



Air
Land
Sea
Space
Cyberspace

Innovation. In all domains.

First Quarter Earnings

April 23, 2009

Dial In Number
800.798.2864 U.S.
617.614.6206 International

Replay Number
888.286.8010 U.S.
617.801.6888 International
Reservation Number: 64339342

Replay available through April 30, 2009

Forward-Looking Statements

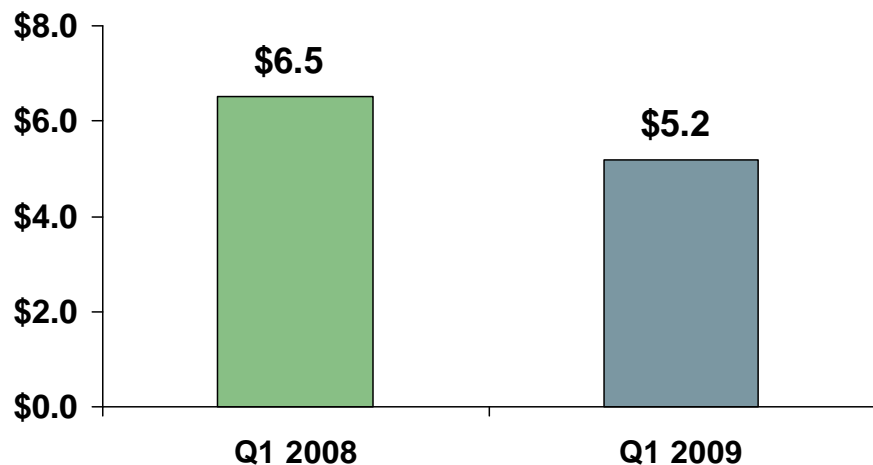
This presentation contains forward-looking statements, including information regarding the Company's 2009 financial outlook, future plans, objectives, business prospects and anticipated financial performance. These forward-looking statements are not statements of historical facts and represent only the Company's current expectations regarding such matters. These statements inherently involve a wide range of known and unknown risks and uncertainties. The Company's actual actions and results could differ materially from what is expressed or implied by these statements. Specific factors that could cause such a difference include, but are not limited to: the Company's dependence on the U.S. Government for a significant portion of its business and the risks associated with U.S. Government sales, including changes or shifts in defense spending, uncertain funding of programs, potential termination of contracts, and difficulties in contract performance; the ability to procure new contracts; the risks of conducting business in foreign countries; the ability to comply with extensive governmental regulation, including import and export policies and procurement and other regulations; the impact of competition; the ability to develop products and technologies; the impact of the current downturn in the financial markets; the risk that actual pension returns are significantly different than the Company's assumptions; the risk of cost overruns, particularly for the Company's fixed-price contracts; dependence on component availability, subcontractor performance and key suppliers; risks of a negative government audit; the use of accounting estimates in the Company's financial statements; risks associated with acquisitions, dispositions, joint ventures and other business arrangements; risks of an impairment of goodwill or other intangible assets; the outcome of contingencies and litigation matters, including government investigations; the ability to recruit and retain qualified personnel; the impact of potential security threats and other disruptions; and other factors as may be detailed from time to time in the Company's public announcements and Securities and Exchange Commission filings. The Company undertakes no obligation to make any revisions to the forward-looking statements contained in this presentation or to update them to reflect events or circumstances occurring after the date of this presentation, including any acquisitions, dispositions or other business arrangements that may be announced or closed after such date. This presentation also contains non-GAAP financial measures. A GAAP reconciliation and a discussion of the Company's use of these measures are included in this presentation.

First Quarter 2009 Highlights

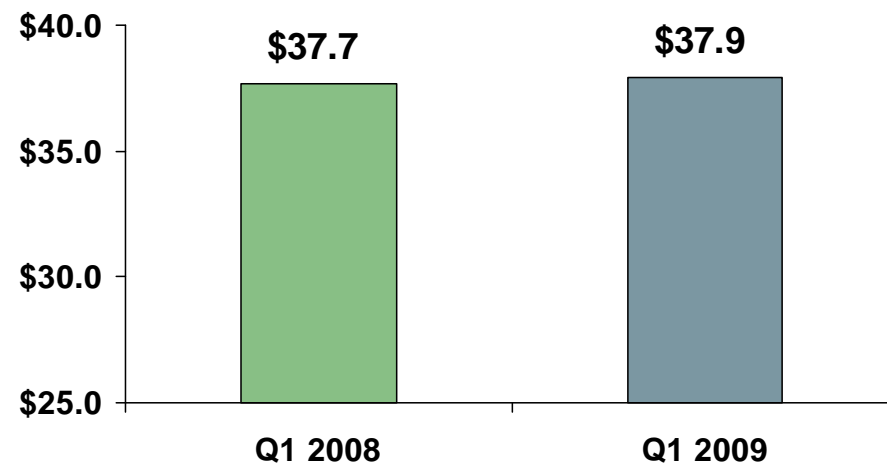
- Net sales of \$5.9 billion, up 10 percent
- Operating income of \$712 million, up 17 percent
- Earnings per share (EPS) from continuing operations of \$1.11, up 21 percent
- Solid bookings of \$5.2 billion; backlog of \$37.9 billion
- Increased annual dividend by 11 percent to \$1.24 per share, as previously announced
- Operating cash flow from continuing operations of \$411 million
- Increased 2009 guidance for sales, EPS and ROIC

Total Company Bookings and Backlog

Bookings (\$B)



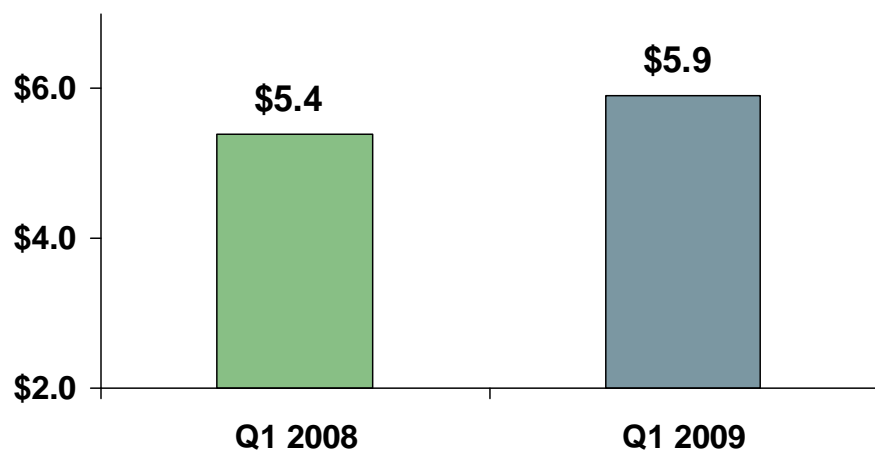
Backlog (\$B)



**Solid bookings in Q1 2009;
ended quarter with backlog of \$37.9B**

Total Company Net Sales

Net Sales (\$B)



First Quarter Net Sales (\$M)

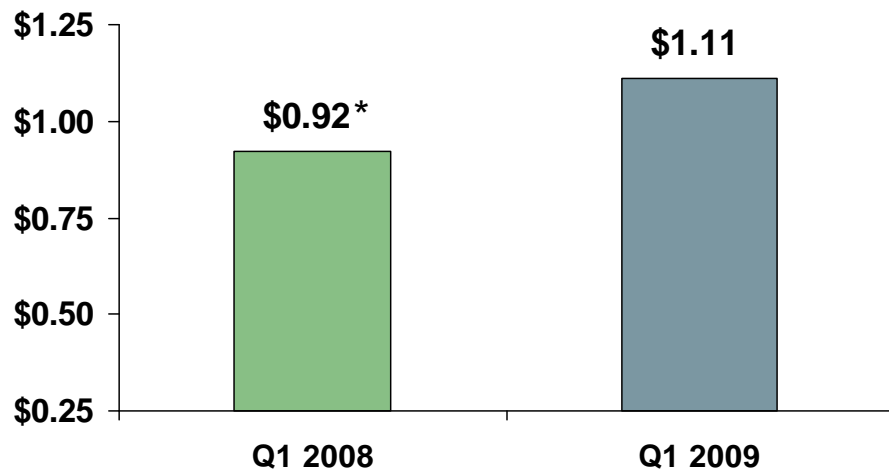
	<u>Q1 2008</u>	<u>Q1 2009</u>	<u>% Change</u>
IDS	\$1,192	\$1,262	6%
IIS	692	784	13%
MS	1,319*	1,368	4%
NCS	1,067	1,154	8%
SAS	977*	1,046	7%
TS	521	696	34%
Corp/Elims	(414)*	(426)	NM
Total	<u>\$5,354</u>	<u>\$5,884</u>	10%

* Prior year now reflects a change in reporting of a U.K. manufacturing facility from SAS to MS.

Total Company net sales up 10 percent in Q1 2009

Earnings Per Share from Continuing Operations

Diluted EPS (\$)



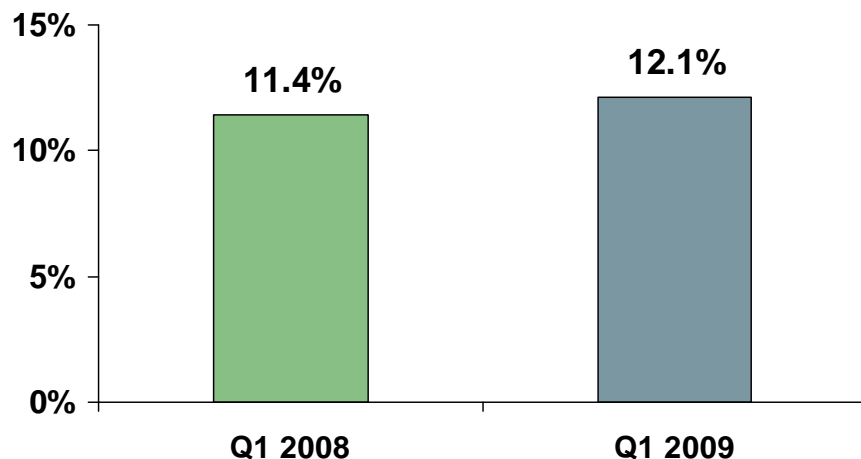
First Quarter 2008 EPS	\$0.92*
Operational improvements	0.08
Reduced share count	0.08
FAS/CAS pension adjustment	0.07
Other items, net	<u>(0.04)</u>
First Quarter 2009 EPS	\$1.11

* Prior year now reflects the adoption of FASB Staff Position EITF 03-6-1 for Participating Securities, which decreased Q1 2008 EPS by \$0.01.

EPS increased by 21 percent in Q1 2009

Total Company Operating Margins

Operating Margins (%)



First Quarter Operating Margins (%)

	<u>Q1 2008</u>	<u>Q1 2009</u>	<u>Net Change</u>
IDS	17.7%	14.9%	(280) bps
IIS	7.5%	7.8%	30 bps
MS	10.5%*	11.5%	100 bps
NCS	11.6%**	14.1%	250 bps
SAS	12.0%*	13.3%	130 bps
TS	6.7%	6.3%	(40) bps
Corp and Elims	(\$36M)*	(\$52M)	(\$16M)
Subtotal	12.0%	11.9%	(10) bps
FAS/CAS Inc Adj	(0.6)%	0.2%	80 bps
Total	11.4%	12.1%	70 bps

* Prior year now reflects a change in reporting of a U.K. manufacturing facility from SAS to MS.

** Prior year operating margin now reflects the impact of FAS 160, Noncontrolling Interests in Consolidated Financial Statements, which the Company adopted effective January 1, 2009. The Company's noncontrolling interests relate primarily to Thales-Raytheon Systems Co. LLC at NCS.

Operating margins up 70 bps in Q1 2009

2009 Financial Outlook

	<u>Current</u>	<u>Prior*</u>
Net Sales (\$B)	24.4 - 24.9**	24.3 - 24.8
FAS/CAS Pension Inc. (\$M)	47	47
Interest Inc./(Exp.), net (\$M)	(105) - (115)	(105) - (115)
Diluted Shares (M)	398 - 401**	402 - 405
EPS from Continuing Operations	\$4.55 - \$4.70**	\$4.45 - \$4.60
Operating Cash Flow from Cont. Ops. (\$B)	2.2 - 2.4	2.2 - 2.4
ROIC (%)	11.1 - 11.6**	11.0 - 11.5***

* As of January 29, 2009

** Denotes changes from prior guidance

*** Prior ROIC guidance now reflects a 10 bp increase due to the impact of FAS 160, Noncontrolling Interests in Consolidated Financial Statements, which the Company adopted effective January 1, 2009. The Company's noncontrolling interests relate primarily to Thales-Raytheon Systems Co. LLC at NCS.

Increased full-year guidance for sales, EPS and ROIC

2009 Financial Outlook: By Business

	<u>Current</u> <u>Net Sales (\$B)</u>	<u>Prior*</u> <u>Net Sales (\$B)</u>	<u>Current</u> <u>Op. Margins</u>	<u>Prior*</u> <u>Op. Margins</u>
IDS	5.5 - 5.7	5.5 - 5.7	15.3 - 15.5%	15.3 - 15.5%
IIS	3.1 - 3.3	3.1 - 3.3	8.4 - 8.6%	8.4 - 8.6%
MS	5.5 - 5.7	5.5 - 5.7	10.6 - 10.8%**	10.4 - 10.6%
NCS	4.6 - 4.8	4.6 - 4.8	12.8 - 13.0%**	12.7 - 12.9%***
SAS	4.3 - 4.5	4.3 - 4.5	13.2 - 13.4%	13.2 - 13.4%
TS	2.7 - 2.9 **	2.6 - 2.8	6.5 - 6.7%	6.5 - 6.7%
Corp. and Elims.	(1.9)	(1.9)	(\$250M)-(\$260M)	(\$250M)-(\$260M)
Subtotal	\$24.4 - \$24.9**	\$24.3 - \$24.8	11.6 - 11.8%**	11.5 - 11.7%***
FAS/CAS Income	-	-	0.2%	0.2%
Total Cont. Ops	\$24.4 - \$24.9**	\$24.3 - \$24.8	11.8 - 12.0%**	11.7 - 11.9%***

* As of January 29, 2009

** Denotes change from prior guidance

*** Prior operating margin guidance now reflects an increase of 70 bp at NCS and 10 bp for the total company due to the impact of FAS 160, Noncontrolling Interests in Consolidated Financial Statements, which the Company adopted effective January 1, 2009. The Company's noncontrolling interests relate primarily to Thales-Raytheon Systems Co. LLC at NCS.

Focused on growth and operational excellence

Appendix

2009 Financial Outlook: By Quarter

	2009 Estimates			
	Q2	Q3	Q4	Total
Net Sales	~25%	~25%	~26%	\$24.4B - \$24.9B
EPS	~23%	~24%	~29%	\$4.55 - \$4.70
Operating Cash Flow from Cont. Ops. (\$M)	300 - 350	150 - 200	1,340 - 1,440	\$2.2B - \$2.4B

Workdays in Fiscal Reporting Calendar

	Q1	Q2	Q3	Q4
2009	61	64	63	61
2008	<u>63</u>	<u>64</u>	<u>63</u>	<u>60</u>
Increase / (decrease)	(2)	0	0	1

Economic EPS

	<u>Q1 2008</u>	<u>Q1 2009</u>	<u>Actual 2008</u>	<u>Outlook 2009</u>
EPS from Cont. Ops.	\$0.92⁽¹⁾	\$1.11	\$4.04^{(1) (2)}	\$4.55 - \$4.70
FAS/CAS Pension Adj.	\$0.05	(\$0.02)	\$0.19	(\$0.08)
Economic EPS⁽³⁾	\$0.97	\$1.09	\$4.23	\$4.47 - \$4.62

(1) Raytheon Company adopted FASB Staff Position EITF 03-6-1 for Participating Securities, effective January 1, 2009, which decreased Q1 2008 by \$0.01 per share and full-year 2008 by \$0.02 per share.

(2) 2008 EPS from continuing operations excludes the \$45 million (\$69 million pretax) or \$0.11 per diluted share unfavorable adjustment due to the impact of pension investment returns on existing contracts.

(3) Economic EPS is defined as EPS from continuing operations excluding the earnings per share impact of the FAS/CAS pension adjustment. Economic EPS is a non-GAAP financial measure and may not be defined and calculated by other companies in the same manner.

Return on Invested Capital (ROIC) Calculation

\$ millions

	Outlook 2009E
Income from cont. ops.	} Combined
Net interest expense, after-tax*	
Lease expense, after-tax*	
Return	\$1,970 - 2,030
Net debt**	} Combined
Equity less investment in disc. ops.	
Lease exp. X 8, plus fin. guarantees	
Minimum pension liability/FAS 158	
Invested capital from cont. ops.***	\$17,700 - 17,500
ROIC	11.1 - 11.6%

* Effective tax rate

~33%

** Net debt is defined as total debt less cash and cash equivalents and is calculated using a 2-point average

*** Calculated using a 2 point average

The Company defines Return on Invested Capital (ROIC) as income from continuing operations plus after-tax net interest expense plus one-third of operating lease expense after-tax (estimate of interest portion of operating lease expense) divided by average invested capital after capitalizing operating leases (operating lease expense times a multiplier of 8), adding financial guarantees less net investment in Discontinued Operations, and adding back the cumulative minimum pension liability/impact of FAS 158. ROIC is not a measure of financial performance under generally accepted accounting principles (GAAP) and may not be defined and calculated by other companies in the same manner. ROIC should be considered supplemental to and not a substitute for financial information prepared in accordance with GAAP. The Company uses ROIC as a measure of the efficiency and effectiveness of its use of capital and as an element of management compensation.