Raytheon

Customer Success Is Our Mission

Third Quarter Earnings

October 27, 2011

Dial In Number
866.510.0712 Domestic
617.597.5380 International

Replay Number
888.286.8010 Domestic
617.801.6888 International
Reservation Number: 60005025

Replay available through November 4, 2011

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This presentation contains forward-looking statements, including information regarding the Company's 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 resolution of program terminations; 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, the Foreign Corrupt Practices Act, the International Traffic in Arms Regulations, and procurement and other regulations; the impact of competition; the ability to develop products and technologies; the impact of changes in the financial markets and global economic conditions; the risk that actual pension returns, discount rates or other actuarial assumptions 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 and cyber 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.

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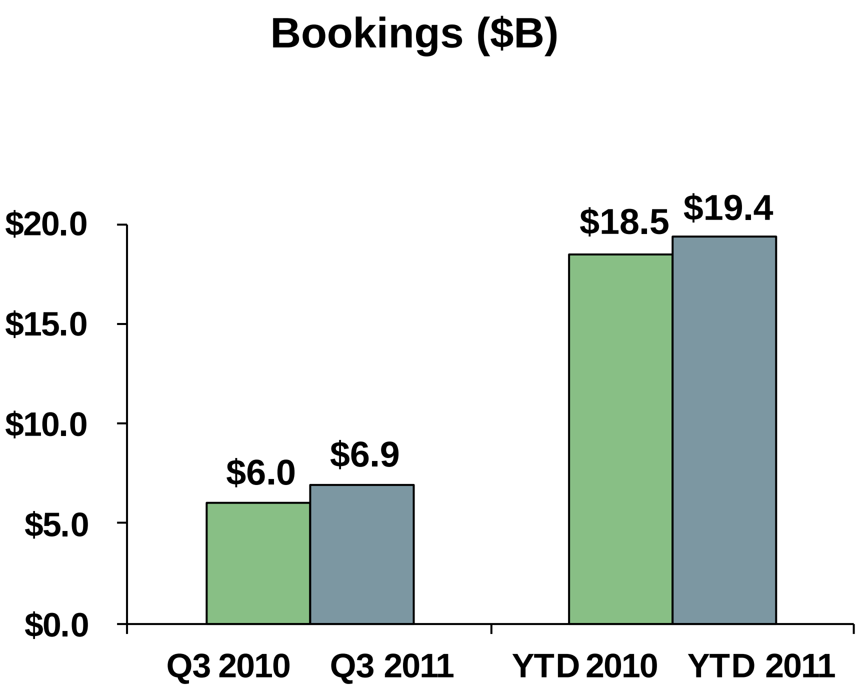
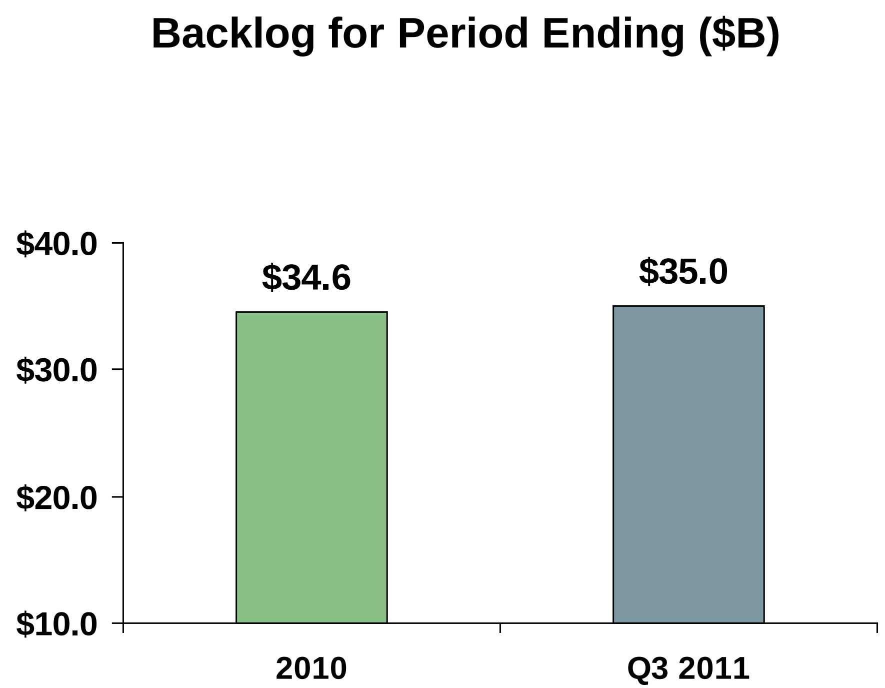
Third Quarter 2011 Highlights

- Strong bookings of $6.9 billion; book-to-bill of 1.12
- Adjusted EPS of $1.39; EPS from continuing operations of $1.43(1)
- Adjusted operating margin of 13.0 percent, up 20 basis points; reported operating margin of 11.8 percent(1)
- Strong cash flow from continuing operations of $859 million
- Net sales of $6.1 billion
- Credit rating upgraded to A3 by Moody's on October 17, 2011

(1) Adjusted EPS is EPS from continuing operations attributable to Raytheon Company common stockholders and Adjusted Operating Margin is total operating margin, in each case, excluding the impact of the FAS/CAS Adjustment, and from time to time, certain other items. Adjusted EPS and Adjusted Operating Margin are non-GAAP financial measures. See pages 14 and 15 for a reconciliation of these measures and a discussion of why the Company is presenting this information.

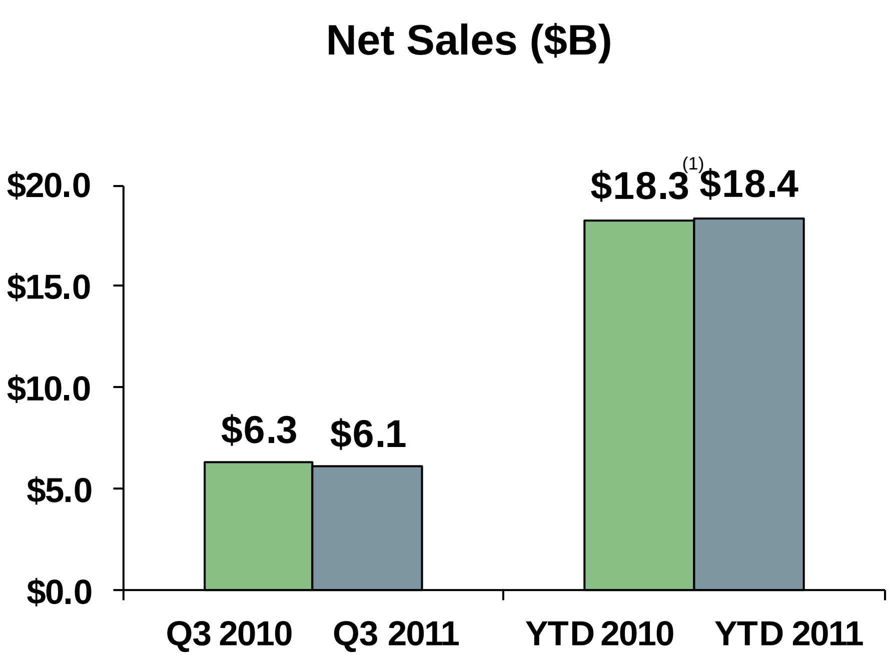
Total Company Bookings and Backlog





Strong bookings in the quarter; book-to-bill of 1.12

Total Company Net Sales



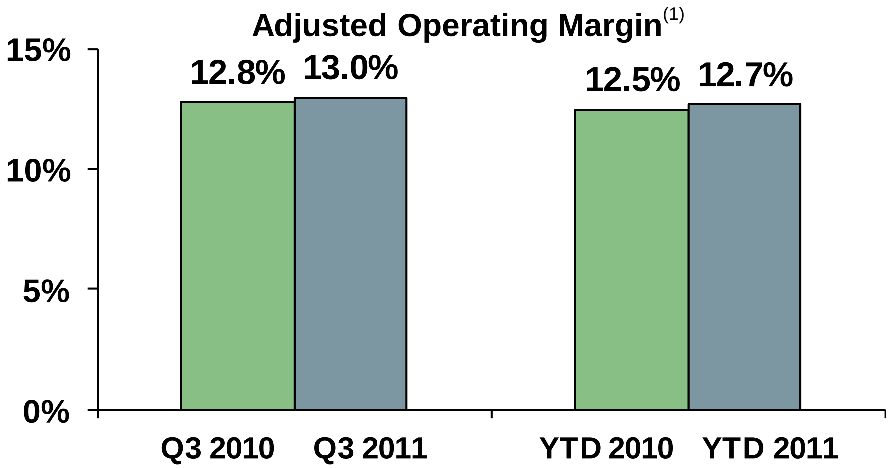
(1) *YTD 2010 net sales were reduced by $316 million as a result of the UK Border Agency program adjustment in the second quarter of 2010.*

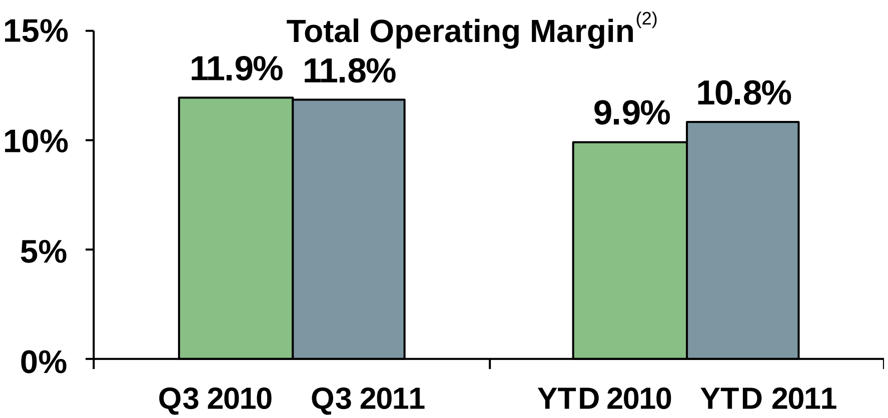
Net Sales ($M)

	Q3 2010	Q3 2011	% Change
IDS	$1,319	$1,176	-11%
IIS	735	760	3%
MS	1,391	1,413	2%
NCS	1,227	1,104	-10%
SAS	1,238	1,305	5%
TS	873	817	-6%
Corp/Elims	(511)	(443)	NM
Total	**$6,272**	**$6,132**	-2%
Workdays	63	63	

Q3 2011 sales slightly below prior year's Q3

Total Company Operating Margins





	Q3 2010	Q3 2011	Net Change
IDS	15.6%	17.3%	170 bps
IIS	7.9%	7.6%	(30) bps
MS	11.6%	12.6%	100 bps
NCS	13.8%	14.7%	90 bps
SAS	15.2%	13.1% [3]	(210) bps
TS	8.8%	9.2%	40 bps
FAS/CAS Adjustment	-$52M	-$75M	($23M)
Corp and Elims	-$58M	-$48M	$10M
Total Operating Margin	**11.9%**	**11.8%**	**(10) bps**
FAS/CAS Adjustment	0.8%	1.2%	40 bps
Adjusted Operating Margin [1]	**12.8%**	**13.0%**	**20 bps**

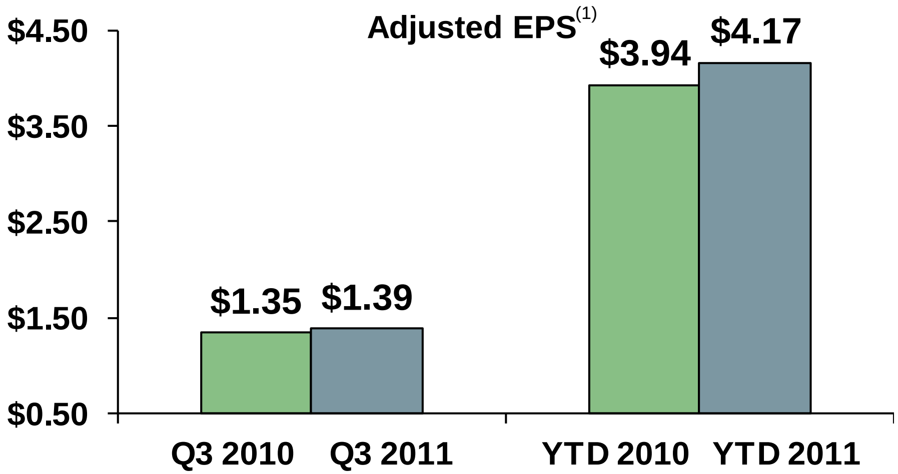
(1) See page 15 for a reconciliation of Adjusted Operating Margin to total operating margin & a discussion of why the Company is presenting this information. Amounts may not add due to rounding.

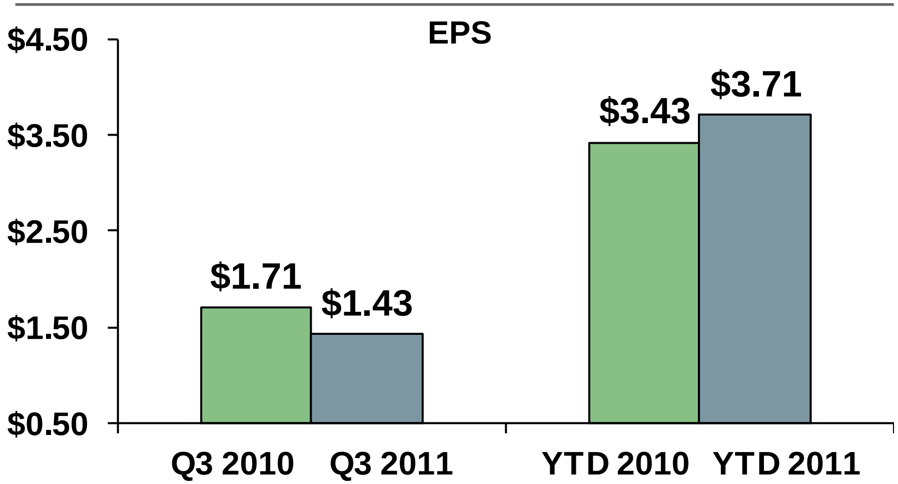
(2) The calculation for total operating margin includes a $316 million adjustment to net sales and a $395 million adjustment to operating income due to the UK Border Agency program adjustment in YTD 2010 and an $80 million adjustment to operating income due to the UKBA LOC Adjustment in YTD 2011.

(3) Includes expenses for acquisition-related costs of $8 million or 60 basis points for Raytheon Applied Signal Technology, Inc. and $14 million or 110 basis points related to a contract modification.

Continued strong operational performance

Earnings Per Share from Continuing Operations





Adjusted EPS ($)[1]	
Third Quarter 2010	**$1.35**
Reduced share count	0.09
Program performance	0.04
Volume	(0.04)
Other items, net	(0.04)
Third Quarter 2011	**$1.39**

EPS ($)	
Third Quarter 2010	**$1.71**
Reduced share count	0.09
Program performance	0.04
Volume	(0.04)
Other items, net	(0.04)
FAS/CAS Adjustment	(0.05)
2010 Tax settlement	(0.45)
2011 Tax settlement	0.17
Third Quarter 2011	**$1.43**

(1) See page 14 for a reconciliation of Adjusted EPS to EPS from continuing operations attributable to Raytheon Company common stockholders and a discussion of why the Company is presenting this information. Numbers may not add due to rounding.

Year-over-year growth in Adjusted EPS

2011 Financial Outlook

	Current	Prior*
Net Sales ($B)	25.0 - 25.3**	25.5 - 25.9
FAS/CAS Adjustment ($M)	(338)** (1)	(365)
Interest Expense, Net ($M)	(155) - (165)	(155) - (165)
Diluted Shares (M)	353 - 354**	353 - 359
Effective Tax Rate	~28.6%**	~28.3%
EPS from Continuing Operations	$4.94 - $5.04**	$4.82 - $4.97
Adjusted EPS(2)	$5.55 - $5.65**	$5.50 - $5.65
Operating Cash Flow from Cont. Ops. ($B)	2.1 - 2.3	2.1 - 2.3
ROIC (%)(2)	13.2 - 13.6**	13.1 - 13.6

*** As of July 28, 2011**

**** Denotes changes from prior guidance**

(1) Reflects a $27 million or $0.05 per share reduction in FAS/CAS Adjustment due to the annual update in Q3 2011 of our actuarial estimates for pension and other postretirement benefit plans.

(2) Adjusted EPS is EPS from continuing operations attributable to Raytheon Company common stockholders excluding the EPS impact of the FAS/CAS Adjustment and, from time to time, certain other items. In addition to the FAS/CAS Adjustment, Adjusted EPS and ROIC exclude the impact of the Q1 2011 UKBA LOC Adjustment and the Q3 2011 favorable tax settlement and interest. Adjusted EPS and ROIC are non-GAAP financial measures. See page 14 for more information about the UKBA LOC Adjustment and the favorable tax settlement, a reconciliation of Adjusted EPS to EPS from continuing operations, and a discussion of why the Company is presenting this information and see page 13 for a calculation of ROIC and a discussion of why the Company is presenting this information.

Continued solid outlook for the year

2011 Financial Outlook: By Business

	Current** Net Sales ($B)	Prior * Net Sales ($B)	Current Op. Margins (%)	Prior * Op. Margins (%)
IDS	4.9 - 5.0	5.1 - 5.2	16.2 - 16.4%	16.2 - 16.4%
IIS	3.0 - 3.1	3.0 - 3.2	5.0 - 5.2%	5.0 - 5.2%
MS	5.7 - 5.8	5.9 - 6.0	11.5 - 11.7%**	11.1 - 11.5%
NCS	4.6 - 4.7	4.9 - 5.0	14.1 - 14.3%**	13.6 - 14.0%
SAS	5.1 - 5.2	4.9 - 5.1	13.0 - 13.2%**	13.3 - 13.5%
TS	3.3 - 3.4	3.5 - 3.6	8.5 - 8.7%**	7.6 - 8.1%
FAS/CAS Adjustment	-	-	(338)**	(365)
Corp./Elims.	(1.8) - (1.9)	(2.0) - (2.1)	($210M)-($230M)**	($260M)-($265M)
Total Cont. Ops.	**$25.0 - $25.3**	**$25.5 - $25.9**	**10.8 - 11.0%****	**10.3 - 10.7%**
UKBA LOC Adjustment			0.3%	0.3%
FAS/CAS Adjustment			1.3%**	1.4%
Adjusted Operating Margin(1)			**12.4 - 12.6%****	**12.0 - 12.4%**

* *As of July 28, 2011*

** *Change from prior guidance*

(1) See page 15 for a reconciliation of Adjusted Operating Margin to total operating margin and a discussion of why the Company is presenting this information.

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2012 FAS/CAS Pension Adjustment ($M)

2012 FAS / CAS Pension Income / (Expense) ($M)								
Actual 2011 Asset Return	12/31/2011 Discount Rate							
	4.25%	4.50%	4.75%	5.00%	5.25%	5.50%	5.75%	6.00%
-15.00%	**(539)**	**(482)**	**(426)**	**(370)**	**(315)**	**(261)**	**(208)**	**(154)**
-10.00%	**(594)**	**(537)**	**(480)**	**(425)**	**(370)**	**(315)**	**(261)**	**(207)**
-5.00%	**(576)**	**(518)**	**(461)**	**(404)**	**(346)**	**(289)**	**(233)**	**(177)**
0.00%	**(550)**	**(490)**	**(431)**	**(373)**	**(315)**	**(258)**	**(202)**	**(146)**
5.00%	**(518)**	**(458)**	**(399)**	**(340)**	**(283)**	**(226)**	**(169)**	**(114)**
8.75%	**(494)**	**(434)**	**(375)**	**(316)**	**(258)**	**(201)**	**(145)**	**(89)**
10.0%	**(486)**	**(426)**	**(367)**	**(308)**	**(250)**	**(193)**	**(137)**	**(82)**

The FAS/CAS pension adjustment represents the difference between the pension costs required to be recognized under Financial Accounting Standards under U.S. GAAP (FAS) and the pension cost recorded under U.S. Government Cost Accounting Standards (CAS). This chart indicates the range of possible outcomes for the 2012 FAS/CAS pension adjustment, based upon different discount rates and 2011 asset return rates that will be determined at 12/31/11. This does not assume that CAS harmonization applies in 2012. While the CAS Board has issued draft rules for comment, it is still uncertain when the final rules will be released and what the financial impact of those rules will be.

Actual 2012 results are not necessarily limited to the above scenarios nor the above factors (i.e. changes in census data). The range of outcomes above is also based on our current, long-term return on asset (ROA) assumption of 8.75%. A 25 basis point change in this long-term ROA assumption would change FAS/CAS expense by approximately $40M. As noted above, 2012 pension expense will be determined at 12/31/2011 using assumptions and based on market conditions in place at that time.

Appendix

Workdays in Fiscal Reporting Calendar

	Q1	Q2	Q3	Q4
2011	**64**	**64**	**63**	**57**
2010	**60**	**64**	**63**	**62**
Increase / (decrease)	**4**	**0**	**0**	**(5)**

Return on Invested Capital (ROIC) Calculation

$ millions

	2010	2011 Outlook
Income from cont. ops.	$1,843	Combined
FAS/CAS Adjustment, after-tax*	122	
Q2 2010 UK Border Agency program adjustment, after-tax**	284	
Q3 2010 favorable tax settlement	(170)	
2010 early debt retirement make-whole provision, after-tax*	47	
Net interest expense, after-tax*	72	
Lease expense, after-tax*	67	
Return	**$2,265**	**$2,180-2,215**
Net debt***	(171)	Combined
Equity less investment in disc. ops.	9,944	
Lease exp. X 8, plus fin. guarantees	2,890	
Pension & PRB liability, net of tax	3,323	
Invested capital from cont. ops.******	**$15,986**	**$16,530-16,330**
ROIC	**14.2%**	**13.2-13.6%**

* Calculated utilizing the federal statutory rate of 35%
** Calculated utilizing the UK statutory tax rate of 28%
*** 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

We define ROIC as income from continuing operations excluding the after-tax effect of the FAS/CAS Adjustment and, from time to time, certain other items, 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 liability for defined benefit pension and PRB plans, net of tax. 2011 ROIC also excludes from income from continuing operations the $60 million after-tax effect of the UKBA LOC Adjustment, as previously disclosed, and the $60 million impact of the third quarter of 2011 favorable tax settlement. 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.

Reconciliation of Non-GAAP Measures in Statement of Operations Information

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Adjusted EPS Non-GAAP Reconciliation

(In millions, except per share amounts)

	Three Months Ended		Nine Months Ended		2011 Current Guidance		2011 Prior Guidance	
	2011	2010	2011	2010	Low end of range	High end of range	Low end of range	High end of range
Diluted earnings per share from continuing operations attributable to Raytheon Company common stockholders	$ 1.43	$ 1.71	$ 3.71	$ 3.43	$ 4.94	$ 5.04	$ 4.82	$ 4.97
Per share impact of the FAS/CAS Adjustment (A)	0.14	0.09	0.46	0.24	0.62	0.62	0.66	0.67
Per share impact of the UK Border Agency (UKBA) Program Adjustment (B)	-	-	-	0.72	-	-	-	-
Per share impact of the UKBA LOC Adjustment (C)	-	-	0.17	-	0.17	0.17	0.16	0.16
Per share impact of the favorable tax settlements (D)	(0.17)	(0.45)	(0.17)	(0.45)	(0.17)	(0.17)	(0.15)	(0.16)
Adjusted EPS (4), (5)	$ 1.39	$ 1.35	$ 4.17	$ 3.94	$ 5.55	$ 5.65	$ 5.50	$ 5.65
(A) FAS/CAS Adjustment	$ 75	$ 52	$ 254	$ 138	$ 338	$ 338	$ 365	$ 365
Tax effect (1)	(26)	(18)	(89)	(48)	(118)	(118)	(128)	(128)
After-tax impact	49	34	165	90	220	220	237	237
Diluted shares	351.4	374.5	356.4	380.7	354.0	353.0	359.0	353.0
Per share impact	$ 0.14	$ 0.09	$ 0.46	$ 0.24	$ 0.62	$ 0.62	$ 0.66	$ 0.67
(B) UKBA Program Adjustment	$ -	$ -	$ -	$ 395	$ -	$ -	$ -	$ -
Tax effect (2)	-	-	-	(121)	-	-	-	-
After-tax impact	-	-	-	274	-	-	-	-
Diluted shares	-	-	-	380.7	-	-	-	-
Per share impact	$ -	$ -	$ -	$ 0.72	$ -	$ -	$ -	$ -
(C) UKBA LOC Adjustment	$ -	$ -	$ 80	$ -	$ 80	$ 80	$ 80	$ 80
Tax effect (3)	-	-	(21)	-	(20)	(20)	(22)	(22)
After-tax impact	-	-	59	-	60	60	58	58
Diluted shares	-	-	356.4	-	354.0	353.0	359.0	353.0
Per share impact	$ -	$ -	$ 0.17	$ -	$ 0.17	$ 0.17	$ 0.16	$ 0.16
(D) Favorable tax settlements	$ (60)	$ (170)	$ (60)	$ (170)	$ (60)	$ (60)	$ (55)	$ (55)
Diluted shares	351.4	374.5	356.4	380.7	354.0	353.0	359.0	353.0
Per share impact	$ (0.17)	$ (0.45)	$ (0.17)	$ (0.45)	$ (0.17)	$ (0.17)	$ (0.15)	$ (0.16)

(1) Tax effected at 35% federal statutory tax rate.

(2) Tax effected at approximately 30.5% blended global tax rate.

(3) Tax effected at approximately 26.7% blended global tax rate. Guidance tax effected at 25%.

(4) These amounts are not measures of financial performance under U.S. generally accepted accounting principles (GAAP). They should be considered supplemental to and not a substitute for financial performance in accordance with GAAP and may not be defined and calculated by other companies in the same manner. These amounts exclude the FAS/CAS Adjustment and, from time to time, certain other items. We are providing these measures because management uses them for the purposes of evaluating and forecasting the Company's financial performance and believes that they provide additional insights into the Company's underlying business performance. We also believe that they allow investors to benefit from being able to assess our operating performance in the context of how our principal customer, the U.S. Government, allows us to recover pension and PRB costs and to better compare our operating performance to others in the industry on that same basis. Amounts may not recalculate directly due to rounding.

(5) Adjusted EPS is diluted EPS from continuing operations attributable to Raytheon Company common stockholders excluding the EPS impact of the FAS/CAS Adjustment and, from time to time, certain other items. In addition to the FAS/CAS Adjustment, nine months ended 2011 Adjusted EPS also excludes the per share impact of the UKBA LOC Adjustment, as previously disclosed, while nine months ended 2010 Adjusted EPS also excludes the per share impact of the UKBA Program Adjustment, as previously disclosed. The UKBA Program Adjustment is based on our adjustment after the UKBA's termination of the UKBA program, to our estimated amount of revenue and costs under the program in the second quarter of 2010. The UKBA LOC Adjustment is based on the UKBA's decision to draw down on the previously disclosed letters of credit provided by Raytheon Systems Limited (RSL). The determination of the validity of the drawdown is now a subject of the ongoing arbitration proceedings related to the UKBA program. Three months and nine months ended 2011 and 2010 Adjusted EPS also excludes the earnings per share impact of favorable tax settlements in the third quarters of 2011 and 2010 as a result of our receipt of final approval from the IRS and the U.S. Congressional Joint Committee on Taxation of the IRS' examination of our tax returns for the 2006-2008 tax years and 1998-2005 tax years, respectively.

Reconciliation of Non-GAAP Measures in Statement of Operations Information

Raytheon

Adjusted Income Non-GAAP Reconciliation

(In millions)

	Three Months Ended		Nine Months Ended	
	2011	2010	2011	2010
Income from continuing operations attributable to Raytheon Company common stockholders	$ 500	$ 640	$ 1,321	$ 1,305
FAS/CAS Adjustment	49	34	165	90
UKBA Program Adjustment	-	-	-	274
UKBA LOC Adjustment	-	-	59	-
Favorable tax settlements	(60)	(170)	(60)	(170)
Adjusted Income (1), (2)	$ 489	$ 504	$ 1,485	$ 1,499

Adjusted Operating Margin Non-GAAP Reconciliation

	Three Months Ended		Nine Months Ended		2011 Current Guidance		2011 Prior Guidance	
	2011	2010	2011	2010	Low end of range	High end of range	Low end of range	High end of range
Operating Margin	11.8 %	11.9 %	10.8 %	9.9 %	10.8 %	11.0 %	10.3 %	10.7 %
Impact of the FAS/CAS Adjustment	1.2 %	0.8 %	1.4 %	0.7 %	1.3 %	1.3 %	1.4 %	1.4 %
Impact of UKBA Program Adjustment	- %	- %	- %	1.9 %	- %	- %	- %	- %
Impact of the UKBA LOC Adjustment	- %	- %	0.4 %	- %	0.3 %	0.3 %	0.3 %	0.3 %
Adjusted Operating Margin (1), (3)	13.0 %	12.8 %	12.7 %	12.5 %	12.4 %	12.6 %	12.0 %	12.4 %

(1) These amounts are not measures of financial performance under U.S. generally accepted accounting principles (GAAP). They should be considered supplemental to and not a substitute for financial performance in accordance with GAAP and may not be defined and calculated by other companies in the same manner. These amounts exclude the FAS/CAS Adjustment and, from time to time, certain other items. We are providing these measures because management uses them for the purposes of evaluating and forecasting the Company's financial performance and believes that they provide additional insights into the Company's underlying business performance. We also believe that they allow investors to benefit from being able to assess our operating performance in the context of how our principal customer, the U.S. Government, allows us to recover pension and PRB costs and to better compare our operating performance to others in the industry on that same basis. Amounts may not recalculate directly due to rounding.

(2) Adjusted Income is income from continuing operations attributable to Raytheon Company common stockholders excluding the after-tax impact of the FAS/CAS Adjustment and, from time to time, certain other items. In addition to the FAS/CAS Adjustment, nine months ended 2011 Adjusted Income also excludes the after-tax impact of the UKBA LOC Adjustment, as described above, while nine months ended 2010 Adjusted Income also excludes the after-tax impact of the UKBA Program Adjustment, as described above. Three months and nine months ended 2011 and 2010 Adjusted Income also excludes the impact of the favorable tax settlements in the third quarters of 2011 and 2010, as described above.

(3) Adjusted Operating Margin is defined as total operating margin excluding the margin impact of the FAS/CAS Adjustment and, from time to time, certain other items. In addition to the FAS/CAS Adjustment, nine months ended 2011 Adjusted Operating Margin also excludes the impact of the UKBA LOC Adjustment, as described above, while nine months ended 2010 Adjusted Operating Margin also excludes the impact of the UKBA Program Adjustment, as described above.