

L 3 COMMUNICATIONS HOLDINGS INC  
Form 424B5  
June 26, 2002

PROSPECTUS SUPPLEMENT  
(To Prospectus dated June 20, 2002)

14,000,000 SHARES

[L-3 COMMUNICATIONS LOGO]

COMMON STOCK

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We are selling 14,000,000 shares of our common stock. We will receive all of the net proceeds from the sale of these shares.

Our common stock is traded on the New York Stock Exchange under the symbol "LLL." On June 24, 2002, the last reported sale price of our common stock on the New York Stock Exchange was \$56.60 per share.

Investing in our common stock involves risks. See page S-9 of this prospectus supplement and "Risk Factors" beginning on page 5 of the accompanying prospectus.

	PER SHARE	TOTAL
	-----	-----
Public Offering Price .....	\$ 56.60	\$792,400,000
Underwriting Discounts and Commissions .....	\$ 1.70	\$ 23,800,000
Proceeds to Us (before expenses) .....	\$ 54.90	\$768,600,000

We have granted the underwriters 30-day options to purchase up to an additional 2,100,000 shares of our common stock to cover over-allotments.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Lehman Brothers, on behalf of the underwriters, expects to deliver the shares to purchasers on or about June 28, 2002.

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LEHMAN BROTHERS

CREDIT SUISSE FIRST BOSTON

BEAR, STEARNS & CO. INC.

MERRILL LYNCH & CO.

SG COWEN

GOLDMAN, SACHS & CO.

SALOMON SMITH BARNEY

WACHOVIA SECURITIES

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June 24, 2002

TABLE OF CONTENTS

	PAGE
PROSPECTUS SUPPLEMENT	-----
About This Prospectus Supplement .....	i
Prospectus Supplement Summary .....	S-1
Risks Related to Our Common Stock .....	S-9
Forward-Looking Statements .....	S-10
Use of Proceeds .....	S-12
Dividend Policy .....	S-12
Price Range of Common Stock .....	S-13
Capitalization .....	S-14
Unaudited Pro Forma Condensed	
Consolidated Financial Information .....	S-15
Summary of Pro Forma and Historical	
Financial Data .....	S-26
Certain U.S. Federal Tax Consequences to	
Non-U.S. Holders .....	S-27
Underwriting .....	S-29
Legal Matters .....	S-32
Experts .....	S-32
Available Information .....	S-33
Incorporation of Certain Documents by	
Reference .....	S-33

	PAGE
PROSPECTUS	-----
Prospectus Summary .....	3
Risk Factors .....	5
The Company .....	12
Ratio of Earnings to Fixed Charges and	
Earnings to Combined Fixed Charges	
and Preferred Stock Dividends .....	12
Use of Proceeds .....	13
Dividend Policy .....	13
Description of Debt Securities .....	14
Description of Capital Stock .....	20
Description of Stock Purchase Contracts	
and Stock Purchase Units .....	24
Description of Warrants .....	24
Selling Stockholders .....	25
Plan of Distribution .....	26
Legal Matters .....	26
Experts .....	26
Available Information .....	26
Incorporation of Certain Documents by	
Reference .....	27

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You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized anyone to provide you with different information. We are not

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making an offer of these securities in any state where the offer is not permitted. You should not assume that the information provided by this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date on the front of this prospectus supplement.

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### ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement contains the terms of this offering. A description of our common stock is contained in the accompanying prospectus beginning on page 20.

This prospectus supplement is part of and should be read in conjunction with the accompanying prospectus. The information we present in this prospectus supplement may add, update or change information included in the accompanying prospectus. If information in this prospectus supplement, or the information incorporated by reference in the accompanying prospectus, is inconsistent with the accompanying prospectus, this prospectus supplement, or the information incorporated by reference in the accompanying prospectus, will apply and will supersede that information in the accompanying prospectus.

Unless the context otherwise requires, references in this prospectus supplement to "L-3," "we," "us" and "our" refer to L-3 Communications Holdings, Inc. and its subsidiaries, including L-3 Communications Corporation, its wholly owned subsidiary.

i

### PROSPECTUS SUPPLEMENT SUMMARY

Because this is a summary, it may not contain all the information that is important to you. You should carefully read the entire prospectus supplement and the accompanying prospectus, including the documents incorporated by reference, which are described under "Incorporation of Certain Documents By Reference."

L-3

We are a leading merchant supplier of secure communications and intelligence, surveillance and reconnaissance (ISR) systems, training, simulation and support services, aviation products and aircraft modernization, as well as specialized products. Our businesses employ proprietary technologies and capabilities, and we believe our businesses have leading positions in their respective primary markets. Our customers include the U.S. Department of Defense and prime contractors thereof, certain U.S. Government intelligence agencies, major aerospace and defense contractors, foreign governments, commercial customers and certain other U.S. federal, state and local government agencies. For the year ended December 31, 2001, direct and indirect sales to the U.S. Department of Defense provided 64.7% of our sales, and sales to commercial customers, foreign governments and U.S. federal, state and local government agencies other than the U.S. Department of Defense provided 35.3% of our sales. For the year ended December 31, 2001, we had sales of \$2,347.4 million, of which U.S. customers accounted for 82.1% and foreign customers accounted for 17.9%, operating income of \$275.3 million and diluted earnings per share of \$1.47. For the three months ended March 31, 2002, we had sales of \$696.8 million, operating income of \$71.3 million and diluted earnings per share of \$0.36.

For the year ended December 31, 2001, on a pro forma basis for our acquisitions, excluding our acquisition of the detection systems business of PerkinElmer, and the related financings since January 1, 2001, we would have had

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sales of \$3,557.3 million, operating income of \$367.2 million and diluted earnings per share of \$1.36. For the three months ended March 31, 2002, on a pro forma basis for our acquisitions, excluding our acquisition of the detection systems business of PerkinElmer, and the related financings since January 1, 2002, we would have had sales of \$910.2 million, operating income of \$75.6 million and diluted earnings per share of \$0.32.

At December 31, 2001, we had two reportable segments: Secure Communication Systems and Specialized Products. Effective as of January 1, 2002, primarily as a result of our recent acquisitions, including our acquisition of Aircraft Integration Systems business from Raytheon Company, we began to present our businesses with the following four reportable segments: (1) Secure Communications & ISR; (2) Training, Simulation & Support Services; (3) Aviation Products & Aircraft Modernization; and (4) Specialized Products.

Secure Communications & ISR. This segment provides products and services for the global ISR market, specializing in signals intelligence and communications intelligence systems, which provide the unique ability to collect and analyze unknown electronic signals from command centers, communication nodes and air defense systems for real-time situation awareness and response in real-time to the warfighter. This segment also provides secure, high data rate communications systems for military and other U.S. Government and foreign government reconnaissance and surveillance applications. We believe our systems and products are critical elements of virtually all major communication, command and control, intelligence gathering and space systems. Our systems and products are used to connect a variety of airborne, space, ground and sea-based communication systems and are used in the transmission, processing, recording, monitoring and dissemination functions of these communication systems. The major secure communication programs and systems include:

- o secure data links for airborne, satellite, ground and sea-based remote platforms for real time information collection and dissemination to users;

S-1

- o highly specialized fleet management and support, including procurement, systems integration, sensor development, modifications and maintenance for signals intelligence and ISR special mission aircraft and airborne surveillance systems;
- o strategic and tactical signal intelligence systems that detect, collect, identify, analyze and disseminate information;
- o secure telephone and network equipment and encryption management; and
- o communication systems for surface and undersea vessels and manned space flights.

Training, Simulation & Support Services. This segment provides a full range of services, including:

- o services designed to meet customer training requirements for aircrews, navigators, mission operators, gunners and maintenance technicians for virtually any platform, including military fixed and rotary wing aircraft, air vehicles and various ground vehicles;
- o communication software support, information services and a wide range of engineering development services and integration support;

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- o high-end engineering and information support services used for command, control, communications, computers and ISR architectures, as well as for air warfare modeling and simulation tools for applications used by the U.S. Department of Defense and U.S. Government intelligence agencies, including missile and space systems, Unmanned Aerial Vehicles and military aircraft;
- o developing and managing extensive programs in the United States and internationally, focusing on teaching, training and education, logistics, strategic planning, organizational design, democracy transition and leadership development; and
- o design, prototype development and production of ballistic missile targets for present and future threat scenarios.

Aviation Products & Aircraft Modernization. This segment provides aviation products and aircraft modernization services, including:

- o airborne traffic and collision avoidance systems;
- o commercial, solid-state, crash-protected cockpit voice recorders and flight data recorders (known as "black boxes") and cruise ship hardened voyage recorders;
- o ruggedized displays for military and high-end commercial applications;
- o turnkey aviation life cycle management services that integrate custom developed and commercial off-the-shelf products for various military and commercial wide-body and rotary wing aircraft, including heavy maintenance and structural modifications and Head-of-State and commercial interior completions; and
- o engineering, modification, maintenance, logistics and upgrade for U.S. Special Operations Command aircraft, vehicles and personal equipment.

Specialized Products. This segment supplies products to military and commercial customers in several niche markets. The products include:

- o ocean products, including acoustic undersea warfare products for mine hunting, dipping sonars and anti-submarine and naval power distribution, conditioning, switching and protection equipment for surface and undersea platforms;
- o telemetry, instrumentation, space and guidance products including tracking and flight termination;

S-2

- o premium fuzing products;
- o microwave components;
- o explosives detection systems for checked baggage at airports;
- o high performance antennas and ground based radomes; and
- o training devices and motion simulators which produce advanced virtual reality simulation and high-fidelity representations of cockpits and mission stations for aircraft and land vehicles.

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### DEVELOPING COMMERCIAL OPPORTUNITIES

Our growth strategy includes identifying and exploiting commercial applications from select products and technologies currently sold to defense customers. We have currently identified two vertical markets where we believe there are significant opportunities to expand our existing commercial sales: Transportation Products and Broadband Wireless Communications Products. We believe that these vertical markets, together with our existing commercial products, provide us with the opportunity for substantial commercial growth in future years.

Within the transportation market, we are offering (1) an explosives detection system for checked baggage at airports, displays and power propulsion systems for rail transportation and power switches for internet service providers, all of which are part of our Specialized Products segment, and (2) cruise ship voyage recorders and an enhanced aviation collision avoidance product that incorporates ground proximity warning, which are part of our Aviation Products & Aircraft Modernization segment.

Within the communications product market, we are offering local fixed wireless access equipment for voice, DSL and internet access, transceivers for LMDS (Local Multipoint Distribution Service) and a broad range of commercial components and digital test equipment for broadband communications providers, which are part of our Secure Communications & ISR and Specialized Products segments.

We have developed the majority of our commercial products employing technology used in our defense businesses. Sales generated from our developing commercial opportunities have not yet been material to us.

### THE AIS ACQUISITION

On March 8, 2002, we acquired the Aircraft Integration Systems business (AIS) from Raytheon Company for \$1,152.7 million in cash, subject to a purchase price adjustment. The acquisition was financed using cash on hand, borrowings under our senior credit facilities and a \$500.0 million senior subordinated interim loan.

AIS is a long-standing, sole-source provider of critical communications intelligence, signals intelligence and unique systems for special customers within the U.S. Government and has become an integral part of the U.S. Military's ISR infrastructure. These systems collect, decode and transmit data, providing the war fighter with real-time battlefield situational awareness. AIS' major customers are increasingly focusing on these methods of intelligence gathering and information distribution, suggesting excellent operating prospects for the foreseeable future. This acquisition provides us with platforms to capitalize on significant pull-through prospects related to the sale of our secure communications and aviation products, including communication links, signal processing, antennas, data recorders, displays and traffic control and collision avoidance systems. AIS has been included in our Secure Communications & ISR and our Aviation Products & Aircraft Modernization reportable segments.

### OUR STRATEGY

We intend to grow our sales, enhance our profitability and build on our position as a leading merchant supplier of communication systems and products to the major aerospace and defense

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contractors as well as the U.S. Government. We also intend to leverage our expertise and products into selected new commercial business areas where we can adapt our existing products and technologies. Our strategy to achieve our objectives includes:

**EXPAND MERCHANT SUPPLIER RELATIONSHIPS.** As an independent merchant supplier, we intend to identify opportunities where we are able to use our strong relationships to increase our business presence and allow customers to reduce their costs.

**SUPPORT CUSTOMER REQUIREMENTS.** We intend to continue to align our research and development, manufacturing and new business efforts to complement our customers' requirements and provide state-of-the-art products.

**ENHANCE OPERATING MARGINS.** We intend to continue to enhance our operating performance by reducing overhead expenses, continuing consolidation and increasing productivity.

**LEVERAGE TECHNICAL AND MARKET LEADERSHIP POSITIONS.** We are applying our technical expertise and capabilities to several closely aligned commercial business markets and applications such as transportation and broadband wireless communications and we expect to continue to explore other similar commercial opportunities.

**MAINTAIN DIVERSIFIED BUSINESS MIX.** We have a diverse and broad business mix with limited reliance on any particular program, a balance of cost-reimbursable and fixed-price contracts, a significant follow-on business and an attractive customer profile.

**CAPITALIZE ON STRATEGIC ACQUISITION OPPORTUNITIES.** We intend to enhance our existing product base through internal research and development efforts and selective acquisitions that will add new products in areas that complement our present technologies. Since January 1, 2001, we acquired 14 businesses for an aggregate adjusted purchase price of \$1,736.0 million. We regularly evaluate opportunities for future acquisitions. See "Risk Factors -- Our acquisition strategy involves risks, and we may not successfully implement our strategy" on page 5 of the accompanying prospectus.

### RECENT DEVELOPMENTS

**PerkinElmer's Detection Systems Business.** On June 14, 2002, we acquired the detection systems business of PerkinElmer for \$100.0 million in cash plus acquisition costs. PerkinElmer's detection systems business offers X-ray screening for three major security applications: aviation systems for checked and oversized baggage, break bulk cargo and air freight; port and border applications including pallets, break bulk and air freight; and facility protection, such as parcels, mail and cargo. PerkinElmer's detection systems have a broad range of systems and technologies, with an installed base of over 16,000 units. PerkinElmer's detection systems business customer base includes major airlines and airports, a number of domestic agencies, such as the U.S. Customs Service, U.S. Marshals Service, U.S. Department of Agriculture and U.S. Department of State, and international authorities throughout Europe, Asia and South America.

### DEBT TENDER OFFER

On June 6, 2002, L-3 Communications Corporation commenced a tender offer to purchase any and all of its \$225.0 million aggregate principal amount of 10 3/8% Senior Subordinated Notes due 2007. The tender offer is scheduled to expire at 5:00 p.m., New York City time, on July 3, 2002, unless extended or earlier terminated. The consummation of the tender offer is conditioned upon,

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among other things, the consummation of this offering and the consummation of the concurrent private placement of senior subordinated notes by L-3 Communications Corporation on terms acceptable to it.

S-4

The tender offer provides that the 10 3/8% Senior Subordinated Notes due 2007 will be purchased at 103.35% of the aggregate principal amount of the notes, plus accrued interest up to the date of purchase. The tender offer also provides that holders of the 10 3/8% Senior Subordinated Notes due 2007 that tendered their notes on or before 5:00 p.m., New York City time, on June 24, 2002 will receive a premium of 2.0% of the aggregate principal amount of the notes. If the tender offer is consummated, we intend to call for redemption all of the 10 3/8% Senior Subordinated Notes due 2007 that remain outstanding at the applicable redemption price of 105.188% of the principal amount thereof, plus interest accrued to the redemption date. L-3 Communications Corporation intends to use the proceeds from its concurrent private placement of senior subordinated notes to finance the tender offer and the subsequent redemption.

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We are incorporated in Delaware, and the address of our principal executive offices is 600 Third Avenue, New York, New York 10016. Our telephone number is (212) 697-1111.

S-5

THE OFFERING

Common stock offered by us..... 14,000,000 shares.

Common stock to be outstanding  
after this offering..... 93,511,267 shares.

The number of shares of common stock to be outstanding after this offering:

- o includes 79,511,267 shares outstanding as of June 21, 2002;
- o excludes an aggregate of 3,678,864 shares of common stock reserved for issuance under our stock option plans for key employees and non-employee directors of L-3;
- o excludes 7,361,964 shares of common stock issuable upon conversion of our outstanding 5.25% Convertible Senior Subordinated Notes due 2009;
- o excludes 7,804,878 shares of common stock issuable upon conversion of our outstanding 4% Senior Subordinated Convertible Contingent Notes (CODES) due 2011; and
- o assumes no exercise of the underwriters' over-allotment options in connection with this offering to purchase up to an additional 2,100,000 shares of common stock from L-3.

Over-allotment options..... We have granted the underwriters options to purchase 2,100,000 shares to cover over-allotments.



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Use of proceeds..... We intend to use the net proceeds from this offering to repay existing indebtedness and for general corporate purposes, including potential acquisitions. See "Use of Proceeds."

NYSE symbol..... "LLL."

Risk factors..... You should carefully read and consider the information set forth in "Risks Related to Our Common Stock" beginning on page S-9 of this prospectus supplement and "Risk Factors" beginning on page 5 of the accompanying prospectus before investing in our common stock.

Unless otherwise stated, all share and per share data contained in this prospectus supplement reflect a two-for-one stock split declared by L-3 Communications Holdings' board of directors on April 23, 2002. In addition, except as otherwise noted, all information in this prospectus supplement assumes no exercise by the underwriters of their over-allotment options.

S-6

SUMMARY FINANCIAL DATA

We derived the summary financial data presented below from our financial statements. The financial statement data for the years ended December 31, 2001, 2000 and 1999 are derived from our audited consolidated financial statements incorporated by reference in this prospectus supplement. We derived the balance sheet data presented below at December 31, 2001 and 2000 from our audited consolidated financial statements incorporated by reference in this prospectus supplement. We derived the balance sheet data at December 31, 1999 from our audited consolidated financial statements not included or incorporated by reference in this prospectus supplement. We derived the financial statement data for the three months ended March 31, 2002 and the balance sheet data at March 31, 2002 from our unaudited condensed consolidated financial statements incorporated by reference in this prospectus supplement. Our unaudited condensed consolidated financial statements for the three months ended March 31, 2002 include, in our opinion, all adjustments consisting of normal recurring adjustments necessary for a fair presentation of the results for the period.

The supplemental data for the three months ended March 31, 2002 and for the year ended December 31, 2001 was derived from our unaudited pro forma condensed consolidated financial information included elsewhere herein, and gives effect to our material acquisitions, excluding our acquisition of the detection systems business of PerkinElmer, this offering and the concurrent private placement of \$750.0 million of senior subordinated notes by L-3 Communications Corporation, our wholly owned subsidiary. The supplemental data is presented for illustrative purposes only, and is not indicative of the results we would have had if these transactions had been completed on January 1, 2001, nor is it indicative of results we may expect in the future.

SUPPLEMENTAL		SUPPLEMENTAL
DATA FOR		DATA FOR
THREE	THREE	THREE
MONTHS	MONTHS	MONTHS
		YEAR

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	ENDED MARCH 31, 2002 (1)	ENDED MARCH 31, 2002 (2)	ENDED DECEMBER 31, 2001 (1) (3)	YEARS ----- 2001
(in millions, except per share)				
STATEMENT OF OPERATIONS DATA:				
Sales .....	\$ 910.2	\$ 696.8	\$ 3,557.3	\$ 2,347.4
Operating income .....	75.6	71.3	367.2	275.3
Interest expense, net .....	31.6	25.1	149.6	84.5
Minority interest .....	0.9	0.9	4.5	4.5
Provision for income taxes .....	15.8	16.0	87.8	70.8
Income from continuing operations .....	27.3	29.3	125.3	115.5
Income from continuing operations, as adjusted(4) .....	\$ 27.3	\$ 29.3	\$ 159.2	\$ 149.4
Earnings per common share:				
Basic .....	\$ 0.29	\$ 0.37	\$ 1.36	\$ 1.54
Basic, as adjusted(4) .....	\$ 0.29	\$ 0.37	\$ 1.73	\$ 1.99
Diluted .....	\$ 0.28	\$ 0.36	\$ 1.32	\$ 1.47
Diluted, as adjusted(4) .....	\$ 0.28	\$ 0.36	\$ 1.66	\$ 1.87
Weighted average common shares outstanding:				
Basic .....	92.9	78.9	92.0	74.9
Diluted .....	96.4	82.4	102.5	85.4
BALANCE SHEET DATA (AT PERIOD END):				
Cash and cash equivalents .....		\$ 46.0		\$ 361.0
Working capital .....		807.3		717.8
Total assets .....		4,357.8		3,339.2
Total debt .....		2,175.0		1,325.0
Shareholders' equity .....		1,266.5		1,213.9

S-7

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(1) The supplemental data for the three months ended March 31, 2002 give effect to our acquisition of AIS and the related financings as if they were included for the entire period. The supplemental data for the year ended December 31, 2001 give effect to all of our material acquisitions, excluding our acquisition of the detection systems business of PerkinElmer, since January 1, 2001 as if they and their related financings had occurred on January 1, 2001. In addition, the supplemental data give effect to this offering and the concurrent private placement of \$750.0 million of senior subordinated notes by L-3 Communications Corporation, our wholly owned subsidiary. This offering is not conditioned upon the consummation of the issuance of the senior subordinated notes. See "Unaudited Pro Forma Condensed Consolidated Financial Information."

The senior subordinated notes to be issued in the concurrent private placement by L-3 Communications Corporation have not been registered under the Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

(2) Our results of operations are impacted significantly by our acquisitions, which are described elsewhere in this prospectus supplement and in the documents incorporated by reference herein.

(3) The supplemental data for the year ended December 31, 2001, do not include an extraordinary pre-tax charge of \$16.1 million (\$9.7 million after-tax)

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related to the repurchase and/or redemption of L-3 Communications Corporation's \$225.0 million 10 3/8% Senior Subordinated Notes due 2007. The extraordinary charge includes the call premium of 5.188% or approximately \$11.6 million pre-tax and fees and other expenses of approximately \$4.5 million, including the write-off of unamortized deferred debt issue costs relating to the \$225.0 million 10 3/8% Senior Subordinated Notes due 2007. The extraordinary charge would have reduced basic earnings per common share by \$0.11 and diluted earnings per common share by \$0.09 for the year ended December 31, 2001.

- (4) Represents income from continuing operations and basic and diluted earnings per common share, adjusted to exclude goodwill amortization expense, net of any income tax effects, recognized in those years related to goodwill that is no longer being amortized.

S-8

### RISKS RELATED TO OUR COMMON STOCK

Investing in our common stock involves risks. You should carefully consider the following risk factors relating to our common stock and the risk factors beginning on page 5 of the accompanying prospectus relating to our business, in addition to the other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus, and in any other documents to which we refer you in this prospectus supplement or the accompanying prospectus, in deciding whether to invest in our common stock.

#### FUTURE SALES OF OUR COMMON STOCK IN THE PUBLIC MARKET COULD LOWER THE STOCK PRICE.

We may, in the future, sell additional shares of our common stock in subsequent public offerings. We may also issue additional shares of our common stock to finance future acquisitions, including acquisitions larger than those we have done in the past through the use of equity. Additionally, a substantial number of shares of our common stock is available for future sale pursuant to stock options that we granted to our employees to purchase shares of our common stock, registration rights agreements and upon conversion of our convertible notes due 2009 and of our CODES due 2011. We cannot predict the size of future issuances of our common stock or the effect, if any, that future sales and issuances of shares of our common stock will have on the market price of our common stock. Sales of substantial amounts of our common stock (including shares issued upon the exercise of stock options, acquisition financing or the conversion of our outstanding convertible notes and CODES), or the perception that such sales could occur, may adversely affect prevailing market prices for our common stock.

#### DELAWARE LAW AND THE CHARTER DOCUMENTS OF L-3 COMMUNICATIONS HOLDINGS MAY IMPEDE OR DISCOURAGE A TAKEOVER, WHICH COULD CAUSE THE MARKET PRICE OF ITS SHARES TO DECLINE.

We are a Delaware corporation and the anti-takeover provisions of Delaware law impose various impediments to the ability of a third party to acquire control of us, even if a change in control would be beneficial to our existing stockholders. In addition, our board of directors has the power, without stockholders' approval, to designate the terms of one or more series of preferred stock and issue shares of preferred stock, which could be used defensively if a takeover is threatened. Our certificate of incorporation and by-laws provide for a classified board of directors serving staggered three-year terms, restrictions on who may call a special meeting of stockholders and a prohibition on stockholder action by written consent. All

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options issued under our stock option plans automatically vest upon a change in control of L-3 Communications Holdings. Our incorporation under Delaware law, the ability of our board of directors to create and issue a new series of preferred stock, the acceleration of the vesting of the outstanding stock options that we have granted upon a change in control of L-3 Communications Holdings, and certain provisions of our certificate of incorporation and by-laws could impede a merger, takeover or other business combination involving L-3 Communications Holdings or discourage a potential acquiror from making a tender offer for the common stock of L-3 Communications Holdings, which, under certain circumstances, could reduce the market value of our common stock.

THE PRICE OF OUR COMMON STOCK MAY FLUCTUATE SIGNIFICANTLY.

A number of factors could cause the market price of our common stock to fluctuate significantly, including:

- o our quarterly results of operations and cash flows or those of other aerospace and defense companies;
- o the public's reaction to our press releases, announcements and our filings with the SEC;
- o changes in estimates of our earnings or recommendations by research analysts;
- o changes in the U.S. defense budgets;
- o changes in general conditions in the U.S. economy, financial markets or defense industry;

S-9

- o natural disasters; and
- o other developments affecting us or our competitors.

In recent years, the stock market has experienced extreme price and volume fluctuations. This volatility has had a significant effect on the market price of securities issued by many companies for reasons unrelated to the operating performance of these companies. See "Price Range of Common Stock."

OUR MANAGEMENT HAS DISCRETION OVER THE USE OF PROCEEDS FROM THIS OFFERING.

As described in "Use of Proceeds," we intend to use some or all of the net proceeds of this offering to repay indebtedness under our existing 364-day and five-year revolving credit facilities and for general corporate purposes, including potential acquisitions. We regularly evaluate potential acquisitions and joint venture transactions, but, except as disclosed herein or in the documents incorporated or deemed incorporated by reference in this prospectus supplement, we have not entered into any agreements with respect to any material transactions at this time. Upon repayment of the debt outstanding under the senior credit facilities, our borrowing capacity will be restored and we will have wide discretion over the use of any funds subsequently borrowed under the senior credit facilities.

### FORWARD-LOOKING STATEMENTS

Our disclosure and analysis in this prospectus supplement and the accompanying prospectus and the documents incorporated herein and therein by reference contain some forward-looking statements. Certain of the matters

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discussed concerning our operations, cash flows, financial position, economic performance and financial condition, including, in particular, the likelihood of our success in developing and expanding our business and the realization of sales from backlog include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Statements that are predictive in nature, that depend upon or refer to future events or conditions or that include words such as "expects," "anticipates," "intends," "plans," "believes," "estimates" and similar expressions are forward-looking statements. Although we believe that these statements are based upon reasonable assumptions, including projections of orders, sales, operating margins, earnings, cash flows, research and development costs, working capital, capital expenditures and other projections, they are subject to several risks and uncertainties, and therefore, we can give no assurance that these statements will be achieved.

Our forward-looking statements will also be influenced by factors such as:

- o our dependence on the defense industry and the business risks peculiar to that industry, including changing priorities or reductions in the U.S. Government defense budget;
- o our reliance on contracts with a limited number of agencies of, or contractors to, the U.S. Government and the possibility of termination of government contracts by unilateral government action or for failure to perform;
- o our ability to obtain future government contracts on a timely basis;
- o the availability of government funding and changes in customer requirements for our products and services;
- o our significant amount of debt and the restrictions contained in our debt agreements;
- o collective bargaining agreements and labor disputes;
- o economic conditions, competitive environment, international business and political conditions, timing of international awards and contracts;

S-10

- o our extensive use of fixed price contracts as compared to cost plus contracts;
- o our ability to identify future acquisition candidates or to integrate acquired operations;
- o the rapid change of technology and high level of competition in the communications equipment industry;
- o our introduction of new products into commercial markets or our investments in commercial products or companies;
- o pension, environmental or legal matters or proceedings and various other market, competition and industry factors, many of which are beyond our control; and

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- o the fair values of assets including goodwill and other intangibles of our businesses which can be impaired or reduced by the other factors discussed above.

You are cautioned that our forward-looking statements are not guarantees of future performance and the actual results or developments may differ materially from the expectations expressed in the forward-looking statements.

As for the forward-looking statements that relate to future financial results and other projections, actual results will be different due to the inherent uncertainty of estimates, forecasts and projections and may be better or worse than projected. Given these uncertainties, you should not place any reliance on these forward-looking statements. These forward-looking statements also represent our estimates and assumptions only as of the date that they were made. We expressly disclaim a duty to provide updates to these forward-looking statements, and the estimates and assumptions associated with them, after the date of this prospectus supplement to reflect events or changes in circumstances or changes in expectations or the occurrence of anticipated events.

We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise. You are advised, however, to consult any additional disclosures we make in our Form 10-K, Form 10-Q and Form 8-K reports to the Securities and Exchange Commission. Also note that we provide a cautionary discussion of risks and uncertainties under the caption "Risks Related to Our Common Stock" in this prospectus supplement and "Risk Factors" in the accompanying prospectus. These are factors that we think could cause our actual results to differ materially from expected results. Other factors besides those listed here could also adversely affect us. This discussion is provided as permitted by the Private Securities Litigation Reform Act of 1995.

S-11

### USE OF PROCEEDS

We will receive net proceeds of approximately \$767.6 million from this offering, after deducting the discounts, commissions and estimated expenses payable by us. This amount will be approximately \$882.9 million if the underwriters fully exercise the over-allotment options we have granted them to purchase up to an additional 2,100,000 newly issued shares of our common stock. Concurrent with this offering, L-3 Communications Corporation intends to consummate a private placement of senior subordinated notes from which it expects to receive net proceeds of approximately \$731.8 million, after deducting related discounts, commissions and estimated expenses.

Assuming the successful completion of the concurrent private placement of senior subordinated notes by L-3 Communications Corporation, the net proceeds from this offering and the concurrent private placement will be used to (1) repay the \$500.0 million of indebtedness outstanding under our senior subordinated interim loan agreement, (2) repay the indebtedness outstanding under our senior credit facilities, which amounted to \$351.0 million as of May 31, 2002, (3) repurchase and/or redeem all of the 10 3/8% Senior Subordinated Notes due 2007 for approximately \$237.4 million and (4) increase our cash and cash equivalents, which will be used for general corporate purposes, including potential acquisitions.

Assuming L-3 Communications Corporation does not complete its concurrent private placement of senior subordinated notes, we intend to use the net proceeds from this offering to repay the \$500.0 million of indebtedness

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outstanding under our senior subordinated interim loan agreement, repay the \$151.0 million of indebtedness outstanding under our 364-day revolving credit facility and repay \$116.6 million of indebtedness outstanding under our five-year revolving credit facility, all of which was incurred in connection with our acquisition of AIS. The weighted average interest rate as of May 31, 2002 under our revolving credit facilities was 4.85%. The 364-day revolving credit facility matures on February 25, 2003 and the five-year revolving credit facility matures on May 15, 2006. Amounts paid under each of our revolving credit facilities will be available (subject to compliance with covenants) to be reborrowed by us from time to time for, among other purposes, general corporate purposes, including potential acquisitions. As of May 31, 2002, our senior subordinated interim loan, which matures on May 15, 2009, had a weighted average interest rate of 5.14%.

### DIVIDEND POLICY

Since its inception, L-3 Communications Holdings has never paid a cash dividend on its common stock. L-3 Communications Holdings currently intends to retain its earnings to finance future growth and, therefore, does not anticipate paying any cash dividends on its common stock in the foreseeable future. Any determination as to the payment of dividends will depend upon the future results of operations, capital requirements and financial condition of L-3 Communications Holdings and its subsidiaries and such other facts as the board of directors of L-3 Communications Holdings may consider, including any contractual or statutory restrictions on L-3 Communications Holdings' ability to pay dividends. Moreover, L-3 Communications Holdings is a holding company and its ability to pay dividends is dependent upon receipt of dividends, distributions, advances, loans or other cash transfers from L-3 Communications Corporation. Certain outstanding debt instruments of L-3 Communications Corporation limit its ability to pay dividends or other distributions on its common stock or to make advances, loans or other cash transfers to L-3 Communications Holdings.

S-12

### PRICE RANGE OF COMMON STOCK

The common stock of L-3 Communications Holdings trades on the New York Stock Exchange under the symbol "LLL." The last reported sale price for our common stock on June 24, 2002 was \$56.60 per share, as reported on the NYSE. The table below sets forth closing information on the high and low closing prices for our common stock during the periods indicated, as adjusted for the two-for-one stock split.

	PRICE RANGE OF COMMON STOCK	
	HIGH	LOW
FISCAL YEAR ENDED DECEMBER 31, 2000:		
Quarter Ended:		
March 31, 2000 .....	\$ 25.97	\$ 17.85
June 30, 2000 .....	29.32	22.63
September 30, 2000 .....	31.88	26.28
December 31, 2000 .....	38.78	28.60
FISCAL YEAR ENDED DECEMBER 31, 2001:		
Quarter Ended:		

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March 31, 2001 .....	\$ 45.00	\$ 32.50
June 30, 2001 .....	44.45	38.04
September 30, 2001 .....	43.73	31.24
December 31, 2001 .....	48.24	39.70
FISCAL YEAR ENDED DECEMBER 31, 2002:		
Quarter Ended:		
March 31, 2002 .....	\$ 58.23	\$ 44.09
June 30, 2002 (through June 24, 2002) .....	65.99	52.05

S-13

CAPITALIZATION

The following table sets forth our capitalization: (1) on an actual basis as of March 31, 2002, (2) as adjusted for this offering and the application of the net proceeds therefrom, and (3) as adjusted for this offering, the concurrent private placement of senior subordinated notes by L-3 Communications Corporation and the application of the net proceeds therefrom.

	AS OF MARCH 31, 2002	
	ACTUAL	AS ADJUSTED FOR THIS OFFERING
	(IN MILLIONS)	
Cash and cash equivalents .....	\$ 46.0	\$ 46.0
	=====	=====
Long-term debt:		
Senior credit facilities(2) .....	\$ 350.0	\$ 82.4
Senior Subordinated Interim Loan .....	500.0	--
10 3/8% Senior Subordinated Notes due 2007 .....	225.0	225.0
8 1/2% Senior Subordinated Notes due 2008 .....	180.0	180.0
8% Senior Subordinated Notes due 2008 .....	200.0	200.0
7 5/8% Senior Subordinated Notes due 2012 .....	--	--
5 1/4% Convertible Senior Subordinated Notes due 2009 .....	300.0	300.0
4% Senior Subordinated Convertible Contingent Debt Securities due 2011 .....	420.0	420.0
	-----	-----
Total debt .....	\$ 2,175.0	\$ 1,407.4
Minority interest .....	\$ 70.6	\$ 70.6
Shareholders' equity:		
Common stock .....	\$ 964.4	\$ 1,732.0
Retained earnings .....	331.0	331.0
Unearned compensation .....	(5.1)	(5.1)
Accumulated other comprehensive loss .....	(23.8)	(23.8)
	-----	-----
Total shareholders' equity .....	\$ 1,266.5	\$ 2,034.1
	-----	-----



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Total capitalization .....	\$ 3,512.1	\$ 3,512.1
	=====	=====

- 
- (1) Concurrently with this offering, L-3 Communications Corporation, our wholly owned subsidiary, intends to issue \$750.0 million in principal amount of senior subordinated notes in a private placement. Assuming the successful completion of that offering, the net proceeds from this offering and the concurrent private placement will be used to (1) repay the \$500.0 million of indebtedness outstanding under our senior subordinated interim loan agreement, (2) repay the \$350.0 million of indebtedness outstanding under our senior credit facilities, (3) repurchase and/or redeem all of the 10 3/8% Senior Subordinated Notes due 2007 for approximately \$237.4 million and (4) increase our cash and cash equivalents, which will be used for general corporate purposes, including potential acquisitions. See "Use of Proceeds." This offering is not conditioned upon the consummation of the issuance by L-3 Communications Corporation of the senior subordinated notes.
  
  - (2) At March 31, 2002, our availability under the senior credit facilities at any given time was \$750.0 million (subject to compliance with covenants), less the amount of outstanding borrowings and outstanding letters of credit, which amounted to \$350.0 million for outstanding borrowings and \$166.6 million for outstanding letters of credit at March 31, 2002.
  
  - (3) In connection with the repurchase and/or redemption of L-3 Communications Corporation's 10 3/8% Senior Subordinated Notes due 2007, we estimate that we will incur a pre-tax loss on the extinguishment of that debt of approximately \$16.1 million, or \$9.7 million after-tax.

S-14

### UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following unaudited pro forma condensed consolidated statements of operations ("pro forma statement of operations") data gives effect to the following transactions as if they had occurred on January 1, 2001: (1) our acquisition of AIS, which was completed on March 8, 2002, and the acquisitions of KDI Precision Products, Inc., EER Systems, Inc., Spar Aerospace Limited, Emergent Government Services Group, Bulova Technologies, and SY Technology, Inc., which we completed during the year ended December 31, 2001, and their related financings (collectively, the "Acquisitions") and (2) this offering and the application of the net proceeds of this offering (assuming that the concurrent private placement of senior subordinated notes by L-3 Communications Corporation is not consummated) to repay \$500.0 million of indebtedness outstanding under our senior subordinated interim loan agreement and \$267.6 million of borrowings outstanding under our senior credit facilities, all of which incurred in connection with our acquisition of AIS. All of the Acquisitions described above are included in our consolidated balance sheet as of March 31, 2002, and, therefore, an unaudited pro forma condensed consolidated balance sheet is not provided. The pro forma statement of operations data does not give effect to our recent acquisition of the detection systems business of PerkinElmer and the related financings.

The pro forma adjustments related to our Acquisitions are based on preliminary purchase prices and purchase price allocations. Actual adjustments will be based on final purchase prices, audited historical net assets for the Acquisitions, and final appraisals and other analyses of fair values of contracts in process, inventories, estimated costs in excess of billings to

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complete contracts in process, identifiable intangibles, pension and postretirement benefit obligations and deferred tax assets and liabilities, which will be completed after we obtain and review all of the data required for the acquired assets and liabilities and complete our valuations of them. Differences between the preliminary and final purchase price allocations could have a material impact on our results of operations and financial position. The unaudited pro forma condensed consolidated statement of operations does not reflect any cost savings that we believe would have resulted had the Acquisitions occurred on January 1, 2001.

The supplemental pro forma data is provided as additional information and gives effect as of January 1, 2001 to this offering and the concurrent private placement of \$750.0 million of senior subordinated notes by L-3 Communications Corporation and the application of the net proceeds from this offering and the concurrent private placement to (1) repay the \$500.0 million of indebtedness outstanding under our senior subordinated interim loan agreement, (2) repay the \$345.6 million of indebtedness outstanding under our senior credit facilities, (3) repurchase and/or redeem all of the 10 3/8% Senior Subordinated Notes due 2007 for approximately \$237.4 million and (4) increase our cash and cash equivalents, which will be used for general corporate purposes, including potential acquisitions.

The pro forma supplemental data adjustments for the three months ended March 31, 2002 and 2001 and for the year ended December 31, 2001, do not include an extraordinary pre-tax charge of \$16.1 million (\$9.7 million after-tax) related to the repurchase and/or redemption of L-3 Communications Corporation's \$225.0 million 10 3/8% Senior Subordinated Notes due 2007. The extraordinary charge includes the call premium of 5.188% or approximately \$11.6 million and fees and other expenses of approximately \$4.5 million, including the write-off of unamortized deferred debt issue costs relating to the \$225.0 million 10 3/8% Senior Subordinated Notes due 2007. The extraordinary charge would have reduced basic earnings per common share by \$0.11 and diluted earnings per common share by \$0.10 for the three months ended March 31, 2001 and would have reduced basic earnings per common share by \$0.11 and diluted earnings per common share by \$0.09 for the year ended December 31, 2001.

S-15

The unaudited pro forma condensed consolidated financial information should be read in conjunction with (1) our unaudited condensed consolidated financial statements for the three months ended March 31, 2002 and 2001, and our audited consolidated financial statements for the year ended December 31, 2001 incorporated by reference herein; and (2) the audited combined financial statements of AIS for the year ended December 31, 2001 included in our Current Report on Form 8-K dated March 22, 2002, which is incorporated by reference herein. The other historical statement of operations data for the Acquisitions are based on unaudited financial statement data not included or incorporated by reference herein. The unaudited pro forma condensed consolidated financial information may not be indicative of the results of operations that actually would have occurred had the Acquisitions, this offering and the concurrent private placement of senior subordinated notes by L-3 Communications Corporation been completed on January 1, 2001 or the results of our operations that may be obtained in the future.

S-16

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE THREE MONTHS ENDED MARCH 31, 2002

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(IN MILLIONS, EXCEPT PER SHARE DATA)

	L-3 AS REPORTED	ACQUISITION HISTORICAL (1) (2)	PRO FORMA ADJUSTMENTS FOR OUR ACQUISITIONS	PRO FORMA FOR OUR ACQUISITIONS
Sales .....	\$ 696.8	\$ 213.4	\$ --	\$ 910.2
Costs and expenses .....	625.5	209.1	--	834.6
Operating income .....	71.3	4.3	--	75.6
Interest and other income (expense) .....	1.0	--	(1.2) (3)	(0.2)
Interest expense .....	26.1	--	7.3 (4)	33.4
Minority interest .....	0.9	--	--	0.9
Income (loss) before income taxes .....	45.3	4.3	(8.5)	41.1
Provision (benefit) for income taxes (7) .....	16.0	2.4	(3.4)	15.0
Income (loss) from continuing operations .....	\$ 29.3	\$ 1.9	\$ (5.1)	\$ 26.1
Earnings per share: (8)				
Basic .....	\$ 0.37			\$ 0.33
Diluted .....	\$ 0.36			\$ 0.32
Weighted average common shares outstanding: (8)				
Basic .....	78.9			78.9
Diluted .....	82.4			82.4

SUPPLEMENTAL DATA

	ADJUSTMENTS FOR THIS OFFERING	PRO FORMA ACQUISITIONS AND THIS OFFERING	ADDITIONAL ADJUSTMENTS FOR L-3 COMMUNICATIONS CORPORATION'S CONCURRENT DEBT ISSUANCE	PRO FORMA FOR OUR ACQUISITIONS AND THIS OFFERING AND L-3 COMMUNICATI CORPORATION'S CONCURRENT DEBT ISSUANCE
Sales .....	\$ --	\$ 910.2	--	\$ 910.2
Costs and expenses .....	--	834.6	--	834.6
Operating income .....	--	75.6	--	75.6
Interest and other income (expense) .....	--	(0.2)	--	(0.2)

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Interest expense .....	(9.9) (5)	23.5	7.9 (6)	31.4
Minority interest .....	--	0.9	--	0.9
	-----	-----	-----	-----
Income (loss) before income taxes .....	9.9	51.0	(7.9)	43.1
Provision (benefit) for income taxes(7) .....	4.0	19.0	(3.2)	15.8
	-----	-----	-----	-----
Income (loss) from continuing operations .....	\$ 5.9	\$ 32.0	\$ (4.7)	\$ 27.3
	=====	=====	=====	=====
Earnings per share:(8)				
Basic .....		\$ 0.34		\$ 0.29
		=====		=====
Diluted .....		\$ 0.33		\$ 0.28
		=====		=====
Weighted average common shares outstanding:(8)				
Basic .....	14.0	92.9		92.9
	=====	=====		=====
Diluted .....	14.0	96.4		96.4
	=====	=====		=====

See notes to Unaudited Pro Forma Condensed Consolidated Financial Statements

S-17

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE THREE MONTHS ENDED MARCH 31, 2001  
(IN MILLIONS, EXCEPT PER SHARE DATA)

	L-3 AS REPORTED	ACQUISITIONS HISTORICAL(1) (9)	PRO FORMA ADJUSTMENTS FOR OUR ACQUISITIONS	PRO FORMA FOR OUR ACQUISITIONS
	-----	-----	-----	-----
Sales .....	\$ 461.9	\$ 327.9	\$ --	\$ 789.8
Costs and expenses .....	415.0	312.6	(7.1) (10)	720.5
	-----	-----	-----	-----
Operating income .....	46.9	15.3	7.1	69.3
Interest and other income (expense) .....	0.5	(0.2)	(1.0) (3)	(0.7)
Interest expense .....	24.4	0.3	22.4 (4)	47.1
Minority interest .....	--	--	--	--
	-----	-----	-----	-----
Income (loss) before income taxes .....	23.0	14.8	(16.3)	21.5
Provision (benefit) for income taxes(7) .....	8.8	6.4	( 5.9)	9.3
	-----	-----	-----	-----
Income (loss) from continuing operations .....	14.2	8.4	(10.4)	12.2
Goodwill amortization expense, net of tax .....	7.3	--	--	7.3
	-----	-----	-----	-----
Income (loss) from				

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continuing operations, as adjusted .....	\$ 21.5	\$ 8.4	\$ (10.4)	\$ 19.5
	=====	=====	=====	=====
Earnings per share:(8)				
Basic .....	\$ 0.21			\$ 0.16
	=====			=====
Basic, as adjusted .....	\$ 0.32			\$ 0.25
	=====			=====
Diluted .....	\$ 0.20			\$ 0.15
	=====			=====
Diluted, as adjusted .....	\$ 0.30			\$ 0.24
	=====			=====
Weighted average common shares outstanding:(8)				
Basic .....	68.2		9.1 (12)	77.3
	=====		=====	=====
Diluted .....	71.5		9.1 (12)	80.6
	=====		=====	=====

SUPPLEMENTAL DATA

	ADJUSTMENTS FOR THIS OFFERING	PRO FORMA FOR OUR ACQUISITIONS AND THIS OFFERING	ADDITIONAL ADJUSTMENTS FOR L-3 COMMUNICATIONS CORPORATION'S CONCURRENT DEBT ISSUANCE	PRO FORMA FOR OUR ACQUISITION AND THIS OFFERING L-3 COMMUNIC CORPORATIO CONCURRE DEBT ISSUANCE
Sales .....	\$ --	\$ 789.8	\$ --	\$ 789.8
Costs and expenses .....	--	720.5	--	720.5
	-----	-----	-----	-----
Operating income .....	--	69.3	--	69.3
Interest and other income (expense) .....	--	(0.7)	--	(0.7)
Interest expense .....	(16.7) (5)	30.4	7.3 (6)	37.7
Minority interest .....	--	--	--	--
	-----	-----	-----	-----
Income (loss) before income taxes .....	16.7	38.2	(7.3)	30.9
Provision (benefit) for income taxes(7) .....	6.7	16.0	(2.9)	13.1
	-----	-----	-----	-----
Income (loss) from continuing operations .....	10.0	22.2	(4.4) (11)	17.8
Goodwill amortization expense, net of tax .....	--	7.3	--	7.3
	-----	-----	-----	-----
Income (loss) from continuing operations, as adjusted .....	\$ 10.0	\$ 29.5	\$ (4.4)	\$ 25.1
	=====	=====	=====	=====
Earnings per share:(8)				
Basic .....		\$ 0.24		\$ 0.19 (
		=====		=====

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Basic, as adjusted .....		\$ 0.32	\$ 0.27
		=====	=====
Diluted .....		\$ 0.23	\$ 0.19
		=====	=====
Diluted, as adjusted .....		\$ 0.31	\$ 0.27
		=====	=====
Weighted average common shares outstanding:(8)			
Basic .....	14.0	91.3	91.3
	=====	=====	=====
Diluted .....	14.0	94.6	94.6
	=====	=====	=====

See notes to Unaudited Pro Forma Condensed Consolidated Financial Statements

S-18

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS  
YEAR ENDED DECEMBER 31, 2001  
(IN MILLIONS, EXCEPT PER SHARE DATA)

	L-3 AS REPORTED	ACQUISITIONS HISTORICAL(1) (13)	PRO FORMA ADJUSTMENTS FOR OUR ACQUISITIONS	PRO FO FOR O ACQUISIT
	-----	-----	-----	-----
Sales .....	\$ 2,347.4	\$ 1,209.9	\$ --	\$ 3,557.3
Costs and expenses .....	2,072.1	1,146.9	(28.9) (10)	3,190.1
	-----	-----	-----	-----
Operating income .....	275.3	63.0	28.9	367.2
Interest and other income (expense) .....	1.8	(11.2)	(3.8) (3)	(13.2)
Interest expense .....	86.3	0.5	75.4 (4)	162.2
Minority interest .....	4.5	--	--	4.5
	-----	-----	-----	-----
Income (loss) before income taxes .....	186.3	51.3	(50.3)	187.3
Provision (benefit) for income taxes(7) .....	70.8	25.7	(19.0)	77.5
	-----	-----	-----	-----
Income (loss) from continuing operations .....	115.5	25.6	(31.3)	109.8
Goodwill amortization expense, net of tax .....	33.9	--	--	33.9
	-----	-----	-----	-----
Income (loss) from continuing operations, as adjusted .....	\$ 149.4	\$ 25.6	\$ (31.3)	\$ 143.9
	=====	=====	=====	=====
Earnings per share:(8)				
Basic .....	\$ 1.54			\$ 1.54
	=====			=====
Basic, as adjusted .....	\$ 1.99			\$ 1.99
	=====			=====

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Diluted .....	\$ 1.47		\$ 1.
	=====		=====
Diluted, as adjusted .....	\$ 1.87		\$ 1.
	=====		=====
Weighted average common shares outstanding:(8)			
Basic .....	74.9	3.1 (12)	78
	=====	=====	=====
Diluted .....	85.4	3.1 (12)	88
	=====	=====	=====

SUPPLEMENTAL DATA

	ADJUSTMENTS FOR THIS OFFERING	PRO FORMA FOR OUR ACQUISITIONS AND THIS OFFERING	ADDITIONAL ADJUSTMENTS FOR L-3 COMMUNICATIONS CORPORATION'S CONCURRENT DEBT ISSUANCE	PRO F FOR ACQUIS AND OFFER L-3 COMMU CORPORA CONCU DE ISSU
Sales .....	\$ --	\$ 3,557.3	\$ --	\$ 3,55
Costs and expenses .....	--	3,190.1	--	3,19
Operating income .....	--	367.2	--	36
Interest and other income (expense) .....	--	(13.2)	--	(1
Interest expense .....	(55.6) (5)	106.6	29.8 (6)	13
Minority interest .....	--	4.5	--	
Income (loss) before income taxes .....	55.6	242.9	(29.8)	21
Provision (benefit) for income taxes(7) .....	22.2	99.7	(11.9)	8
Income (loss) from continuing operations .....	33.4	143.2	(17.9) (11)	12
Goodwill amortization expense, net of tax .....	--	33.9	--	3
Income (loss) from continuing operations, as adjusted .....	\$ 33.4	\$ 177.1	\$ (17.9)	\$ 15
Earnings per share:(8)				
Basic .....		\$ 1.56		\$ 1
Basic, as adjusted .....		\$ 1.93		\$ 1
Diluted .....		\$ 1.50		\$ 1
Diluted, as adjusted .....		\$ 1.83		\$ 1
Weighted average common shares outstanding:(8)				

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Basic .....	14.0	92.0		9
	=====	=====		=====
Diluted .....	14.0	102.5		10
	=====	=====		=====

See notes to Unaudited Pro Forma Condensed Consolidated Financial Statements

S-19

### NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. On March 8, 2002, we acquired AIS for \$1,152.7 million in cash which includes \$1,130.0 million for the original contract purchase price, \$4.0 million for estimated acquisition costs and an increase to the contract purchase price of \$18.7 million related to additional assets contributed by Raytheon to AIS. The purchase price is subject to adjustment based on the AIS closing date net tangible book value, as defined. The AIS acquisition was financed using cash on hand as well as available borrowings under our senior credit facilities and a \$500.0 million senior subordinated interim loan. During the year ended December 31, 2001, we also made the following acquisitions:
  - o in May 2001, all the outstanding common stock of KDI Precision Products, Inc. ("KDI") for \$79.4 million in cash including acquisition costs.
  - o in May 2001, all the outstanding common stock of EER Systems, Inc. ("EER") for \$119.5 million in cash including acquisition costs, and subject to an additional purchase price not to exceed \$5.0 million which is contingent upon the financial performance of EER for the year ending December 31, 2002.
  - o in November and December 2001, 70.3% of the outstanding common stock of Spar Aerospace Limited ("Spar") for \$105.1 million in cash including acquisition costs. We acquired and paid for the remaining outstanding common stock of Spar in January 2002 for \$43.6 million.
  - o in November 2001, all the outstanding common stock of Emergent Government Services Group ("EMG") for \$39.8 million, subject to adjustment based on closing date net working capital. Following the acquisition, we changed Emergent Government Services Group's name to L-3 Communications Analytics.
  - o in December 2001, the net assets of Bulova Technologies for \$49.5 million, subject to adjustment based on closing date net assets. Following the acquisition, we changed Bulova Technologies name to BT Fuze Products ("BT Fuze").
  - o in December 2001, the net assets of SY Technology Inc. ("SY") for \$49.8 million, subject to adjustment based on closing date net assets, and additional purchase price not to exceed \$3.0 million, which is contingent upon the financial performance of SY for the years ending December 31, 2002 and 2003.

The aggregate purchase price of these acquisitions, including acquisition costs, is \$1,639.4 million.

2. The pro forma statement of operations for the three months ended March 31,



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2002 includes the unaudited historical financial data for AIS for the two months ended February 28, 2002. All of the other acquisitions are included in our results of operations for the entire three months ended March 31, 2002.

3. Our historical interest income has been eliminated because the cash and cash equivalents which earned the interest income were obtained from the net proceeds from our sale of \$420.0 million of 4% Senior Subordinated Convertible Contingent Debt Securities due September 15, 2011 ("CODES") in October and November of 2001 and from our public offering of 9,150,000 shares of common stock (the "May 2001 Common Stock Offering") that were assumed entirely to be used to finance the Acquisitions. Such eliminations amounted to \$1.2 million for the three months ended March 31, 2002, \$1.0 million for the three months ended March 31, 2001 and \$3.8 million for the year ended December 31, 2001.

S-20

NOTES TO UNAUDITED PRO FORMA CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

4. The aggregate purchase prices, including acquisition costs, for the Acquisitions of \$1,639.4 million were assumed to be financed at January 1, 2001 using (1) borrowings under our senior credit facilities of \$345.6 million, (2) borrowings of \$500.0 million under the senior subordinated interim loan, (3) cash on hand of \$32.7 million, (4) the net proceeds from our sale of \$420.0 million of CODES in October and November of 2001 which amounted to \$407.5 million, and (5) the net proceeds from the May 2001 Common Stock Offering which amounted to \$353.6 million. The borrowings under the senior credit facilities and the senior subordinated interim loan that we made to finance the AIS acquisition were included in our historical results of operations effective March 1, 2002.

The adjustments to our historical interest expense for the three months ended March 31, 2002 and 2001 and the year ended December 31, 2001 to give effect to the financing of the Acquisitions are presented below.

	THREE MONTHS ENDED MARCH 31,		YEAR ENDED DECEMBER 31,
	2002	2001	2001
	(IN MILLIONS)		
Interest on borrowings under the senior credit facilities (on \$345.6 million) for the periods prior to March 1, 2002(a) .....	\$ 2.8	\$ 6.5	\$ 22.7
Interest on the senior subordinated interim loan (on \$500.0 million) for the periods prior to March 1, 2002(a) .....	4.5	11.6	38.0
Interest on the CODES offering for the periods prior to October 31, 2001 (4% on \$420.0 million for 10 months). .....	--	4.2	14.0
Amortization of deferred debt issue costs incurred on the CODES for periods prior to October 31, 2001 .....	--	0.4	1.2
Eliminate historical interest expense for the KDI			

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and SY Technology acquisitions .....	--	( 0.3)	( 0.5)
	-----	-----	-----
Total pro forma adjustments to interest expense .....	\$ 7.3	\$ 22.4	\$ 75.4
	=====	=====	=====

(a) The adjustments to pro forma interest for the pro forma adjustments for borrowings under the senior credit facilities and senior subordinated interim loan are based on the average prevailing interest rates that L-3 would have paid on those borrowings for the periods presented had such borrowings been outstanding at the beginning of each of the periods presented. The average prevailing interest rates on the senior credit facilities would have been 4.85% for the three months ended March 31, 2002, 7.55% for the three months ended March 31, 2001 and 6.57% for the year ended December 31, 2001. The average prevailing interest rates on the senior subordinated interim loan would have been 5.38% for the three months ended March 31, 2002, 9.30% for the three months ended March 31, 2001, and 7.59% for the year ended December 31, 2001.

S-21

NOTES TO UNAUDITED PRO FORMA CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

5. Assuming this offering was completed on January 1, 2001, the net proceeds from this offering would have been \$767.6 million, after deductions for underwriting commissions and discounts and other offering expenses of \$24.8 million. Such net proceeds would have been applied to repay all of the borrowings under the senior subordinated interim loan of \$500.0 million and \$267.6 million of the borrowings under the senior credit facilities. Total interest expense after the pro forma adjustments for our acquisitions but prior to this offering amounted to \$33.4 million for the three months ended March 31, 2002, \$47.1 million for the three months ended March 31, 2001, and \$162.2 million for the year ended December 31, 2001. As a result of this offering, total pro forma interest expense would have decreased by \$9.9 million for the three months ended March 31, 2002, \$16.7 million for the three months ended March 31, 2001 and \$55.6 million for the year ended December 31, 2001. The details of the reductions to interest expense are described in the table below.

	THREE MONTHS ENDED MARCH 31,		YEAR ENDED DECEMBER 31, 20
	2002	2001	
	(IN MILLIONS)		
Eliminate interest on the senior subordinated interim loan(a) .....	\$ (6.7)	\$ (11.6)	\$ (38.0)
Eliminate interest on \$267.6 million of the borrowings under the senior credit facilities(a) .....	(3.2)	( 5.1)	(17.6)
	-----	-----	-----
Total pro forma interest expense .....	\$ (9.9)	\$ (16.7)	\$ (55.6)
	=====	=====	=====

- 
- (a) The adjustments to pro forma interest expense for the pro forma adjustments for borrowings under the senior credit facilities and senior subordinated interim loan are based on the average prevailing interest rates that L-3 would have paid on those borrowings for the periods presented had such borrowings been outstanding at the beginning of each of the periods presented. The average prevailing interest rates on the senior credit facilities would have been 4.85% for the three months ended March 31, 2002, 7.55% for the three months ended March 31, 2001 and 6.57% for the year ended December 31, 2001. The average prevailing interest rates on the senior subordinated interim loan would have been 5.38% for the three months ended March 31, 2002, 9.30% for the three months ended March 31, 2001, and 7.59% for the year ended December 31, 2001.
6. Assuming the concurrent private placement of \$750.0 million of 7.625% senior subordinated notes by L-3 Communications Corporation was simultaneously completed with this offering on January 1, 2001, an additional \$78.0 million of borrowings outstanding under the senior credit facilities would have been repaid, all of the 10 3/8% Senior Subordinated Notes due 2007 would have been redeemed and/or repurchased for approximately \$237.4 million and \$416.4 million would have been invested in cash and cash equivalents. Total interest expense after the pro forma adjustments for our acquisitions and this offering, but prior to the concurrent private placement of the senior subordinated notes amounted to \$23.5 million for the three months ended March 31, 2002, \$30.4 million for the three months ended March 31, 2001, and \$106.6 million for the year ended December 31, 2001. As a result of the private placement of the senior subordinated notes by L-3 Communications Corporation, total pro forma interest expense would have increased by \$7.9 million for the three months ended March 31, 2002, \$7.3 million for the three months ended March 31, 2001 and \$29.8 million for the year ended December 31, 2001. The details of the increases to interest expense are described in the table below.

S-22

NOTES TO UNAUDITED PRO FORMA CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

	THREE MONTHS ENDED MARCH 31,		YEAR ENDED DECEMBER 31, 2001
	2002	2001	
(IN MILLIONS)			
Estimated interest on the concurrent private placement of senior subordinated notes (7.625% on \$750.0 million).....	\$ 14.3	\$ 14.3	\$ 57.2
Amortization of deferred debt issue costs incurred on the concurrent private placement of senior subordinated notes .....	0.5	0.5	1.8
Eliminate interest on the \$78.0 million of			

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the borrowings under the senior credit facilities(a) .....	(0.9)	(1.5)	(5.1)
Eliminate interest on \$225.0 million 10 3/8% Senior Subordinated Notes due 2007 .....	(5.8)	(5.8)	(23.3)
Eliminate amortization of deferred debt issue costs incurred on \$225.0 million 10 3/8% Senior Subordinated Notes due 2007 .....	(0.2)	(0.2)	(0.8)
	-----	-----	-----
Total pro forma interest expense .....	\$ 7.9	\$ 7.3	\$ 29.8
	=====	=====	=====

(a) The adjustments to pro forma interest expense for the pro forma adjustments for borrowings under the senior credit facilities and senior subordinated interim loan are based on the average prevailing interest rates that L-3 would have paid on those borrowings for the periods presented had such borrowings been outstanding at the beginning of each of the periods presented. The average prevailing interest rates on the senior credit facilities would have been 4.85% for the three months ended March 31, 2002, 7.55% for the three months ended March 31, 2001 and 6.57% for the year ended December 31, 2001. The average prevailing interest rates on the senior subordinated interim loan would have been 5.38% for the three months ended March 31, 2002, 9.30% for the three months ended March 31, 2001, and 7.59% for the year ended December 31, 2001.

The pro forma statements of operations do not reflect interest income on the \$416.4 million pro forma cash balance at January 1, 2001 that we would have had after the concurrent private placement of senior subordinated notes.

7. The pro forma adjustments for our Acquisitions, this offering, and the concurrent private placement of senior subordinated notes were all tax-effected, as appropriate, using an estimated statutory (federal and state) tax rate of 40.0%. The pro forma adjustments also include an income tax provision (\$0.6 million for the three months ended March 31, 2001 and \$1.1 million for the year ended December 31, 2001) to record the aggregate income tax expense for the historical results of operations of KDI, EER, BT Fuze and SY to the statutory income tax rate of 40.0% that they would have incurred had we acquired them on January 1, 2001, but did not because they were not subject to income tax prior to their acquisition by us.
8. Our diluted weighted average shares outstanding and diluted earnings per share give effect to the assumed conversion of the 7,361,964 shares issuable upon the conversion of \$300.0 million of our 5 1/4% Convertible Senior Subordinated Notes due 2009 (the "Convertible Notes"). The assumed conversion results in the addition of \$2.6 million of after-tax interest expense savings to reported net income for the three months ended March 31, 2002 and the three months ended March 31, 2001 and \$10.5 million for the year ended December 31, 2001 for the purposes of calculating diluted earnings per share. The assumed conversion of the Convertible Notes for the three months ended March 31, 2002 and 2001 were anti-dilutive, and therefore, their conversion was not assumed.

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NOTES TO UNAUDITED PRO FORMA CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

9. The pro forma statement of operations for the three months ended March 31, 2001 includes the following unaudited historical financial data for our Acquisitions.

	KDI	EER	SPAR	EMG	BT FUZE	SY TECHNOLO
(IN MILLIONS)						
Sales .....	\$ 8.7	\$ 37.0	\$ 23.5	\$ 16.5	\$ 8.0	\$ 15.0
Costs and expenses .....	9.3	35.9	20.0	15.8	8.0	14.0
Operating income (loss) .....	(0.6)	1.1	3.5	0.7	--	1.0
Interest and other income (expense) .....	0.1	0.1	(0.4)	--	--	--
Interest expense .....	0.2	--	--	--	--	0.1
Income (loss) before income taxes .....	(0.7)	1.2	3.1	0.7	--	0.9
Income tax provision .....	--	--	1.2	--	--	--
Income (loss) from continuing operations .....	\$ (0.7)	\$ 1.2	\$ 1.9	\$ 0.7	\$ --	\$ 0.9

10. Adjustments to costs and expenses relating to the Acquisitions are presented in the table below:

	THREE MONTHS ENDED MARCH 31, 2001	YEAR ENDED DECEMBER 31, 2001
(IN MILLIONS)		
Eliminate historical goodwill amortization for AIS, EMG and Spar(a) .....	\$ (7.6)	\$ (29.6)
Increase to goodwill amortization for KDI and EER for higher goodwill recorded by L-3 than their historical amounts of goodwill(a) .....	0.5	0.7
Total pro forma adjustments to costs and expenses .....	\$ (7.1)	\$ (28.9)

- (a) In accordance with the Financial Accounting Standards Board's Statement of Financial Accounting Standards ("SFAS") No. 142, no goodwill amortization expenses would have been recorded by us in 2001 for the acquisitions of EMG, Spar, BT Fuze, SY and AIS because these acquisitions were completed after June 30, 2001. Additionally, in accordance with SFAS No. 142, effective January 1, 2002 goodwill

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amortization is no longer being recorded for any of the Acquisitions.

The assets and liabilities recorded in connection with the purchase price allocations for the Acquisitions are all based upon preliminary estimates of fair values for contracts in process, estimated costs in excess of billings to complete contracts in process, inventories, identifiable intangibles and deferred taxes. Actual adjustments will be based on the final purchase prices and final appraisals and other analyses of fair values which are in process. With the exception of the AIS acquisition, we do not expect the differences between the preliminary and final purchase price allocations for the acquisitions to be material. Material differences between the preliminary and final purchase price allocations for the AIS acquisition could result from the valuation of contracts in process, estimated costs in excess of billings to complete contracts in process, identifiable intangibles, deferred income taxes and pension and postretirement benefits and other items. A review of the contracts in process and identifiable intangible assets included in the AIS acquisition is being performed. All of the data required to prepare this review and the related valuations is not currently available and at this time it is not practicable to reasonably estimate these valuations. In addition, no adjustment has been made to contracts in process which will be valued at their estimated contract prices less the estimated costs to complete and an allowance for a normal profit on the effort to complete such contracts. Although the final purchase price allocation for the contracts in process, estimated costs in excess of billings to complete contracts in process, deferred taxes and pension and postretirement benefits of AIS could materially affect the amount of goodwill recorded for AIS, such final purchase price allocations are not expected to have a material effect on our results of operations. Furthermore, any allocation of purchase price

S-24

### NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

to identifiable intangible assets with finite lives will result in additional amortization expense and a reduction to the estimated goodwill for AIS. For example, an allocation of \$50.0 million to identifiable intangible assets with a 10 year life would result in an increase of \$5.0 million per annum to costs and expenses and a decrease of \$3.0 million per annum to income from continuing operations, and would have reduced pro forma diluted earnings per share by \$0.01 for each of the three months ended March 31, 2002 and 2001 and by \$0.03 for the year ended December 31, 2001.

11. The pro forma supplemental data adjustments for the three months ended March 31, 2001 and for the year ended December 31, 2001, do not include an extraordinary pre-tax charge of \$16.1 million (\$9.7 million after-tax) related to the repurchase and/or redemption of L-3 Communications Corporation's \$225.0 million 10 3/8% Senior Subordinated Notes due 2007. The extraordinary charge includes the call premium of 5.188% or approximately \$11.6 million and fees and other expenses of approximately \$4.5 million, including the write-off of unamortized deferred debt issue costs on the \$225.0 million 10 3/8% Senior Subordinated Notes due 2007. The extraordinary charge would have reduced basic earnings per common share by \$0.11 and diluted earnings per common share by \$0.10 for the three months ended March 31, 2001 and would have reduced basic earnings per common share by \$0.11 and diluted earnings per common share by \$0.09 for the year ended December 31, 2001. This charge will be recognized in the period during which such outstanding notes are repurchased and/or redeemed.

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12. Our basic and diluted weighted average common shares outstanding for the three months ended March 31, 2001 were increased by 9.1 million shares, and for the year ended December 31, 2001 were increased by 3.1 million shares of common stock to give effect to the assumed completion of our May 2001 Common Stock Offering as of January 1, 2001.
13. The pro forma statement of operations for the year ended December 31, 2001 includes the following unaudited historical financial data for our Acquisitions.

	KDI (A)	EER (A)	SPAR (B)
(IN MILLIONS)			
Sales .....	\$ 16.2	\$ 49.3	\$ 76.9
Costs and expenses .....	16.6	47.4	67.8
Operating income (loss) .....	(0.4)	1.9	9.1
Interest and other income (expense) .....	(1.6) (d)	(4.0) (e)	(0.4) (f)
Interest expense .....	0.3	--	--
Income (loss) before income taxes .....	(2.3)	(2.1)	8.7
Income tax provision .....	--	--	3.3
Income (loss) from continuing operations .....	\$ (2.3)	\$ (2.1)	\$ 5.4

	EMG (B)	BT FUZE (C)	SY TECHNOLOGY (C)	AIS	ACQUISITION
(IN MILLIONS)					
Sales .....	\$ 52.2	\$ 34.7	\$ 62.0	\$ 918.6	\$ 1,209.9
Costs and expenses .....	49.1	32.8	56.5	876.7	1,146.9
Operating income (loss) .....	3.1	1.9	5.5	41.9	63.0
Interest and other income (expense) .....	(3.8) (g)	--	--	(1.4)	(11.2)
Interest expense .....	--	--	0.2	--	0.5
Income (loss) before income taxes .....	(0.7)	1.9	5.3	40.5	51.3
Income tax provision .....	0.3	--	--	22.1	25.7
Income (loss) from continuing operations .....	\$ (1.0)	\$ 1.9	\$ 5.3	\$ 18.4	\$ 25.6

(a) Represents historical results of operations for the four-month period ended April 30, 2001.

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- (b) Represents historical results of operations for the ten-month period ended October 31, 2001.
- (c) Represents historical results of operations for the eleven-month period ended November 30, 2001.
- (d) Includes a charge to write-down excess inventory of \$1.7 million.
- (e) Includes a charge of \$4.2 million for investment banking fees and other non-recurring charges.
- (f) Includes a \$1.4 million restructuring charge.
- (g) Includes a \$3.8 million restructuring charge.

The historical results of operations for KDI, EER, BT Fuze and SY do not include a provision for income taxes because they each were either an S Corporation or a Limited Liability Company and the income taxes on their income were paid by their individual stockholders rather than the entities.

S-25

### SUMMARY OF PRO FORMA AND HISTORICAL FINANCIAL DATA

We derived the selected financial data presented below from our financial statements. The financial statement data for the years ended December 31, 2001, 2000 and 1999 are derived from our audited consolidated financial statements incorporated by reference in this prospectus supplement. We derived the balance sheet data presented below at December 31, 2001 and 2000 from our audited consolidated financial statements incorporated by reference in this prospectus supplement. We derived the balance sheet data at December 31, 1999 from our audited consolidated financial statements not incorporated by reference in this prospectus supplement. We derived the financial statement data for the three months ended March 31, 2002 and the balance sheet data at March 31, 2002 from our unaudited condensed consolidated financial statements incorporated by reference in this prospectus supplement. Our unaudited condensed consolidated financial statements for the three months ended March 31, 2002 include, in our opinion, all adjustments consisting of normal recurring adjustments necessary for a fair presentation of the results for the period.

The pro forma data for the three months ended March 31, 2002 and for the year ended December 31, 2001 were derived from our unaudited pro forma condensed consolidated financial information included elsewhere herein, and gives effect to our material acquisitions, excluding our acquisition of the detection systems business of PerkinElmer, and this offering.

You should read the selected financial data together with our "Management's Discussion and Analysis of Financial Condition and Results of Operations," included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2001 and our Quarterly Report on Form 10-Q for the three months ended March 31, 2002, each incorporated herein by reference.

PRO FORMA			PRO FORMA	
THREE	THREE	THREE	YEAR	YEARS ENDED
MONTHS	MONTHS	MONTHS	ENDED	
ENDED	ENDED	ENDED		



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	MARCH 31, 2002	MARCH 31, 2002	DECEMBER 31, 2001	----- 2001	
	(in millions, except per share data)				
STATEMENT OF OPERATIONS DATA:					
Sales .....	\$ 910.2	\$ 696.8	\$ 3,557.3	\$ 2,347.4	\$ 1,
Operating income .....	75.6	71.3	367.2	275.3	
Interest expense, net .....	23.7	25.1	119.8	84.5	
Minority interest .....	0.9	0.9	4.5	4.5	
Provision for income taxes .....	19.0	16.0	99.7	70.8	
Income from continuing operations .....	32.0	29.3	143.2	115.5	
Income from continuing operations, as adjusted (2) .....	\$ 32.0	\$ 29.3	\$ 177.1	\$ 149.4	\$
Earnings per common share:					
Basic .....	\$ 0.34	\$ 0.37	\$ 1.56	\$ 1.54	\$
Basic, as adjusted (2) .....	\$ 0.34	\$ 0.37	\$ 1.93	\$ 1.99	\$
Diluted .....	\$ 0.33	\$ 0.36	\$ 1.50	\$ 1.47	\$
Diluted, as adjusted (2) .....	\$ 0.33	\$ 0.36	\$ 1.83	\$ 1.87	\$
Weighted average common shares outstanding:					
Basic .....	92.9	78.9	92.0	74.9	
Diluted .....	96.4	82.4	102.5	85.4	
BALANCE SHEET DATA (AT PERIOD END):					
Cash and cash equivalents .....		\$ 46.0		\$ 361.0	\$
Working capital .....		807.4		717.8	
Total assets .....		4,357.8		3,339.2	2,
Total debt .....		2,175.0		1,325.0	1,
Stockholders' equity .....		1,266.5		1,213.9	

- 
- (1) Our results of operations are impacted significantly by our acquisitions, which are described elsewhere in this prospectus supplement and in the documents incorporated by reference herein.
  - (2) Represents income from continuing operations and basic and diluted earnings per common share, adjusted to exclude goodwill amortization expense, net of any income tax effects, recognized in those years related to goodwill that is no longer being amortized.

S-26

CERTAIN U.S. FEDERAL TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following summary describes the material U.S. federal income and estate tax consequences of the ownership of common stock by a Non-U.S. Holder (as defined below) as of the date hereof. This discussion does not address all aspects of U.S. federal income and estate taxes and does not deal with foreign, state and local consequences that may be relevant to such Non-U.S. Holders in light of their personal circumstances. Special Rules may apply to certain Non-U.S. Holders, such as certain United States expatriates, "controlled foreign corporations", "passive foreign investment companies", "foreign personal holding companies" and corporations that accumulate earnings to avoid U.S. federal income tax, that are subject to special treatment under the Internal Revenue Code of 1986, as amended (the "Code"). Such entities should consult their own tax advisors to determine the U.S. federal, state, local and other tax consequences that may be relevant to them. Furthermore, the discussion below is based upon the provisions of the Code, and regulations, rulings and judicial decisions thereunder as of the date hereof, and such authorities may be

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repealed, revoked or modified so as to result in U.S. federal income tax consequences different from those discussed below.

If a partnership holds common stock, the tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Persons who are partners of partnerships holding common stock should consult their tax advisors.

As used herein, a "U.S. Holder" of common stock means a holder that for U.S. federal income tax purposes is (i) a citizen or resident of the United States, (ii) a corporation or partnership created or organized in or under the laws of the United States or any political subdivision thereof, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source or (iv) a trust (X) if a court within the United States is able to exercise primary supervision over its administration and one or more United States persons have the authority to control all of its substantial decisions or (Y) that has a valid election in effect under applicable U.S. Treasury regulations to be treated as a United States person. A "Non-U.S. Holder" is a holder that is not a U.S. Holder.

PERSONS CONSIDERING THE PURCHASE, OWNERSHIP OR DISPOSITION OF COMMON STOCK SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE U.S. FEDERAL INCOME TAX CONSEQUENCES IN LIGHT OF THEIR PARTICULAR SITUATIONS AS WELL AS ANY CONSEQUENCES ARISING UNDER THE LAWS OF ANY OTHER TAXING JURISDICTION.

### DIVIDENDS

Dividends paid to a Non-U.S. Holder of common stock generally will be subject to withholding of U.S. federal income tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. However, dividends that are effectively connected with the conduct of a trade or business by the Non-U.S. Holder within the United States, and, where a tax treaty applies, are attributable to a U.S. permanent establishment of the Non-U.S. Holder, are not subject to the withholding tax, but instead are subject to U.S. federal income tax on a net income basis at applicable graduated individual or corporate rates. Certain certification and disclosure requirements must be satisfied in order for effectively connected income to be exempt from withholding. Any such effectively connected dividends received by a foreign corporation may be subject to an additional "branch profits tax" at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

A Non-U.S. Holder of common stock who wishes to claim the benefit of an applicable treaty rate (and avoid backup withholding as discussed below) for dividends paid will be required (a) to complete Internal Revenue Service ("IRS") Form W-8BEN (or other applicable form) and certify under penalties of perjury that such holder is not a United States person or (b) if the common stock is held through certain foreign intermediaries, to satisfy the relevant certification requirements of applicable U.S. Treasury regulations. Special certification and other requirements apply to certain Non-U.S. Holders that are entities rather than individuals.

A Non-U.S. Holder of common stock eligible for a reduced rate of U.S. withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by filing an appropriate claim for refund with the IRS.

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A Non-U.S. Holder generally will not be subject to U.S. federal income tax with respect to gain recognized on a sale or other disposition of common stock unless (i) the gain is effectively connected with a trade or business of the Non-U.S. Holder in the United States, and, where a tax treaty applies, is attributable to a U.S. permanent establishment of the Non-U.S. Holder, (ii) in the case of a Non-U.S. Holder who is an individual and holds the common stock as a capital asset, such holder is present in the United States for 183 or more days in the taxable year of the sale or other disposition and certain other conditions are met, or (iii) we are or have been a "U.S. real property holding corporation" for U.S. federal income tax purposes.

A Non-U.S. Holder described in clause (i) above will be subject to tax on the net gain derived from the sale under regular graduated U.S. federal income tax rates, and, if it is a corporation, may be subject to the branch profits tax at a rate equal to 30% of its effectively connected earnings and profits or at such lower rate as may be specified by an applicable income tax treaty. An individual Non-U.S. Holder described in clause (ii) above will be subject to a flat 30% tax on the gain derived from the sale, which tax may be offset by U.S. source capital losses (even though the individual is not considered a resident of the United States).

We believe we are not and do not anticipate becoming a "U.S. real property holding corporation" for U.S. federal income tax purposes.

### FEDERAL ESTATE TAX

Common stock held by an individual Non-U.S. Holder at the time of death will be included in such holder's gross estate for U.S. federal estate tax purposes, unless an applicable estate tax treaty provides otherwise.

### INFORMATION REPORTING AND BACKUP WITHHOLDING

We must report annually to the IRS and to each Non-U.S. Holder the amount of dividends paid to such holder and the tax withheld with respect to such dividends, regardless of whether withholding was required. Copies of the information returns reporting such dividends and withholding may also be made available to the tax authorities in the country in which the Non-U.S. Holder resides under the provisions of an applicable income tax treaty.

A Non-U.S. Holder will be subject to backup withholding unless applicable certification requirements are met.

Payment of the proceeds of a sale of common stock within the United States or conducted through certain U.S.-related financial intermediaries is subject to both backup withholding and information reporting unless the beneficial owner certifies under penalties of perjury that it is a Non-U.S. Holder (and the payor does not have actual knowledge or reason to know that the beneficial owner is a United States person) or the holder otherwise establishes an exemption.

Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against such holder's U.S. federal income tax liability provided the required information is furnished to the IRS.

S-28

### UNDERWRITING

Under the terms of an underwriting agreement, each of the underwriters named below has severally agreed to purchase from us the respective number of

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shares of common stock opposite its name below:

UNDERWRITERS -----	NUMBER OF SHARES -----
Lehman Brothers Inc. ....	4,200,000
Credit Suisse First Boston Corporation .....	2,520,000
Bear, Stearns & Co. Inc. ....	2,520,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated .....	1,540,000
SG Cowen Securities Corporation .....	1,540,000
Goldman, Sachs & Co. ....	560,000
Salomon Smith Barney Inc. ....	560,000
Wachovia Securities, Inc. ....	560,000
	-----
Total .....	14,000,000
	=====

The underwriting agreement provides that the underwriters are obligated to purchase, subject to certain conditions, all of the shares of common stock in the offering if any are purchased, other than those covered by the over-allotment options described below.

The conditions contained in the underwriting agreement include the requirements that:

- o the representatio