

L 3 COMMUNICATIONS HOLDINGS INC  
Form DEF 14A  
March 17, 2008

Table of Contents

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential,

For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive

Proxy Statement

Definitive

Additional Materials

Soliciting

Material Pursuant to Rule 14a-12

L-3 COMMUNICATIONS HOLDINGS, INC.

(Name of Registrant as Specified in Its Charter)

Payment of Filing Fee (Check the appropriate box):

No fee

required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

of securities to which transaction applies:

1. Title of each class
2. Aggregate number

of securities to which transaction applies:

other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

maximum aggregate value of transaction:

previously with preliminary materials:

of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Schedule or Registration Statement No.:

3. Per unit price or

4. Proposed

5. Total fee paid:

Fee paid

Check box if any part

1. Amount previously paid:

2. Form,

3. Filing Party:

4. Date Filed:

Table of Contents

L-3 COMMUNICATIONS HOLDINGS, INC.

To Our Stockholders:

On behalf of the Board of Directors, I cordially invite you to attend the Annual Meeting of Stockholders of L-3 Communications Holdings, Inc., to be held at 2:30 p.m., Eastern Daylight Time, on Tuesday, April 29, 2008, at the Ritz-Carlton New York, Battery Park, located at Two West Street, New York, New York. The notice and proxy statement for the Annual Meeting are attached to this letter and describe the business to be conducted at the Annual Meeting.

In accordance with new rules approved by the Securities and Exchange Commission, we sent a Notice of Internet Availability of Proxy Materials on or about March 17, 2008 to our stockholders of record as of the close of business on March 3, 2008. We also provided access to our proxy materials over the Internet beginning on that date. If you received a Notice of Internet Availability of Proxy Materials by mail and did not receive, but would like to receive, a printed copy of our proxy materials, you should follow the instructions for requesting such materials included in the notice or on page four of this proxy statement.

To have your vote recorded, you should vote over the Internet or by telephone. In addition, if you have requested or received a paper copy of the proxy materials, you can vote by signing, dating and returning the proxy card sent to you in the envelope accompanying the proxy materials sent to you. We encourage you to vote by any of these methods even if you currently plan to attend the Annual Meeting. By doing so, you will ensure that your shares are represented and voted at the Annual Meeting. If you decide to attend, you can still vote your shares in person if you wish. Please let us know whether you plan to attend the Annual Meeting by indicating your plans when prompted over the Internet voting system or the telephone or (if you have received a paper copy of the proxy materials) by marking the appropriate box on the proxy card sent to you.

On behalf of the Board of Directors, I thank you for your cooperation and look forward to seeing you on April 29th.

Very truly yours,  
Michael T. Strianese

President and Chief Executive Officer

---

TABLE OF CONTENTS

Notice of 2008 Annual Meeting of Stockholders and Proxy Statement 1 Proxy Statement 2 Proposal 1. Election of Directors 5 Proposal 2. Approval of the L-3 Communications Holdings, Inc. 2008 Long Term Performance Plan 9 Proposal 3. Approval of the L-3 Communications Holdings, Inc. 2008 Directors Stock Incentive Plan 15 Proposal 4. Selection of Independent Registered Public Accounting Firm 19 The Board of Directors and Certain Governance Matters 20 Stockholder Proposals and Nominations 24 Executive and Certain Other Officers of the Company 25 Security Ownership of Certain Beneficial Owners 28 Security Ownership of Management 29 Compensation Discussion and Analysis 30 Compensation Committee Report 40 Summary Compensation Table 41 2007 Grants of Plan-Based Awards 43 Outstanding Equity Awards at Fiscal Year End 2007 44 2007 Option Exercises and Stock Vested 45 2007 Pension Benefits 46 2007 Nonqualified Deferred Compensation 49 Change of Control Severance Plan 50 Potential Payments Upon Change in Control or Termination of Employment 51 Compensation of Directors 54 2007 Director Compensation 55 Report of the Audit Committee 56 Independent Registered Public Accounting Firm Fees 57 Compensation Committee Interlocks and Insider Participation 57 Certain Relationships and Related Transactions 58 Section 16(a) Beneficial Ownership Reporting Compliance 59 General and Other Matters 60 Exhibit A: L-3 Communications Holdings, Inc. 2008 Long Term Performance Plan A-1 Exhibit B: L-3 Communications Holdings, Inc. 2008 Directors Stock Incentive Plan B-1 Exhibit C: Categorical Standards for Director Independence C-1

---

Table of Contents

L-3 COMMUNICATIONS HOLDINGS, INC.

Notice of 2008 Annual Meeting of  
Stockholders and Proxy Statement

Notice is hereby given that the 2008 Annual Meeting of Stockholders (the “Annual Meeting”) of L-3 Communications Holdings, Inc. will be held at the Ritz-Carlton New York, Battery Park, located at Two West Street, New York, New York on Tuesday, April 29, 2008, at 2:30 p.m., Eastern Daylight Time, for the following purposes:

- |   |                        |
|---|------------------------|
| of three Class I Directors whose terms expire in 2011;  | 1. Election            |
| L-3 Communications Holdings, Inc. 2008 Long Term Performance Plan;  | 2. Approval of the     |
| L-3 Communications Holdings, Inc. 2008 Directors Stock Incentive Plan;  | 3. Approval of the     |
| appointment of our independent registered public accounting firm for 2008; and                                    | 4. Ratification of the |
| such other business as may properly come before the Annual Meeting and any adjournments or postponements thereof. | 5. Transaction of      |

By Order of the Board of Directors  
Kathleen E. Karelis

Senior Vice President, General Counsel and  
Corporate Secretary  
March 17, 2008

IMPORTANT

Whether or not you currently plan to attend the Annual Meeting in person, please vote over the Internet or telephone, or (if you received a paper copy of the proxy materials) complete, date, sign and promptly mail the paper proxy card sent to you. You may revoke your proxy if you attend the Annual Meeting and wish to vote your shares in person.

## Table of Contents

L-3 Communications Holdings, Inc.  
600 Third Avenue  
New York, New York 10016

## Proxy Statement

This proxy statement is being made available to the holders of the common stock, par value \$0.01 per share, of L-3 Communications Holdings, Inc. (the “Common Stock”) in connection with the solicitation of proxies for use at the Annual Meeting to be held at the Ritz-Carlton New York, Battery Park, located at Two West Street, New York, New York at 2:30 p.m., Eastern Daylight Time, on Tuesday, April 29, 2008.

## RECORD DATE

Our Board of Directors has fixed the close of business on March 3, 2008 as the Record Date for the Annual Meeting. Only stockholders of record at the Record Date are entitled to notice of and to vote at the Annual Meeting or at any adjournments or postponements thereof, in person or by proxy. At the Record Date, there were 122,483,203 shares of our Common Stock outstanding and entitled to vote at the Annual Meeting. On March 17, 2008, we either mailed you a notice (the “Notice”) notifying each Stockholder entitled to vote at the Annual Meeting how to vote online and how to electronically access a copy of this proxy statement, our Summary Annual Report and our Annual Report on Form 10-K for the year ended December 31, 2007 (together referred to as the “Proxy Materials”) or mailed you a complete set of the Proxy Materials. If you have not received, but would like to receive, printed copies of these documents, including a proxy card in paper format, you should follow the instructions for requesting such materials contained in the Notice.

## PROXIES

The proxies are solicited on behalf of our Board of Directors for use at the Annual Meeting and any adjournments or postponements of the Annual Meeting, and the expenses of solicitation of proxies will be borne by us. The solicitation will be made primarily via the Internet and by mail, but our officers and regular employees may also solicit proxies by telephone, telegraph, facsimile, or in person. We also have retained Georgeson Inc. to assist in soliciting proxies. L-3 expects to pay Georgeson approximately \$10,000 plus expenses in connection with its solicitation of proxies. Each holder of Common Stock is entitled to one vote for each share of our Common Stock held by such holder. The holders in person or by proxy of a majority of the Common Stock entitled to be voted at the Annual Meeting shall constitute a quorum.

Each Stockholder may appoint a person (who need not be a stockholder) other than the persons named in the proxy to represent him or her at the Annual Meeting by completing another proper proxy. In either case, such completed proxy should be returned in the envelope provided to you for that purpose (if you have requested or received a paper copy of the Proxy Materials) or should be delivered to our Corporate Secretary at 600 Third Avenue, New York, New York 10016, not later than 5:00 p.m., Eastern Daylight Time, on Monday, April 28, 2008.

Any proxy delivered pursuant to this solicitation is revocable at the option of the person(s) executing the proxy upon our receipt, prior to the time the proxy is voted, of a duly executed instrument revoking it, or of a duly executed proxy bearing a later date, or in the case of death or incapacity of the person(s) executing the proxy, of written notice of such death or incapacity, or by such person(s) voting in person at the Annual Meeting. Unless revoked, all proxies representing shares entitled to vote that are delivered pursuant to this solicitation will be voted at the Annual Meeting and, where a choice has been specified on the proxy card, will be voted in accordance with such specification. Where

a choice has not been specified on the proxy card, the proxy will be voted in accordance with the recommendations of our Board of Directors.

Assuming a quorum is present, a majority of the shares of Common Stock entitled to vote and present in person or represented by proxy at the Annual Meeting is required for the election of

2

---

## Table of Contents

directors, the selection of the independent registered public accounting firm and the approval of both the L-3 Communications Holdings, Inc. 2008 Long Term Performance Plan (“2008 Plan”) and the L-3 Communications Holdings, Inc. 2008 Directors Stock Incentive Plan (“2008 Directors Plan”). For each of the above proposals, abstentions and instances where brokers are prohibited from exercising discretionary authority for beneficial owners who have not returned a proxy (so-called “broker non-votes”) will be counted for purposes of determining a quorum. However, in determining whether the 2008 Plan and 2008 Directors Plan have been approved by the stockholders, abstentions and “broker non-votes” will be counted as votes against the approval of the 2008 Plan and the 2008 Directors Plan. In addition, for the election of directors and the selection of the independent registered public accounting firm, abstentions will be counted as votes against the election of directors and the selection of the independent registered public accounting firm.

## VOTING IN PERSON

If you are a stockholder of record and prefer to vote your shares at the Annual Meeting, you must bring proof of identification along with your Notice or the admission ticket attached to your proxy card if you received a paper copy. You may vote shares held in street name at the Annual Meeting only if you obtain a signed proxy from the record holder (broker or other nominee) giving you the right to vote the shares.

Even if you plan to attend the Annual Meeting, we encourage you to vote in advance by Internet, telephone or (if you received a paper copy of the Proxy Materials) by mail so that your vote will be counted even if you later were to decide not to attend the Annual Meeting. Voting your proxy by the Internet, telephone or mail will not limit your right to vote at the Annual Meeting if you later decide to attend in person. If you own your shares of our Common Stock through a bank, brokerage firm or other record holder and wish to vote in person at the Annual Meeting, you must request a “legal proxy” from your bank or broker or obtain a proxy from the record holder.

## VOTING BY INTERNET, TELEPHONE OR MAIL

The following sets forth how a stockholder can vote over the Internet, by telephone or by mail:

### Voting By Internet

If you hold your shares of our Common Stock through a bank or brokerage firm (i.e. you are not a registered holder), you can vote at: [www.proxyvote.com](http://www.proxyvote.com), 24 hours a day, seven days a week. You will need the 12-digit Control Number included on your Notice of Internet Availability of Proxy Materials or your paper voting instruction form (if you received a paper copy of the Proxy Materials).

If you own your shares of our Common Stock directly in your name in our stock records maintained by our transfer agent, Computershare Trust Company, N.A. or through your 401(k) or Employee Stock Purchase Plan (“ESPP”), you can vote at: [www.investorvote.com/LLL](http://www.investorvote.com/LLL), 24 hours a day, seven days a week. You will need the 6-digit Control Number included on your paper proxy card.

### Voting By Telephone

If you hold your shares of our Common Stock through a bank or brokerage firm, you can vote using a touch-tone telephone by calling the toll-free number included on the voting instruction form, 24 hours a day, seven days a week. You will need the 12-digit Control Number included on your voting instruction form.



If you own your shares of our Common Stock directly in your name in our stock records maintained by our transfer agent, Computershare Trust Company, N.A. or through your 401(k) or ESPP, you can vote using a touch-tone telephone toll-free from the U.S., Canada or Puerto Rico to Computershare at 1-800-652-VOTE (1-800-652-8683), 24 hours a day, seven days a week. You will need the 6-digit Control Number included on your paper proxy card.

The Internet and telephone voting procedures, which comply with Delaware law, are designed to authenticate stockholders' identities, to allow stockholders to vote their shares and to confirm that their instructions have been properly recorded.

3

---

## Table of Contents

### Voting By Mail

If you have requested or received a paper copy of the Proxy Materials by mail, you may complete, sign and return by mail the proxy card or voting instruction form sent to you together with the printed copies of the Proxy Materials.

### Deadline for Submitting Votes By Internet, Telephone or Mail

If you hold your shares through a bank or brokerage account, proxies submitted over the Internet or by telephone as described above must be received by 11:59 p.m., Eastern Daylight Time, on Monday, April 28, 2008.

If you own your shares of our Common Stock directly in your name in our stock records maintained by our transfer agent, Computershare Trust Company, N.A., proxies submitted over the Internet or by telephone as described above must be received by 1:00 a.m., Central Time, on Tuesday, April 29, 2008.

If you own your shares through your 401(k) or ESPP, proxies submitted over the Internet or by telephone as described above must be received by 5:00 p.m. Eastern Daylight Time on Friday, April 25, 2008.

Proxies submitted by mail should be returned in the envelope provided to you with your paper proxy card, not later than 5:00 p.m., Eastern Daylight Time, on Monday, April 28, 2008 or by 5:00 p.m. Eastern Daylight Time on Friday, April 25, 2008 if you own your shares through your 401(k) or ESPP.

### Revocation of Proxies Submitted by Internet or Telephone

To revoke a proxy previously delivered by mail or submitted over the Internet or by telephone, you may simply vote again at a later date, using the same procedures, in which case your later submitted vote will be recorded and your earlier vote revoked. You may also attend the Annual Meeting and vote in person.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be held on April 29, 2008.

The following Proxy Materials are available for you to view online at <http://www.L-3com.com>: (i) this proxy statement (including all attachments); (ii) our Summary Annual Report and Annual Report on Form 10-K, in each case for the year ended December 31, 2007 (which is not deemed to be part of the official proxy soliciting materials); and (iii) any amendments to the foregoing materials that are required to be furnished to stockholders. In addition, if you have not received a copy of our Proxy Materials and would like one, you may download an electronic copy of our Proxy Materials or request a paper copy at <http://www.L-3com.com>. You will also have the opportunity to request paper or email copies of our Proxy Materials for all future Annual Meetings.

Table of Contents

Proposal 1. Election of Directors

Our Amended and Restated Certificate of Incorporation provides for a classified Board of Directors divided into three classes: John M. Shalikashvili, Michael T. Strianese and John P. White constitute a class with a term that expires at the Annual Meeting in 2008 (the “Class I Directors”); Peter A. Cohen, Robert B. Millard and Arthur L. Simon constitute a class with a term that expires at the Annual Meeting of Stockholders in 2009 (the “Class III Directors”); and Claude R. Canizares, Thomas A. Corcoran and Alan H. Washkowitz constitute a class with a term that expires at the Annual Meeting of Stockholders in 2010 (the “Class II Directors”).

The full Board of Directors has considered and nominated the following slate of Class I nominees for a three-year term expiring in 2011: John M. Shalikashvili, Michael T. Strianese and John P. White. Action will be taken at the Annual Meeting for the election of these Class I nominees.

It is intended that the proxies delivered pursuant to this solicitation will be voted in favor of the election of John M. Shalikashvili, Michael T. Strianese and John P. White, except in cases of proxies bearing contrary instructions. In the event that these nominees should become unavailable for election due to any presently unforeseen reason, the person named in the proxy will have the right to use his discretion to vote for a substitute.

The following information describes the offices held, other business directorships and the class and term of each nominee and of each director whose term of office will continue after the 2008 Annual Meeting. Beneficial ownership of equity securities of the nominees is shown under the caption Security Ownership of Management on page 29.

NOMINEES FOR ELECTION TO THE BOARD OF DIRECTORS IN 2008

Class I — Nominees for Term Expiring in 2011

	Name
Age	71
Principal Occupation And Other Information	Director since August 1998. Member of the Compensation and Nominating/Corporate Governance Committees. General Shalikashvili (U.S. Army—Ret.) is an independent consultant and a Visiting Professor at Stanford University. General Shalikashvili was the senior officer of the United States military and principal military advisor to the President of the United States, the Secretary of Defense and the National Security Council when he served as the thirteenth Chairman of the Joint Chiefs of Staff, Department of Defense, for two terms from 1993 to 1997. Prior to his tenure as Chairman of the Joint Chiefs of Staff, he served as the Commander in Chief of all United States forces in Europe and as NATO’s tenth Supreme Allied Commander, Europe (SACEUR). He has also served in a variety of command and staff positions in the continental United States, Alaska, Belgium, Germany, Italy, Korea, Turkey and Vietnam.

## Table of Contents

Age	Principal Occupation And Other Information	Name
52	<p>Michael T. Strianese became President and Chief Executive Officer, and a Director. Mr. Strianese became President and Chief Executive Officer and a Director in October of 2006 and until February 2007 was also our Corporate Ethics Officer. He was our interim Chief Executive Officer and Chief Financial Officer from June 2006. Mr. Strianese became Chief Financial Officer in March 2005. From March 2001 until March 2005 he was our Senior Vice President — Finance. He joined us in April 1997 as Vice President — Finance and Controller and was our Controller until July 2000. From April 1996, when Loral was acquired by Lockheed Martin, until April 1997, Mr. Strianese was Vice President and Controller of Lockheed Martin’s C3I and Systems Integration Sector. In addition, he served as acting Chief Financial Officer of Lockheed Martin’s Electronics Sector. Prior to Lockheed’s acquisition of Loral, Mr. Strianese spent six years with Loral where he held a number of positions with increasing responsibility in areas of mergers and acquisitions and financial management. Mr. Strianese is a Certified Public Accountant and a graduate of St. John’s University with a Bachelor’s degree in Accounting. He is a member of the Aerospace Industries Association’s Board of Governors and serves on its Finance Committee.</p>	Michael T. Strianese
71	<p>John P. White is the Robert and Renée Belfer Lecturer at the John F. Kennedy School of Government, Harvard University and the Managing Partner of Global Technology Partners, LLC. Dr. White has a long history of government service, serving as U.S. Deputy Secretary of Defense from 1995-1997; as Deputy Director of the Office of Management and Budget from 1978 to 1981, and as Assistant Secretary of Defense, Manpower, Reserve Affairs and Logistics from 1977 to 1978. Dr. White also served as a lieutenant in the United States Marine Corps from 1959 to 1961. Prior to his most recent government position, Dr. White was the Director of the Center For Business and Government at Harvard University and the Chairman of the Commission on Roles and Missions of the Armed Forces. Dr. White has extensive private sector experience, including service as Chairman and CEO of the Interactive Systems Corporation, a position he held from 1981 to 1988. Following Interactive Systems Corporation’s sale to the Eastman Kodak Company in 1988, he was General Manager of the Integration and Systems Product Division and a Vice President of Kodak until 1992. Dr. White also spent nine years at the RAND Corporation, where he served as the Senior Vice President of National Security Research Programs and as a member of the Board of Trustees. He continues to serve as a Senior Fellow to the RAND Corporation. Dr. White is a current member of the Council on Foreign Relations. He also serves as a Director of IRG International, Inc., the Institute for Defense Analyses and the Concord Coalition. He is a member of the Policy and Global Affairs Oversight Committee of the National Research Council.</p> <p>The nominees for election to the Board of Directors are hereby proposed for approval by the stockholders. The affirmative vote of the holders of a majority of the shares present or represented and entitled to vote at the Annual Meeting will be necessary to approve each nominee.</p>	John P. White

The Board of Directors Recommends a Vote FOR Each of the Proposed Nominees for Election to the Board of Directors.

Table of Contents

Directors whose term continues beyond the 2008 Annual Meeting and who are not subject to election this year.

Class III — Directors Whose Term Expires in 2009

Age	Principal Occupation And Other Information	Name
61	Director since October 2005. Chairman of the Compensation Committee and a member of the Executive Committee. Mr. Cohen is the founding and managing partner of Ramius Capital Group, LLC, a private investment management and merchant banking firm formed in 1994. Prior to that, he formed Republic New York Securities, an investment management firm, in 1991 and was employed by Shearson Lehman Brothers, an investment banking firm, from 1978 to 1991. At Shearson, Mr. Cohen held a number of executive positions, including President and Chief Operating Officer from 1981 through 1990, and Chairman and Chief Executive Officer from 1983 to 1990. Over the course of his career, he has served on numerous corporate and philanthropic boards including the New York Stock Exchange, The American Express Company, Titan Incorporated and Kroll Inc. He is currently a director of The Mount Sinai Medical Center, and the Scientific Games Corporation where he serves as lead director.	Peter A. Cohen
57	Director since April 1997. Non-Executive Chairman of the Board of Directors, member of the Compensation Committee and Chairman of the Executive Committee. Mr. Millard is a Managing Director of Lehman Brothers Inc., head of Lehman Brothers' Global Trading Strategies Group. Mr. Millard joined Lehman Brothers Inc. in 1978 when Kuhn Loeb & Co. was acquired by Lehman Brothers Inc. and became a Managing Director of Lehman Brothers Inc. in 1983. Mr. Millard joined Kuhn Loeb & Co. in 1976. Mr. Millard is a director of GulfMark Offshore, Inc., Weatherford International, Inc., Associated Universities, Inc., Massachusetts Institute of Technology, New School University, Parsons School of Design, Population Council and the Remarque Institute. He is also a current member of the Council on Foreign Relations.	Robert B. Millard
76	Director since April 2001. Member of the Audit and Nominating/Corporate Governance Committees. Mr. Simon is an independent consultant. Before his retirement, Mr. Simon was a partner at Coopers & Lybrand LLP, Certified Public Accountants, from 1968 to 1994. He is a director of Loral Space & Communications Corp.	Arthur L. Simon

7

## Table of Contents

## Class II — Directors Whose Term Expires in 2010

Age	Principal Occupation And Other Information	Name
62	<p>Claude R. Canizares is a member of the National Academy of Sciences, the International Academy of Astronautics, and a fellow of the American Academy of Arts and Sciences, the American Physical Society and the American Association for the Advancement of Science. He also serves on the governing council of the National Academy of Sciences. Thomas A. Corcoran is also Chief Executive Officer of Corcoran Enterprises, LLC, a private management consulting firm, and in this capacity, he works closely with The Carlyle Group, a Washington D.C. — based private equity firm. Mr. Corcoran has been a senior advisor to The Carlyle Group since 2004. From March 2001 to April 2004, Mr. Corcoran was the President and Chief Executive Officer of Gemini Air Cargo, a Carlyle company. Since February 2006, he has been Chairman of Proxy Aviation, Inc., a private company in Germantown, MD. Mr. Corcoran was the President and Chief Executive Officer of Allegheny Teledyne Incorporated from October 1999 to December 2000. From April 1993 to September 1999 he was the President and Chief Operating Officer of the Electronic Systems Sector and Space &amp; Strategic Missiles Sector of Lockheed Martin Corporation. Prior to that he worked for General Electric for 26 years and from 1983 to 1993 he held various management positions with GE Aerospace and was a company officer from 1990 to 1993. Mr. Corcoran is a member of the Board of Trustees of Stevens Institute of Technology and the Boards of Directors of the American Ireland Fund, Remec Inc., Proxy Aviation Systems Inc, Aircraft Management Technologies (Dublin, Ireland), LaBarge, Inc., Aer Lingus Ltd., Serco Ltd. and ARINC, a Carlyle company. Alan H. Washkowitz is a former Managing Director of Lehman Brothers, and was responsible for the oversight of Lehman Brothers Inc. Merchant Banking Portfolio Partnership L.P. Mr. Washkowitz joined Lehman Brothers Inc. in 1978 when Kuhn Loeb &amp; Co. was acquired by Lehman Brothers. Mr. Washkowitz is a director of Peabody Energy Corporation. Mr. Washkowitz retired from Lehman Brothers Inc. in July 2005 and is currently a private investor.</p>	<p>Claude R. Canizares 62 Director since May 2003. Member of the Audit Committee. Since 1971, Professor Canizares has been at the Massachusetts Institute of Technology (MIT). He currently serves as the Vice President for Research and Associate Provost and is the Bruno Rossi Professor of Physics. In addition, he is a principal investigator on NASA's Chandra X-ray observatory and Associate Director of its science center.</p> <p>Thomas A. Corcoran 63 Director since July 1997. Chairman of the Audit Committee since April 27, 2004 and a member of the Executive Committee. Mr. Corcoran is also Chief Executive Officer of Corcoran Enterprises, LLC, a private management consulting firm, and in this capacity, he works closely with The Carlyle Group, a Washington D.C. — based private equity firm. Mr. Corcoran has been a senior advisor to The Carlyle Group since 2004. From March 2001 to April 2004, Mr. Corcoran was the President and Chief Executive Officer of Gemini Air Cargo, a Carlyle company. Since February 2006, he has been Chairman of Proxy Aviation, Inc., a private company in Germantown, MD. Mr. Corcoran was the President and Chief Executive Officer of Allegheny Teledyne Incorporated from October 1999 to December 2000. From April 1993 to September 1999 he was the President and Chief Operating Officer of the Electronic Systems Sector and Space &amp; Strategic Missiles Sector of Lockheed Martin Corporation. Prior to that he worked for General Electric for 26 years and from 1983 to 1993 he held various management positions with GE Aerospace and was a company officer from 1990 to 1993. Mr. Corcoran is a member of the Board of Trustees of Stevens Institute of Technology and the Boards of Directors of the American Ireland Fund, Remec Inc., Proxy Aviation Systems Inc, Aircraft Management Technologies (Dublin, Ireland), LaBarge, Inc., Aer Lingus Ltd., Serco Ltd. and ARINC, a Carlyle company.</p> <p>Alan H. Washkowitz 67 Director since April 1997. Chairman of the Nominating/Corporate Governance Committee and member of the Compensation Committee. Mr. Washkowitz is a former Managing Director of Lehman Brothers, and was responsible for the oversight of Lehman Brothers Inc. Merchant Banking Portfolio Partnership L.P. Mr. Washkowitz joined Lehman Brothers Inc. in 1978 when Kuhn Loeb &amp; Co. was acquired by Lehman Brothers. Mr. Washkowitz is a director of Peabody Energy Corporation. Mr. Washkowitz retired from Lehman Brothers Inc. in July 2005 and is currently a private investor.</p>

## Table of Contents

### Proposal 2. Approval of the L-3 Communications Holdings, Inc. 2008 Long Term Performance Plan

On February 5, 2008, the Board of Directors authorized and approved the L-3 Communications Holdings, Inc. 2008 Long Term Performance Plan (the "2008 Plan"). The purpose of the 2008 Plan is to benefit the Company's stockholders by encouraging high levels of performance by individuals who contribute to the success of the Company and its subsidiaries and to enable the Company and its subsidiaries to attract, motivate, retain and reward talented and experienced individuals. This purpose is to be accomplished by providing eligible individuals with an opportunity to obtain or increase a proprietary interest in the Company and/or by providing eligible individuals with additional incentives to join or remain with the Company and its subsidiaries. The Company has reserved 5,000,000 shares of Common Stock for issuance under the 2008 Plan, subject to approval of the 2008 Plan by the stockholders. A copy of the 2008 Plan is attached hereto as Exhibit A.

If the 2008 Plan is approved by the stockholders, it will become effective as of April 29, 2008 and no additional shares will be issued under the 1999 Long Term Performance Plan. Unless terminated earlier by the Company's Board of Directors, the 2008 Plan will terminate on April 29, 2018.

The 2008 Plan is hereby proposed for approval by the stockholders. The affirmative vote of the holders of a majority of the shares present or represented and entitled to vote at the Annual Meeting will be necessary to approve the 2008 Plan.

### DESCRIPTION OF THE 2008 PLAN

#### ELIGIBILITY

Awards under the 2008 Plan may be granted to any employee, including any officer, of the Company or any of its subsidiaries or to any other individual who provides services to or on behalf of the Company or any of its subsidiaries, subject to the discretion of the Committee (as defined below) to determine the particular employees and other individuals who, from time to time, will be selected to receive awards. As of December 31, 2007, we employed approximately 64,600 employees.

#### TYPES OF AWARDS

Awards under the 2008 Plan may be in the form of non-qualified stock options, incentive stock options, stock appreciation rights (SARs), restricted stock and other share-based awards, such as performance-based awards. Awards may be granted singly or in combination with other awards, consistent with the terms of the 2008 Plan. Each award will be evidenced by an award agreement entered into between the Company and the recipient setting forth the specific terms and conditions applicable to that award. Awards under the 2008 Plan generally will be nontransferable by a holder (other than by will or the laws of descent and distribution) and rights thereunder generally will be exercisable during the holder's lifetime only by the holder, except that awards, other than awards of incentive stock options, may be transferred to and exercised by a family member or family members of a participant or transferred to an irrevocable trust established for the benefit a participant's family members during the participant's lifetime. The maximum term of unvested or unexercised awards under the 2008 Plan is ten years from the initial grant date.

Stock options authorized under the 2008 Plan are rights to purchase a specified number of shares of the Common Stock at an exercise price of not less than the fair market value of the Common Stock on the grant date during the period set forth in the individual participant's award agreement. Dividends and dividend equivalents may not be paid on unissued shares underlying option awards. Stock options that are granted as incentive stock options will be granted

with such additional terms as are necessary to satisfy the applicable requirements of Section 422 of the U.S. Internal Revenue Code of 1986, as amended from time to time (the “Code”). The fair market value of the Common Stock for which incentive stock options are exercisable for the first time by an optionee during any calendar year can not exceed \$100,000 (measured as of the grant date) under current tax laws. Other awards are not limited in this manner.

9

---



## Table of Contents

SARs may be granted on a freestanding basis, in relation to a stock option or in “tandem” with a stock option, such that the exercise of either the option or the SAR cancels the recipient’s rights under the tandem award with respect to the number of shares so exercised. SARs entitle the recipient to receive, upon exercise of the SAR, an amount (payable in cash and/or Common Stock or other property) equal to the amount of the excess, if any, of the fair market value of a share of the Common Stock on the date the SAR is exercised (or some lesser ceiling amount) over the base price of the SAR (or the exercise price of an option, if the SAR is granted in tandem with an option), which cannot be less than the fair market value of a share of the Common Stock on the date the SAR was awarded (or the exercise price of a related stock option). Dividends and dividend equivalents may not be paid on unissued shares underlying SARs.

Restricted stock is Common Stock issued to the recipient, typically for minimal lawful consideration and subject to certain risks of forfeiture and restrictions and limitations on transfer, the vesting of which may depend on individual or corporate performance, continued service or other criteria.

Other incentive awards might include minimum ownership stock, phantom stock or units, performance stock or units, bonus stock or units, dividend equivalent units, similar securities or rights and other awards payable in or with a value derived from or a price related to the fair market value of the Common Stock, payable in Common Stock and/or cash, all on such terms as the Committee may approve. Such awards may be granted, become vested or be payable based upon the continued employment of a participant, or upon the attainment of specified corporate or individual performance goals (as in the case of performance stock or units).

Under Section 162(m) of the Code (“Section 162(m)”), the Company may not deduct certain compensation over \$1,000,000 in any year to the Chief Executive Officer or any of the four other most highly compensated executive officers of the Company unless, among other things, this compensation qualifies as “performance-based compensation” under Section 162(m), and the material terms of the plan for such compensation are approved by stockholders. With reference to awards intended to qualify as performance-based compensation under Section 162(m), the material terms of the 2008 Plan include the eligible class of participants, the performance goal or goals and the maximum annual amount payable thereunder to any individual participant.

The eligible class of persons for performance-based awards under the 2008 Plan is all employees of the Company and its subsidiaries. Awards that are intended to qualify as performance-based awards under the 2008 Plan (other than stock options and SARs) may be granted only in accordance with the performance-based requirements of Section 162(m), as set forth below.

The performance goals for performance-based awards under the 2008 Plan are any one or a combination of earnings per share, return on equity, return on invested capital, total stockholder return and cash flow or any other performance goal or goals that the Committee, in its discretion, establishes in accordance with the requirements of Section 162(m). Specific performance periods (which may overlap with performance periods under outstanding performance-based awards), weightings of more than one performance goal and target levels of performance upon which actual payments will be based, as well as the award levels payable upon achievement of specified levels of performance, will be determined by the Committee not later than the applicable deadline under Section 162(m) and in any event at a time when achievement of such targets is substantially uncertain. These variables may change from award to award. To the extent set forth in an individual participant’s award agreement, appropriate adjustments to the performance goals and targets in respect of performance-based awards may be made by the Committee based upon objective criteria in the case of (i) a change in corporate capitalization, a corporate transaction or a complete or partial corporate liquidation, (ii) any extraordinary gain or loss under generally accepted accounting principles or (iii) any material change in accounting policies or practices affecting the Company and/or the performance goals or targets. The Company believes that specific performance targets (when established) may constitute confidential business information, the

disclosure of which may adversely affect the Company or mislead the public.

10

---

## Table of Contents

The Committee must certify the achievement of the applicable performance goals and the actual amount payable to each participant under the performance-based awards prior to payment. The Committee may retain discretion to reduce, but not increase, the amount payable under a performance-based award to any participant, notwithstanding the achievement of targeted performance goals. Awards may be accelerated in the event of the employee's death, permanent disability or retirement or in the event of a Change in Control of the Company, as described below.

The Committee also has the authority to grant awards under the 2008 Plan in substitution for or as the result of the assumption of stock incentive awards held by employees of other entities who become employees of the Company or a subsidiary as a result of a merger or acquisition of the entity.

Awards may be granted in connection with the surrender or cancellation of previously granted awards, or may be amended, under such terms and conditions, including numbers of shares and exercise price, exercisability or termination, that are the same as or different from the existing awards, all as the Committee may approve, except that no such grant or amendment may effect a repricing of the original award.

## ADMINISTRATION; CHANGE IN CONTROL

The 2008 Plan provides that it shall be administered by the Compensation Committee (or subcommittee thereof) or another committee of the Board of Directors ("Committee"), constituted so as to permit awards under the 2008 Plan to comply with the "non-employee director" provisions of Rule 16b-3 under the Exchange Act and the "outside director" requirements of Section 162(m). The Committee has the authority within the terms and limitations of the 2008 Plan to designate recipients of awards, determine or modify (so long as it does not effect a repricing of the original award) the form, amount, terms, conditions, restrictions, and limitations of awards, including vesting provisions (subject to applicable limitations described below with respect to restricted stock), terms of exercise of an award, expiration dates and the treatment of an award in the event of the retirement, disability, death or other termination of a participant's employment with the Corporation, and to construe and interpret the 2008 Plan. Such authority includes (subject to the limitations of the 2008 Plan) the discretion to accelerate vesting, extend the term or waive termination provisions or other restrictive conditions of outstanding awards.

The Committee is authorized to include specific provisions in award agreements relating to the treatment of awards in the event of a "Change in Control" of the Company and is authorized to take certain other actions in such an event. Change in Control under the 2008 Plan is defined generally to include: (i) a change in ownership involving a majority of the outstanding voting securities of the Company, (ii) a sale of all or substantially all of the assets of the Company or L-3 Communications Corporation or any successor thereto, (iii) certain changes, during any period of 24 months or less, of 50 percent or more of the members of its Board of Directors, or (iv) in the Committee's sole discretion on a case-by-case basis with respect to outstanding awards to affected employees, the sale of a subsidiary, division or business unit.

The Committee may delegate to the officers or employees of the Company the authority to execute and deliver such instruments and documents and to take actions necessary, advisable or convenient for the effective administration of the 2008 Plan. It is intended generally that the awards under the 2008 Plan and the 2008 Plan itself comply with and be interpreted in a manner that, in the case of participants who are subject to Section 16 of the Exchange Act and for whom (or whose awards) the benefits of Rule 16b-3 are intended, satisfies the applicable requirements of Rule 16b-3 so that such persons will be entitled to the benefits of Rule 16b-3 or other exemptive rules under that Section. Similarly and as described further below, it is intended generally that the awards under the 2008 Plan will not be granted, deferred, accelerated, extended, modified or paid in a manner that would result in the participant incurring any tax liability under Section 409A of the Code. The 2008 Plan provides that neither the Company nor any member

of the Board of Directors or of the Committee shall have any liability to any person for any action taken or not taken in good faith under the 2008 Plan.

11

---

Table of Contents

AMENDMENT AND TERMINATION

The Board of Directors has the authority to amend, suspend or discontinue the 2008 Plan at any time, subject to any stockholder approval that may be required under applicable law and provided that no such action will affect any outstanding award in any manner adverse to the participant without the consent of the participant. Notwithstanding the foregoing, any amendment that would (i) materially increase the benefits accruing to any participant, (ii) materially increase the aggregate number of shares of Common Stock or other equity interests that may be issued under the 2008 Plan, or (iii) materially modify the requirements as to eligibility for participation in this 2008 Plan, shall be subject to stockholder approval. In addition, stockholder approval may be required to satisfy tax rules applicable to performance-based compensation under Section 162(m) or to subsequent grants of incentive stock options, or to satisfy other applicable legal requirements. Because the Committee retains the discretion to set and change the specific targets for each performance period under a performance-based award intended to be exempt from Section 162(m), stockholder ratification of the performance goals will be required, in any event, at five-year intervals in the future to exempt awards granted under the 2008 Plan from the limitations on deductibility thereunder.

AUTHORIZED SHARES; OTHER PROVISIONS; NON-EXCLUSIVITY

The maximum number of shares of the Common Stock that may be issued in respect of awards under the 2008 Plan may not exceed 5,000,000 shares. In addition, (i) the maximum number of shares of Common Stock that may be issued pursuant to “full value” awards (i.e., all awards excluding stock options and SARs) is 2,500,000, (ii) the maximum number of shares of Common Stock that may be issued pursuant to incentive stock option awards (i.e., stock options granted in accordance with Section 422 of the Code) is 3,000,000, and (iii) the maximum number of shares of Common Stock that may be issuable (or payable in cash by reference to such shares) pursuant to all awards granted during a calendar year to any individual participant is 500,000. With respect to performance-based awards, (i) the maximum number of shares of Common Stock that may be issuable (or payable in cash by reference to such shares) to any participant over the life of the 2008 Plan may not exceed 5% of the Company’s total outstanding shares of Common Stock and (ii) the maximum number of shares of Common Stock that may be issuable (or payable in cash by reference to such shares) pursuant to all awards (including stock options and SARs) granted during a calendar year to any individual participant is 500,000.

The number and kind of shares available for grant and the shares subject to outstanding awards (as well as individual share limits on awards and exercise prices of awards) shall be adjusted to reflect the effect of a stock dividend, stock split, recapitalization, merger, consolidation, reorganization, combination or exchange of shares, extraordinary dividend or other distribution or other similar transaction. Any unexercised or undistributed portion of any expired, cancelled, terminated or forfeited award, or any alternative form of consideration under an award that is not paid in connection with the settlement of any portion of an award, will again be available for award under the 2008 Plan, whether or not the participant has received benefits of ownership (such as dividends or dividend equivalents or voting rights) during the period in which the participant’s ownership was restricted or otherwise not vested. However, the following shares of Common Stock shall not become available for reissuance under the 2008 Plan: (i) shares tendered by participants as full or partial payment to the Company upon exercise of stock options or other awards granted under the 2008 Plan; (ii) shares of Common Stock reserved for issuance upon the grant of SARs, to the extent the number of reserved shares exceeds the number of shares actually issued upon exercise of the SARs; and (iii) shares withheld by, or otherwise remitted to, the Company to satisfy a participant’s tax withholding obligations upon the lapse of restrictions on restricted stock or the exercise of stock options or SARs or upon any other payment or issuance of shares under any other award granted under the 2008 Plan. With respect to the individual share limits on performance-based awards, awards that are cancelled will be counted against the applicable limits to the extent required by Section 162(m).



Table of Contents

UPON APPROVAL OF THE 2008 PLAN BY THE STOCKHOLDERS, THE COMPANY INTENDS TO REGISTER UNDER THE SECURITIES ACT OF 1933 THE 5,000,000 SHARES OF COMMON STOCK AUTHORIZED FOR ISSUANCE UNDER THE 2008 PLAN.

Full payment for shares purchased on exercise of any option or received under any other award, along with payment of any required tax withholding, must be made at the time of such exercise in cash or, if permitted by the Committee, in shares of Common Stock delivered by the participant or withheld from an award, or any combination thereof, or pursuant to such ‘‘cashless exercise’’ procedures as may be permitted by the Committee.

Except as specifically provided under an individual participant’s award agreement appro