Raytheon

Third Quarter 2019 Conference Call

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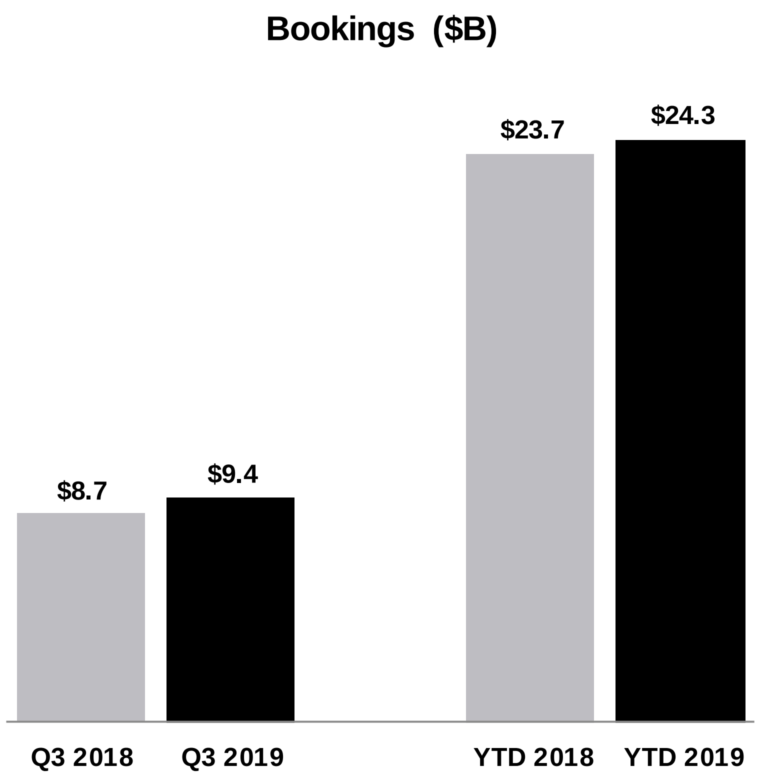
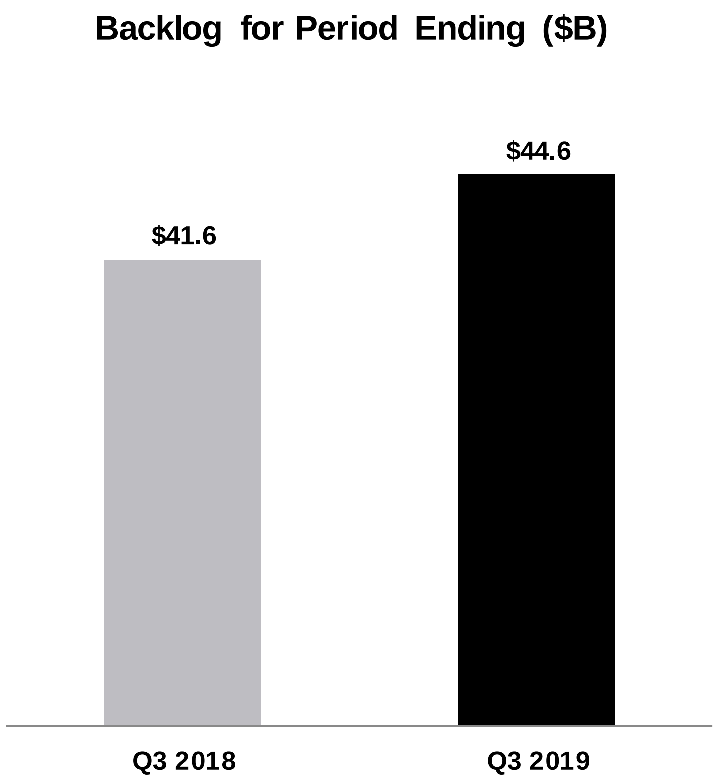
Third Quarter 2019 Highlights

- Strong bookings of $9.4 billion; book-to-bill ratio of 1.27
- Record backlog of $44.6 billion
- Record net sales of $7.4 billion, up 9.4 percent
- EPS from continuing operations of $3.08, up 36.9 percent
- Operating cash flow from continuing operations of $1.3 billion
- Increased full-year 2019 guidance for sales, operating income and EPS
- Raytheon and United Technologies shareholders overwhelmingly approved merger of equals

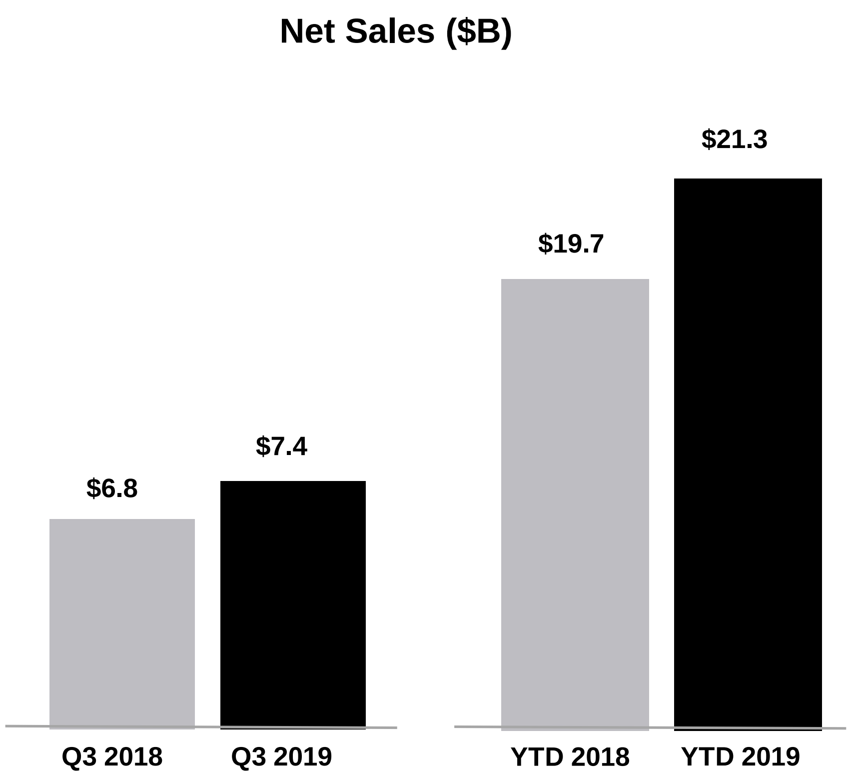
Total Company Bookings and Backlog





Strong Q3 2019 book-to-bill ratio of 1.27; record backlog of $44.6B

Total Company Net Sales



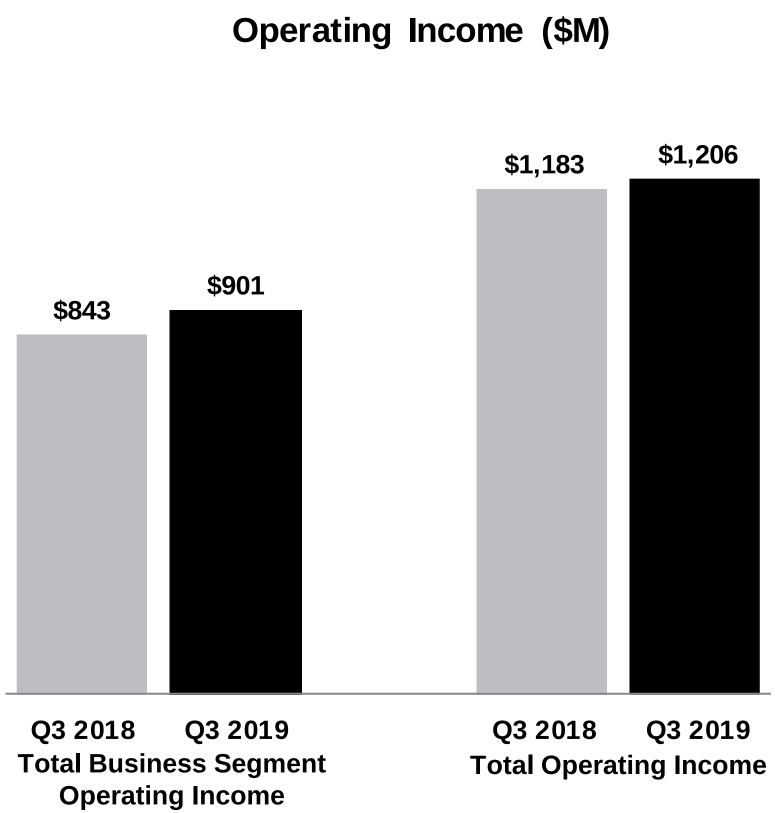
Net Sales ($M)

	Q3 2018	Q3 2019	% Change
IDS	$1,493	$1,755	18%
IIS	1,742	1,855	6%
MS	2,082	2,165	4%
SAS	1,695	1,939	14%
Forcepoint™	173	167	(3)%
Eliminations	(377)	(435)	NM
Total Business Segment	**6,808**	**7,446**	**9.4%**
Deferred Revenue Adjustment	(2)	-	NM
Total	**$6,806**	**$7,446**	**9.4%**

NM = Not Meaningful

Strong Q3 2019 sales growth of 9.4 percent

Total Company Operating Income



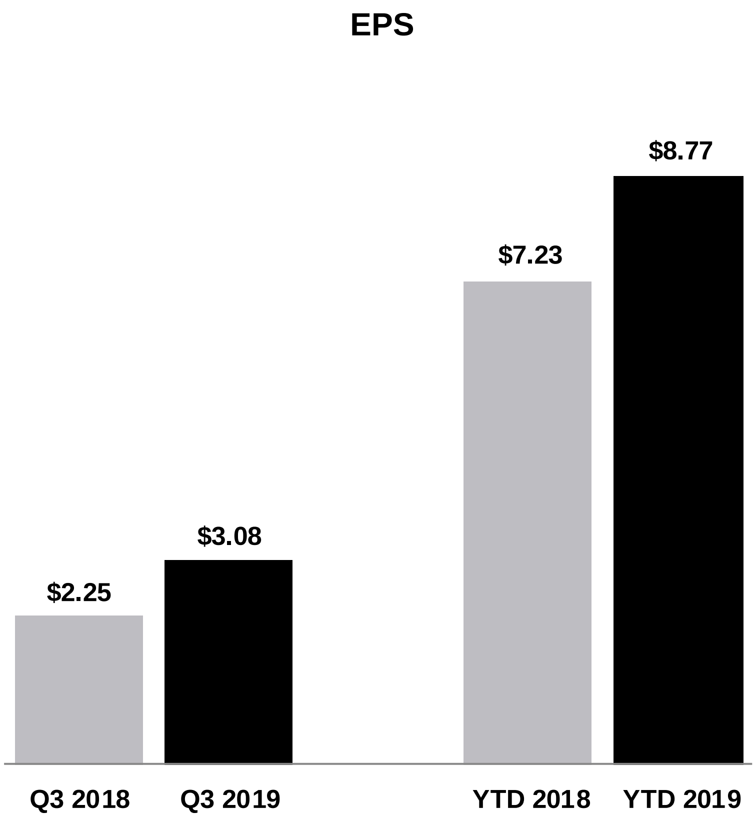
	Q3 2018	Q3 2019	Change
IDS	16.1%	16.1%	-
IIS[1]	8.6%	8.7%	10 bps
MS	12.3%	10.1%	(220) bps
SAS	13.2%	14.0%	80 bps
Forcepoint	10.4%	8.4%	(200) bps
Eliminations	($45M)	($47M)	($2M)
Total Business Segment Operating Margin	**12.4%**	**12.1%**	(30) bps
Total Business Segment Operating Income	**$843M**	**$901M**	$58M
Deferred Revenue Adjustment	($2M)	-	$2M
Amortization of Acquired Intangibles	($28M)	($28M)	-
FAS/CAS Operating Adjustment	$365M	$361M	($4M)
Corporate and Reclassification[1,2]	$5M	($28M)	($33M)
Total Operating Margin	**17.4%**	**16.2%**	(120) bps
Total Operating Income	**$1,183M**	**$1,206M**	$23M

[1] *In the third quarter of 2019, the company recognized a non-cash gain of $14 million on an investment, which is included in IIS' operating income, and reclassified to other income (expense), net on the company's consolidated statement of operations.*

[2] *In the second quarter of 2019, the company entered into an agreement with United Technologies to combine in an all-stock merger of equals. As a result, the company incurred $16 million of merger-related expenses in the third quarter of 2019, which had an unfavorable ~20 basis point impact to Total Operating Margin.*

Continue to drive improvement in segment operating income

Earnings Per Share from Continuing Operations



EPS ($)	
Third Quarter 2018	**$2.25**
Operations	0.13
Reduced share count	0.06
Retirement benefits non-service expense, non-operating[1]	1.00
Merger-related expenses[2]	(0.05)
Tax	(0.37)
Other items, net	0.06
Third Quarter 2019	**$3.08**

[1] Includes EPS impact of $0.80 related to the pension plan annuity transaction in the third quarter of 2018, and a favorable $0.20 EPS impact related to other changes including the update of the actuarial estimates for pension and other post retirement benefits.

[2] In the second quarter of 2019, the company entered into an agreement with United Technologies to combine in an all-stock merger of equals. As a result, the company incurred $16 million of merger-related expenses in the third quarter of 2019, which had an unfavorable EPS impact of $0.05.

Q3 2019 operating performance exceeded guidance

2019 Financial Outlook

	Current		Prior*
Net Sales ($B)	29.1 - 29.4	**	28.8 - 29.3
Total Business Segment Operating Income ($M)	3,525 - 3,615	**	3,480 - 3,600
Deferred Revenue Adjustment ($M)	(2)		(2)
Amortization of Acquired Intangibles ($M)	(110)		(110)
FAS/CAS Operating Adjustment ($M)[1]	1,454	**	1,463
Retirement Benefit Non-service Expense, non-operating ($M)[2]	(688)	**	(726)
Interest Expense, Net ($M)	~(145)		~(145)
Diluted Shares (M)	~280	**	~281
Effective Tax Rate	17.0 - 17.5%		17.0 - 17.5%
EPS from Continuing Operations	$11.70 - $11.80	**	$11.50 - $11.70
Operating Cash Flow from Cont. Ops. ($B)	4.0 - 4.2		4.0 - 4.2

*** As of July 25, 2019**
**** Denotes changes from prior guidance**

[1] The full-year 2019 FAS/CAS Operating Adjustment had a $9 million ($0.03 per share) unfavorable adjustment, of which approximately $7 million ($0.02 per share) was recorded in the third quarter 2019 and approximately $2 million ($0.01 per share) is expected to be recorded in the fourth quarter 2019. This is due to the update in the third quarter 2019 of the actuarial estimates for pension and other postretirement benefit plans.

[2] The full-year 2019 Retirement Benefits Non-service Expense had a $38 million ($0.11 per share) favorable adjustment, of which approximately $29 million ($0.08 per share) was recorded in the third quarter 2019 and approximately $9 million ($0.03 per share) is expected to be recorded in the fourth quarter 2019. This is due to the update in the third quarter 2019 of the actuarial estimates for pension and other postretirement benefit plans.

2019 Financial Outlook: EPS Walk

EPS ($)	
Midpoint as of prior	**$11.60**
Operations	0.09
Pension expense (operating and non-operating)	0.08
Additional merger-related expenses	(0.03)
Other items, net	0.01
Midpoint as of current	**$11.75**

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2019 Financial Outlook: By Business

	Current Net Sales ($B)		Prior* Net Sales ($B)	Current Operating Margins		Prior* Operating Margins (%)
IDS	6.8 - 6.9	**	6.6 - 6.8	16.0 - 16.2%		16.0 - 16.2%
IIS	7.1 - 7.2	**	6.9 - 7.1	8.9 - 9.1%	**	8.2 - 8.4%
MS	8.9 - 9.0	**	8.9 - 9.1	11.0 - 11.4%	**	11.5 - 11.9%
SAS	7.4 - 7.5	**	7.0 - 7.2	13.4 - 13.6%	**	13.2 - 13.4%
Forcepoint	~$700M		~$700M	1.0 - 3.0%	**	3.0 - 5.0%
Eliminations	(1.6) - (1.7)	**	(1.4) - (1.5)	($165M) - ($170M)	**	($160M) - ($165M)
Total Business Segment	**29.1 - 29.4**	**	**28.8 - 29.3**	**12.1 - 12.3%**		**12.1 - 12.3%**
Total Business Segment Operating Income				**$3,525M - $3,615M**	**	**$3,480M - $3,600M**
Deferred Revenue Adjustment	($2M)		($2M)	($2M)		($2M)
Amortization of Acquired Intangibles	-		-	($110M)		($110M)
FAS/CAS Operating Adjustment	-		-	$1,454M	**	$1,463M
Corporate	-		-	($90M) - ($100M)	**	($80M) - ($90M)
Total	**29.1 - 29.4**	**	**28.8 - 29.3**	**16.4 - 16.6%**		**16.4 - 16.6%**
Total Operating Income				**$4,771M - $4,861M**	**	**$4,745M - $4,865M**

Amounts may not add due to rounding.

*** As of July 25, 2019**

**** Change from prior**

2019 Financial Outlook

	Outlook	
	Q4 2019	2019
Sales ($M)	7,765 - 8,065	29,100 - 29,400
EPS from Continuing Operations	$2.93 - $3.03	$11.70 - $11.80
Operating Cash Flow from Continuing Operations ($M)	2,310 - 2,510	4,000 - 4,200

2020 Initial Outlook

Book-to-Bill	**>1**
Backlog	↑
Sales Growth	**Increase 6 - 8% from 2019**
IDS	↑ +
IIS	↑
MS	↑
SAS	↑ +
Forcepoint	↑

Strong sales growth expected in 2020

Appendix

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Workdays in Fiscal Reporting Calendar

	Q1	Q2	Q3	Q4
2019	63	64	63	59
2018	64	64	63	58
Increase / (decrease)	(1)	0	0	1

	Q1	Q2	Q3	Q4
2018	64	64	63	58
2017	64	64	62	58
Increase / (decrease)	0	0	1	0

Forward-Looking Statements

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 (sometimes referred to as Raytheon) 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: risks associated with the announcement of the proposed merger with United Technologies Corporation (UTC), including its effect on our customer, supplier and other business relationships, employee retention and hiring, resources and management's attention, our ability to pursue new business and investment opportunities, our operating results and business generally, and the market price of our common stock; risks associated with the successful and timely completion of the proposed merger with UTC and the related integration, as described in more detail below; 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 due to budgetary constraints, spending cuts resulting from sequestration, a government shutdown, or otherwise, uncertain funding of programs, potential termination of contracts and performance under undefinitized contract awards; difficulties in contract performance; the resolution of program terminations; the ability to procure new contracts; the risks of conducting business in foreign countries; the unpredictability of timing of international bookings; the ability to comply with extensive governmental regulation, including export and import requirements such as the International Traffic in Arms Regulations and the Export Administration Regulations, anti-bribery and anti-corruption requirements including the Foreign Corrupt Practices Act, industrial cooperation agreement obligations, and procurement and other regulations; dependence on U.S. government approvals for international contracts; changes in government procurement practices; the impact of competition; the ability to develop products and technologies, and the impact of associated investments and costs; the ability to recruit and retain qualified personnel; the impact of potential security and cyber threats, and other disruptions; the risk that actual pension returns, discount rates or other actuarial assumptions, including the long-term return on asset assumption, are significantly different than the company's current assumptions; the risk of cost overruns, particularly for the company's fixed-price contracts; dependence on material and component availability, subcontractor and partner performance and key suppliers; risks of a negative government audit; risks associated with acquisitions, investments, dispositions, joint ventures and other business arrangements; the ability to grow in the government and commercial cybersecurity markets; risks of an impairment of goodwill or other intangible assets; the impact of financial markets and global economic conditions; the use of accounting estimates in the company's financial statements; the outcome of contingencies and litigation matters, including government investigations; the risk of environmental liabilities; changes in tax laws and regulations, or their interpretation; and other factors as may be detailed from time to time in the company's public announcements and Securities and Exchange Commission filings.

Risks associated with the successful and timely completion of the proposed merger with UTC and the related integration include: (1) the effect of economic conditions in the industries and markets in which UTC and Raytheon operate in the U.S. and globally and any changes therein, including financial market conditions, fluctuations in commodity prices, interest rates and foreign currency exchange rates, levels of end market demand in construction and in both the commercial and defense segments of the aerospace industry, levels of air travel, financial condition of commercial airlines, the impact of weather conditions and natural disasters, the financial condition of our customers and suppliers, and the risks associated with U.S. government sales (including changes or shifts in defense spending due to budgetary constraints, spending cuts resulting from sequestration, a government shutdown, or otherwise, and uncertain funding of programs); (2) challenges in the development, production, delivery, support, performance and realization of the anticipated benefits (including our expected returns under customer contracts) of advanced technologies and new products and services; (3) the scope, nature, impact or timing of the proposed merger and the separation transactions and other merger, acquisition and divestiture activity, including among other things the integration of or with other businesses and realization of synergies and opportunities for growth and innovation and incurrence of related costs and expenses; (4) future levels of indebtedness, including indebtedness that may be incurred in connection with the proposed merger and the separation transactions, and capital spending and research and development spending; (5) future availability of credit and factors that may affect such availability, including credit market conditions and our capital structure; (6) the timing and scope of future repurchases by the combined company of its common stock, which may be suspended at any time due to various factors, including market conditions and the level of other investing activities and uses of cash; (7) delays and disruption in delivery of materials and services from suppliers; (8) company and customer-directed cost reduction efforts and restructuring costs and savings and other consequences thereof (including the potential termination of U.S. government contracts and performance under undefinitized contract awards and the potential inability to recover termination costs); (9) new business and investment opportunities; (10) the ability to realize the intended

Forward-Looking Statements (continued)

benefits of organizational changes; (11) the anticipated benefits of diversification and balance of operations across product lines, regions and industries; (12) the outcome of legal proceedings, investigations and other contingencies; (13) pension plan assumptions and future contributions; (14) the impact of the negotiation of collective bargaining agreements and labor disputes; (15) the effect of changes in political conditions in the U.S. and other countries in which UTC, Raytheon and the businesses of each operate, including the effect of changes in U.S. trade policies or the U.K.'s proposed withdrawal from the European Union, on general market conditions, global trade policies and currency exchange rates in the near term and beyond; (16) the effect of changes in tax (including U.S. tax reform enacted on December 22, 2017, which is commonly referred to as the Tax Cuts and Jobs Act of 2017), environmental, regulatory and other laws and regulations (including, among other things, export and import requirements such as the International Traffic in Arms Regulations and the Export Administration Regulations, anti-bribery and anti-corruption requirements, including the Foreign Corrupt Practices Act, industrial cooperation agreement obligations, and procurement and other regulations) in the U.S. and other countries in which UTC, Raytheon and the businesses of each operate; (17) negative effects of the announcement or pendency of the proposed merger or the separation transactions on the market price of UTC's and/or Raytheon's respective common stock and/or on their respective financial performance; (18) the ability of the parties to receive the required regulatory approvals for the proposed merger (and the risk that such approvals may result in the imposition of conditions that could adversely affect the combined company or the expected benefits of the transaction) and to satisfy the other conditions to the closing of the merger on a timely basis or at all; (19) the occurrence of events that may give rise to a right of one or both of the parties to terminate the merger agreement; (20) risks relating to the value of the UTC shares to be issued in the proposed merger, significant transaction costs and/or unknown liabilities; (21) the possibility that the anticipated benefits from the proposed merger cannot be realized in full or at all or may take longer to realize than expected, including risks associated with third party contracts containing consent and/or other provisions that may be triggered by the proposed transaction; (22) risks associated with transaction-related litigation; (23) the possibility that costs or difficulties related to the integration of UTC's and Raytheon's operations will be greater than expected; (24) risks relating to completed merger, acquisition and divestiture activity, including UTC's integration of Rockwell Collins, including the risk that the integration may be more difficult, time-consuming or costly than expected or may not result in the achievement of estimated synergies within the contemplated time frame or at all; (25) the ability of each of Raytheon, UTC, the companies resulting from the separation transactions and the combined company to retain and hire key personnel; (26) the expected benefits and timing of the separation transactions, and the risk that conditions to the separation transactions will not be satisfied and/or that the separation transactions will not be completed within the expected time frame, on the expected terms or at all; (27) the intended qualification of (i) the merger as a tax-free reorganization and (ii) the separation transactions as tax-free to UTC and UTC's shareowners, in each case, for U.S. federal income tax purposes; (28) the possibility that any opinions, consents, approvals or rulings required in connection with the separation transactions will not be received or obtained within the expected time frame, on the expected terms or at all; (29) expected financing transactions undertaken in connection with the proposed merger and the separation transactions and risks associated with additional indebtedness; (30) the risk that dissynergy costs, costs of restructuring transactions and other costs incurred in connection with the separation transactions will exceed UTC's estimates; and (31) the impact of the proposed merger and the separation transactions on the respective businesses of Raytheon and UTC and the risk that the separation transactions may be more difficult, time-consuming or costly than expected, including the impact on UTC's resources, systems, procedures and controls, diversion of its management's attention and the impact on relationships with customers, suppliers, employees and other business counterparties.

There can be no assurance that the proposed merger, the separation transactions or any other transaction described above will in fact be consummated in the manner described or at all. For additional information on identifying factors that may cause actual results to vary materially from those stated in forward-looking statements, see the joint proxy statement/prospectus (defined below) and the reports of UTC and Raytheon on Forms 10-K, 10-Q and 8-K filed with or furnished to the Securities and Exchange Commission (the "SEC") from time to time.

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 release, including any acquisitions, dispositions or other business arrangements that may be announced or closed after such date.

Forward-Looking Statements (continued)

Additional Information and Where to Find It

In connection with the proposed merger, on September 4, 2019, UTC filed with the SEC an amendment to the registration statement on Form S-4 originally filed on July 17, 2019, which includes a joint proxy statement of UTC and Raytheon that also constitutes a prospectus of UTC (the "joint proxy statement/prospectus"). The registration statement was declared effective by the SEC on September 9, 2019, and UTC and Raytheon commenced mailing the joint proxy statement/prospectus to shareowners of UTC and stockholders of Raytheon on or about September 10, 2019. Each party will file other documents regarding the proposed merger with the SEC. In addition, in connection with the separation transactions, subsidiaries of UTC will file registration statements on Form 10 or Form S-1. INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS AND OTHER RELEVANT DOCUMENTS FILED OR THAT WILL BE FILED WITH THE SEC WHEN THEY BECOME AVAILABLE, BECAUSE THEY CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION. Investors and security holders may obtain copies of the registration statements and the joint proxy statement/prospectus free of charge from the SEC's website or from UTC or Raytheon. The documents filed by UTC with the SEC may be obtained free of charge at UTC's website at www.utc.com or at the SEC's website at www.sec.gov. These documents may also be obtained free of charge from UTC by requesting them by mail at UTC Corporate Secretary, 10 Farm Springs Road, Farmington, CT, 06032, by telephone at 1-860-728-7870 or by email at corpsec@corphq.utc.com. The documents filed by Raytheon with the SEC may be obtained free of charge at Raytheon's website at www.raytheon.com or at the SEC's website at www.sec.gov. These documents may also be obtained free of charge from Raytheon by requesting them by mail at Raytheon Company, Investor Relations, 870 Winter Street, Waltham, MA, 02451, by telephone at 1-781-522-5123 or by email at invest@raytheon.com.

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