

Second Quarter Earnings

July 23, 2009

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Forward-Looking Statements

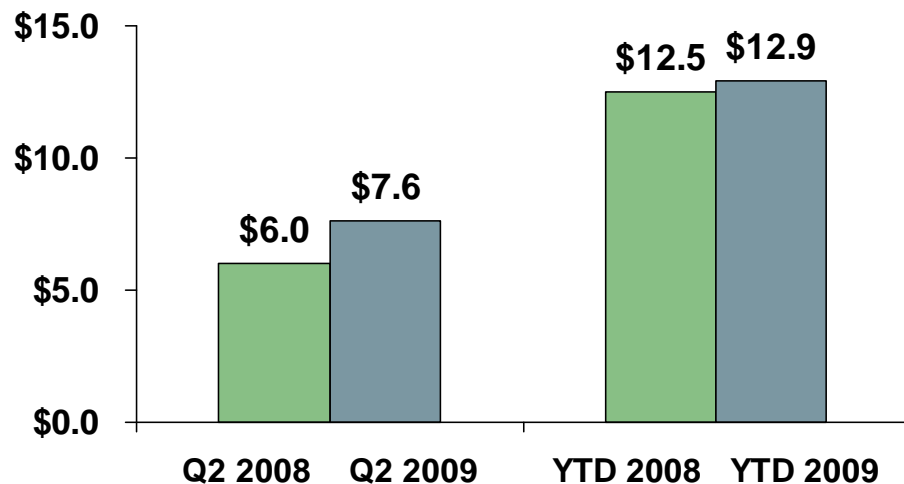
This presentation contains forward-looking statements, including information regarding the Company's 2009 financial outlook, future plans, objectives, business prospects and anticipated financial performance. These forward-looking statements are not statements of historical facts and represent only the 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, 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 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.

Second Quarter 2009 Highlights

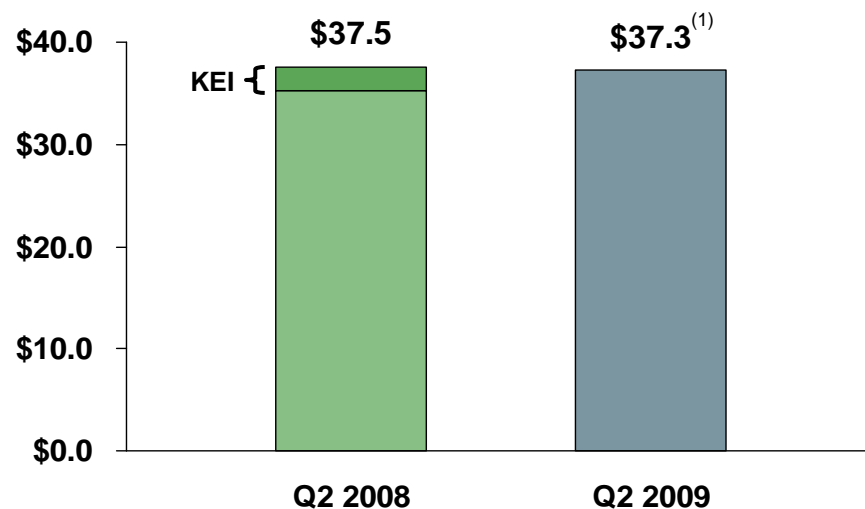
- Earnings per share (EPS) from continuing operations of \$1.24, up 25 percent
- Income from continuing operations of \$504 million, up 17 percent
- Continued strong bookings of \$7.6 billion; sales of \$6.1 billion
- Solid operating cash flow from continuing operations of \$512 million
- Increased full-year 2009 guidance for net sales, EPS and return on invested capital (ROIC)

Total Company Bookings and Backlog

Bookings (\$B)



Backlog (\$B)

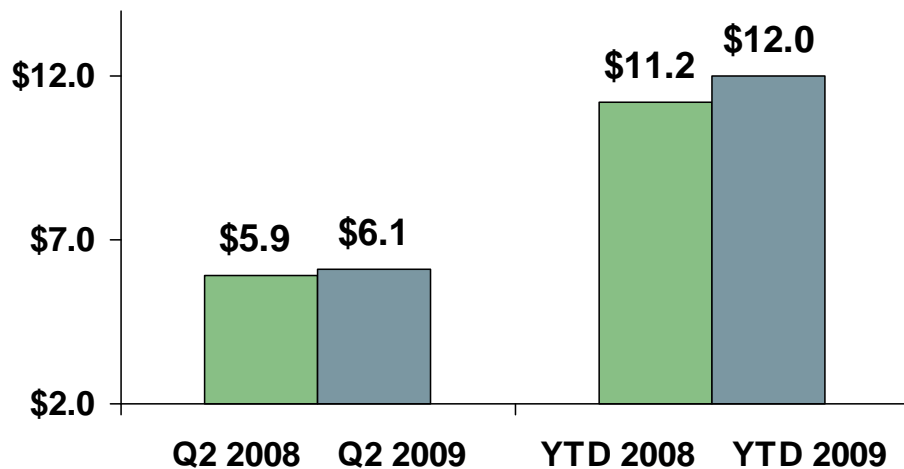


⁽¹⁾ Due to a change in Missile Defense Agency priorities, on June 10, 2009 the Kinetic Energy Interceptor program was terminated for convenience, resulting in a \$2.4 billion reduction of the Company's backlog at the end of the second quarter 2009.

Strong bookings of \$7.6B; book-to-bill of 1.2

Total Company Net Sales

Net Sales (\$B)



Net Sales (\$M)

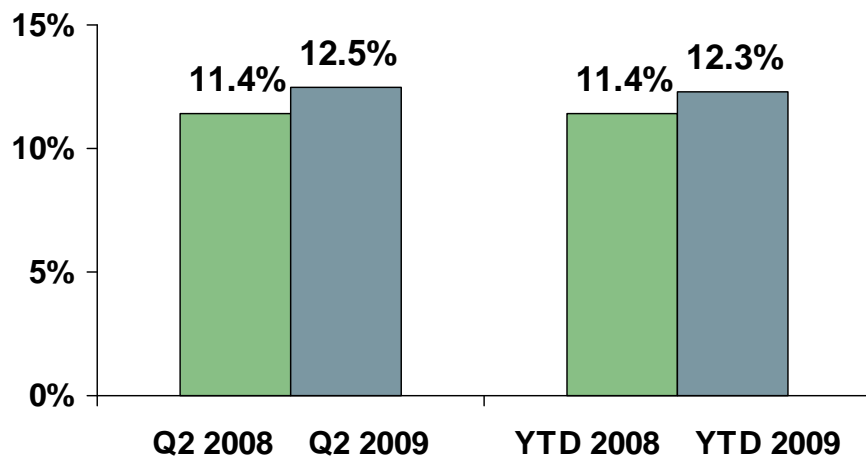
Q2	2008	2009	% Change
IDS	\$1,257	\$1,335	6%
IIS	829	812	-2%
MS	1,363	1,384	2%
NCS	1,173	1,197	2%
SAS	1,072	1,136	6%
TS	647	780	21%
Corp./Elims.	(471)	(519)	NM
Q2 Total	\$5,870	\$6,125	4%

Year-to-date	\$11,224	\$12,009	7%
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Diverse portfolio driving continued growth

Total Company Operating Margins

Operating Margins (%)

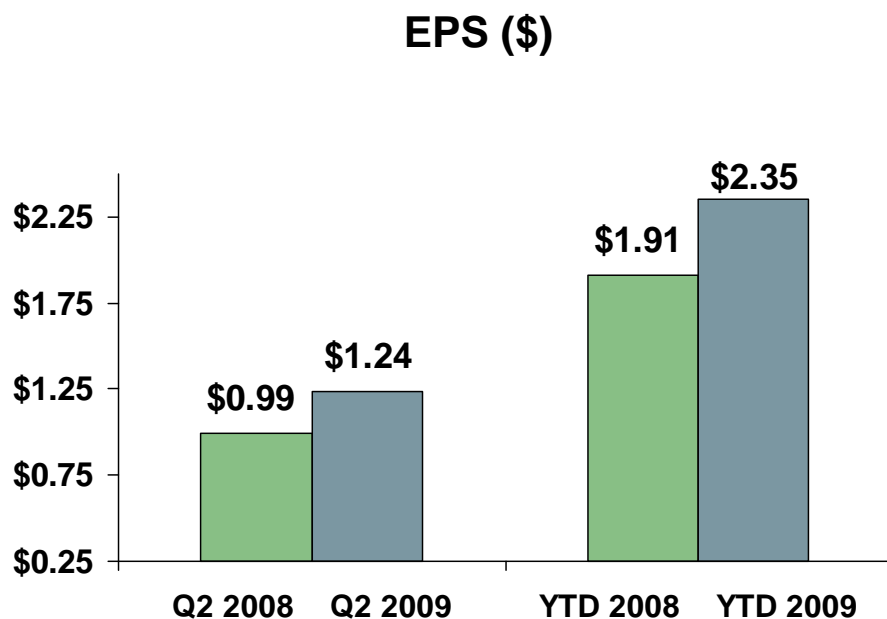


Second Quarter Operating Margins (%)

	Q2 2008	Q2 2009	Net Change
IDS	16.6%	15.4%	(120) bps
IIS	8.1%	8.1%	0 bps
MS	11.6%	10.6%	(100) bps
NCS	12.9%	14.2%	130 bps
SAS	13.2%	15.4%	220 bps
TS	7.0%	6.8%	(20) bps
Corp./Elims.	(\$69M)	(\$62M)	\$7M
Subtotal	12.0%	12.3%	30 bps
FAS/CAS Pension Adj.	(0.6)%	0.2%	80 bps
Total	11.4%	12.5%	110 bps

Strong operating margin performance

Earnings Per Share from Continuing Operations



Second Quarter 2008 EPS	\$0.99
Operational improvements	0.07
Reduced share count	0.09
FAS/CAS pension adjustment	0.07
Other items, net	<u>0.02</u>
Second Quarter 2009 EPS	\$1.24

EPS increased by 25 percent in Q2 2009

2009 Financial Outlook

	<u>Current</u>	<u>Prior*</u>
Net Sales (\$B)	24.5 - 25.0**	24.4 - 24.9
FAS/CAS Pension Inc. (\$M)	47	47
Interest Inc./(Exp.), net (\$M)	(105) - (115)	(105) - (115)
Diluted Shares (M)	398 - 401	398 - 401
EPS from Continuing Operations	\$4.60 - \$4.75**	\$4.55 - \$4.70
Operating Cash Flow from Cont. Ops. (\$B)	2.2 - 2.4	2.2 - 2.4
ROIC (%)	11.2 - 11.7**	11.1 - 11.6

* As of April 23, 2009

** Denotes changes from prior guidance

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%	10.6 - 10.8%
NCS	4.6 - 4.8	4.6 - 4.8	12.8 - 13.0%	12.8 - 13.0%
SAS	4.3 - 4.5	4.3 - 4.5	13.4 - 13.6%**	13.2 - 13.4%
TS	2.8 - 3.0**	2.7 - 2.9	6.5 - 6.7%	6.5 - 6.7%
Corp./Elims.	(1.9)	(1.9)	(\$240M)-(\$250M)**	(\$250M)-(\$260M)
Subtotal	\$24.5 - \$25.0**	\$24.4 - \$24.9	11.7 - 11.9%**	11.6 - 11.8%
FAS/CAS Income	-	-	0.2%	0.2%
Total Cont. Ops.	\$24.5 - \$25.0**	\$24.4 - \$24.9	11.9 - 12.1%**	11.8 - 12.0%

* As of April 23, 2009

** Denotes change from prior guidance

Continued operational excellence

FAS/CAS Adjusted EPS

	<u>Q2 2008</u>	<u>Q2 2009</u>	<u>YTD 2008</u>	<u>YTD 2009</u>	<u>Actual 2008</u>	<u>Outlook 2009</u>
EPS from Cont. Ops.	\$0.99	\$1.24	\$1.91	\$2.35	\$4.04⁽¹⁾	\$4.60 - \$4.75
FAS/CAS Pension Adj.	\$0.05	(\$0.02)	\$0.10	(\$0.04)	\$0.19	(\$0.08)
FAS/CAS Adjusted EPS⁽²⁾	\$1.04	\$1.22	\$2.01	\$2.31	\$4.23	\$4.52 - \$4.67

(1) 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.

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

Appendix

2009 Financial Outlook: By Quarter

	2009 Estimates		
	Q3	Q4	Total
Net Sales	~24.5%	~27.5%	\$24.5B - \$25.0B
EPS	~23%	~27.5%	\$4.60 - \$4.75
Operating Cash Flow from Cont. Ops. (\$M)	100 - 150	1,200 - 1,300	\$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

Return on Invested Capital (ROIC) Calculation

In millions, except percentages

	Outlook 2009E
Income from cont. ops.	} Combined
Net interest expense, after-tax*	
Lease expense, after-tax*	
Return	\$1,990 - \$2,050
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	11.2% - 11.7%

* 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.