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**News** 

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For Immediate Release

## L-3 Acquires MacDonald Humfrey (Automation) Ltd

NEW YORK, November 22, 2016 – L-3 Communications (NYSE:LLL) announced today the acquisition of MacDonald Humfrey (Automation) Ltd ("MacDonald Humfrey") located in Luton, U.K. The acquisition was completed today for a purchase price of approximately £224 million (approximately \$280 million). The purchase price is subject to an upward adjustment of up to £30 million (approximately \$37.5 million), based on MacDonald Humfrey's post-acquisition performance for years ending December 31, 2017 to 2019, which would be payable in 2020. The acquisition was funded initially from revolving credit borrowings expected to be repaid before the end of December 2016 from free cash flow. MacDonald Humfrey will report to the L-3 Security & Detection Systems (L-3 SDS) division of the company's Electronic Systems business segment and will operate under the L-3 MacDonald Humfrey name. L-3 MacDonald Humfrey is projected to generate sales of approximately \$135 million (£108 million) for the year ending December 31, 2017, and be accretive to earnings. The purchase price represents a multiple of approximately 10 times the business's estimated 2017 earnings before interest, taxes and depreciation and amortization (EBITDA).

MacDonald Humfrey is a globally recognized leader in the deployment of operationally effective and efficient aviation checkpoint security solutions, as well as in the development of state-of-the-art process automation and collaborative robotic capabilities supporting aviation and other adjacent markets. With a global business base, MacDonald Humfrey has deployed its advanced solutions at airports in Europe, the Middle East and Canada. The company has recently engaged with airlines and airports in the United States to help reduce lengthy checkpoint delays and is also developing passenger and baggage tracking systems to facilitate efficient security throughputs at airports. As an adjacent business area, MacDonald Humfrey has engaged in programs to automate the assembly of aircraft engines and is a key supplier to other high-end process automation markets. The company has 350 employees.

"L-3 has been very focused on developing total aviation checkpoint solutions built around our innovative ClearScan™ carry-on baggage screening system and our ProVision® personnel screener. The acquisition of MacDonald Humfrey, with its market-leading checkpoint management systems and security efficiency software, will enhance our ability to deliver scalable, operationally based networked security systems," said Michael T. Strianese, L-3's Chairman and Chief Executive Officer. "L-3 MacDonald Humfrey enhances our position in the global aviation security market while at the same time creating new opportunities for that business as it leverages existing worldwide distribution channels."

"MacDonald Humfrey is a strong cultural fit with L-3 SDS and expands our capabilities, which will enhance traveler satisfaction while reducing the cost of security operations and airport infrastructure requirements," added Tom Ripp, President of L-3 Security & Detection Systems. "We will be able to more effectively address continually evolving security requirements and the growing end-user demand for centralized screening supported by common data networks."

Headquartered in New York City, L-3 employs approximately 38,000 people worldwide and is a leading provider of a broad range of communication and electronic systems and products used on military and commercial platforms. L-3 is also a prime contractor in aerospace systems. The company reported 2015 sales of \$10.5 billion.

To learn more about L-3, please visit the company's website at <a href="www.L-3com.com">www.L-3com.com</a>. L-3 uses its website as a channel of distribution of material company information. Financial and other material information regarding L-3 is routinely posted on the company's website and is readily accessible.

## Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995

Except for historical information contained herein, the matters set forth in this news release 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," "will," "could" and similar expressions are forward-looking statements. The forward-looking statements set forth above 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 Safe Harbor Compliance Statement for 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.