100 to $1,125
Interest Expense and Other	$141	($19)	$141
Effective Tax Rate	19%	+730 bps	20%
Minority Interest Expense	$20	$4	$17
Diluted Shares	~80	n.c.	~80
Diluted EPS	$9.40 to $9.60	n.c.	$9.30 to $9.50
Free Cash Flow	$900	4%	$900

The current guidance for 2018 is subject to potential changes to interpretations of U.S. Tax Reform and excludes: (i) any potential goodwill impairment charges for which the information is presently unknown, (ii) potential adverse results related to litigation contingencies and (iii) other items such as gains or losses related to potential business divestitures and the impact of potential acquisitions.

Notes: (1) Interest expense and other is comprised of: (i) interest expense of $170 million and (ii) interest and other income, net, of $29 million (including $9 million of income related to employee benefit plans).
(2) Minority interest expense represents net income from continuing operations attributable to non-controlling interests.
(3) 2017 includes reclassification of employee benefit plan expense in accordance with ASU 2017-07, which L3 adopted effective January 1, 2018.
(4) See Reconciliation of GAAP to Non-GAAP Measurements
(5) Guidance excludes impact from recent debt refinancing, refer to disclosure provided in 8K for further details.

n.c. = no change

2018 Segment Guidance

(in Millions)

Segment	Net Sales	Midpoint Sales vs. 2017	Segment Operating Margin	Midpoint Margin vs. 2017 (bps)
Electronics	$3,200 to $3,300	7%	13.6% to 13.8%	+30
Aerospace	$2,625 to $2,725	-4%	7.8% to 8.0%	+20
Communications	$2,225 to $2,325	2%	10.9% to 11.1%	+120
Sensors	$1,700 to $1,800	13%	11.7% to 11.9%	-80
Total Segments	$9,850 to $10,050	4%	$1,100 to $1,125	+40

Note: 2017 net sales presented under ASC 605 and 2017 margins include reclassification of employee benefit plan expense in accordance with ASU 2017-07, adopted effective January 1, 2018.

Cash Flow

($ in Millions)	1Q18 Actual	1Q17 Actual	2018 Guidance	2017 Actual
Income from continuing operations[1]	$ 192	$ 157	$ 785	$ 769
Gain on sale of property, plant and equipment	-	(1)	-	(31)
Depreciation & amortization	56	52	230	225
Deferred income taxes	16	15	35	(8)
401K common stock match	32	34	108	106
Stock-based employee compensation	20	14	62	53
Working capital	(356)	(212)	(40)	(66)
Other items	5	27	(25)	(63)
Net cash (used in) from operating activities - continuing operations	$ (35)	$ 86	$ 1,155	$ 985
Capital expenditures	(56)	(41)	(260)	(224)
Dispositions of property, plant and equipment	2	1	5	74
Income taxes allocated to discontinued operations	4	7	-	27
Free cash flow (used in) from continuring operations	$ (85)	$ 53	$ 900	$ 862

Notes: (1) Before deduction of net income attributable to noncontrolling interests.

Cash Sources and Uses

($ in Millions)

	1Q18 Actual	1Q17 Actual	2017 Actual
Beginning cash	$ 662	$ 363	$ 363
Free cash flow (used in) from continuing operations	(85)	53	862
Free cash flow (used in) from discontinued operations	(34)	(9)	86
Divestitures	-	16	18
Acquisitions	-	(139)	(316)
Dividends	(65)	(61)	(236)
Equity Interest Investments	(30)	-	(5)
Share repurchases	(119)	-	(180)
Other, net	45	7	70
Ending cash	$ 374	$ 230	$ 662

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

Capitalization and Leverage

($ in Millions)

	3/30/18 Actual	12/31/17 Actual
Cash	$374	$662
Debt	$3,331	$3,330
Equity	5,320	5,151
Invested Capital	$8,651	$8,481
Debt/Invested Capital	38.5%	39.3%
Debt/LTM EBITDA	2.61x	2.65x
Available Revolver	$1,000	$1,000

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

Adoption of ASC 606 Impact

	First Quarter Ended March 30, 2018	
	Sales	Operating Income
Electronics	$ 30	$ 3
Aerospace	4	1
Communications	20	4
Sensors	22	11
Consolidated	$ 76	$ 19

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

(in Millions)

	1Q18 Actual	1Q17 Actual	2018 Guidance	2017 Actual
Net cash (used in) from operating activities from continuing operations	$ (35)	$ 86	$ 1,155	$ 985
Less: Capital expenditures	(56)	(41)	(260)	(224)
Add: Dispositions of property, plant and equipment	2	1	5	74
Income tax payments attributable to discontinued operations	4	7	-	27
Free cash flow from continuing operations	$ (85)	$ 53	$ 900	$ 862
Net cash (used in) from operating activities from discontinued operations	$ (29)	$ (1)		$ 117
Less: Capital expenditures	(1)	(1)		(4)
Income tax payments attributable to discontinued operations	(4)	(7)		(27)
Free cash flow from discontinued operations	$ (34)	$ (9)		$ 86

Note: Free cash flow is defined as net cash from operating activities less net capital expenditures (capital expenditures less cash proceeds from dispositions of property, plant and equipment), plus income tax payments attributable to discontinued operations. The company believes free cash flow is a useful measure for investors because it portrays the company's ability to generate cash from operations for purposes such as repaying debt, returning cash to shareholders and funding acquisitions. The company also uses free cash flow as a performance measure in evaluating management. The table above presents a reconciliation of net cash from operating activities to free cash flow.

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

(in Millions)

Cash Flow to EBITDA Reconciliation	3/30/18 Actual	12/31/17 Actual
Net cash from operating activities from continuing operations	$ 864	$ 985
Income tax payments, net of refunds	127	120
Interest payments, net of interest income	144	146
Stock-based employee compensation	(163)	(159)
Gain on sale of property, plant and equipment	30	31
Other non-cash items	(5)	(9)
Changes in operating assets and liabilities	277	142
LTM EBITDA from continuing operations	$ 1,274	$ 1,256
Debt	$ 3,331	$ 3,330
Debt/LTM EBITDA	2.61x	2.65x

Note: 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. EBITDA is not a substitute for net cash from operating activities as determined in accordance with generally accepted accounting principles in the United States of America. EBITDA is not a complete net cash flow measure because EBITDA is a financial measure that does not include reductions for cash payments for our obligation to service our debt, fund our working capital and capital expenditures and pay our income taxes. Rather, EBITDA is one potential indicator of our ability to fund these cash requirements. 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.

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