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First Quarter 2012 Conference Call

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Forward-Looking Statements

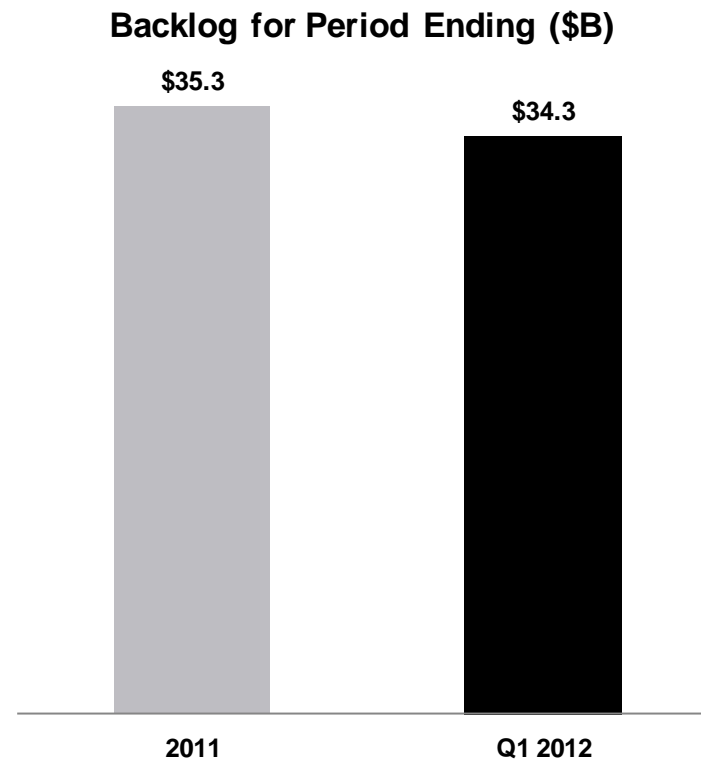
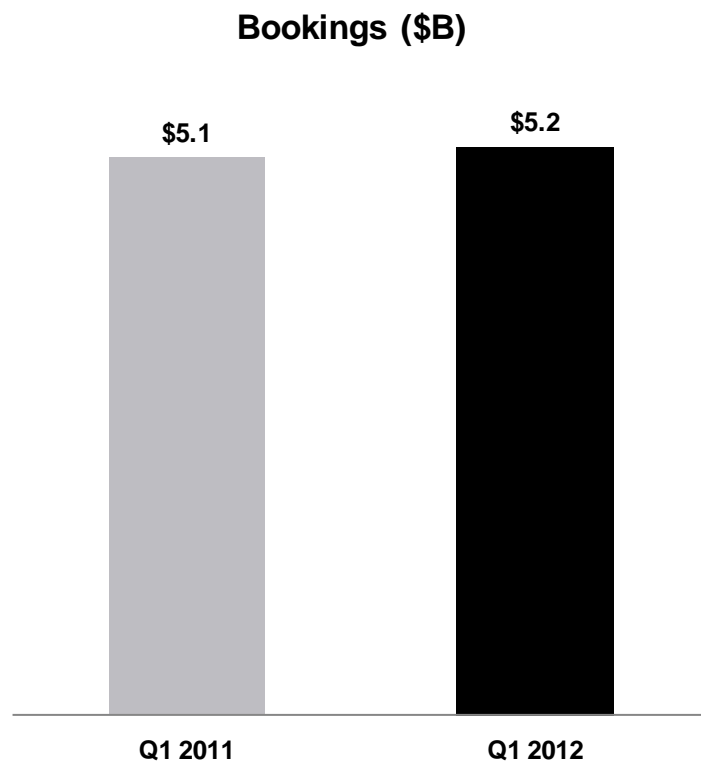
This presentation contains forward-looking statements, including information regarding the Company's financial outlook, future plans, objectives, business prospects and anticipated financial performance. These forward-looking statements are not statements of historical facts and represent only the Company's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

First Quarter 2012 Highlights

- Adjusted EPS of \$1.46, up 7 percent; EPS from continuing operations was \$1.33⁽¹⁾
- Adjusted operating margin of 13.1 percent, up 60 basis points; reported operating margin of 11.9 percent⁽¹⁾
- As previously announced, increased annual dividend by 16 percent to \$2.00 per share
- Increased full-year 2012 guidance for EPS

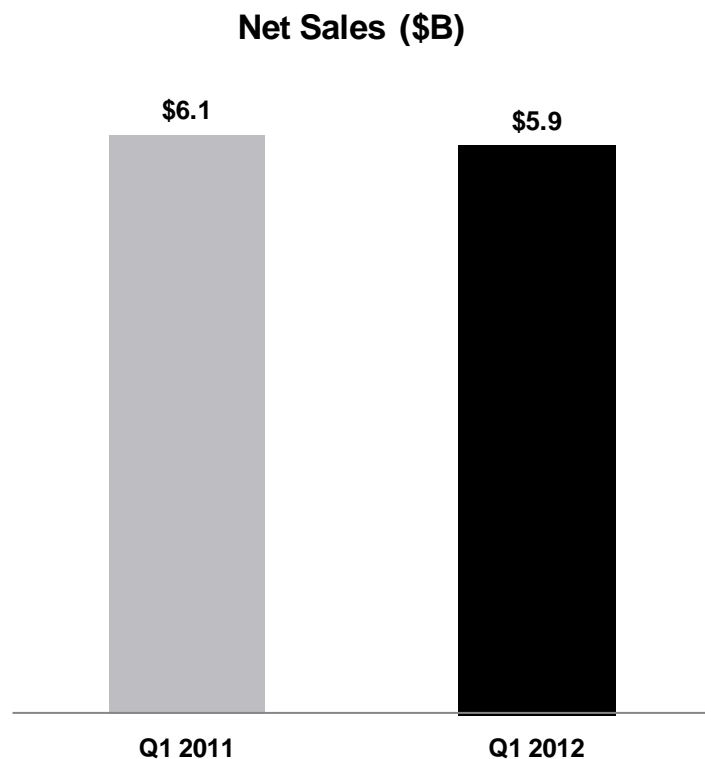
(1) Adjusted EPS is EPS from continuing operations attributable to Raytheon Company common stockholders and Adjusted Operating Margin is total operating margin, in each case, excluding the impact of the FAS/CAS Adjustment, and from time to time, certain other items. Adjusted EPS and Adjusted Operating Margin are non-GAAP financial measures. See page 13 for a reconciliation of these measures and a discussion of why the Company is presenting this information.

Total Company Bookings and Backlog



First quarter bookings slightly higher than year-ago period

Total Company Net Sales



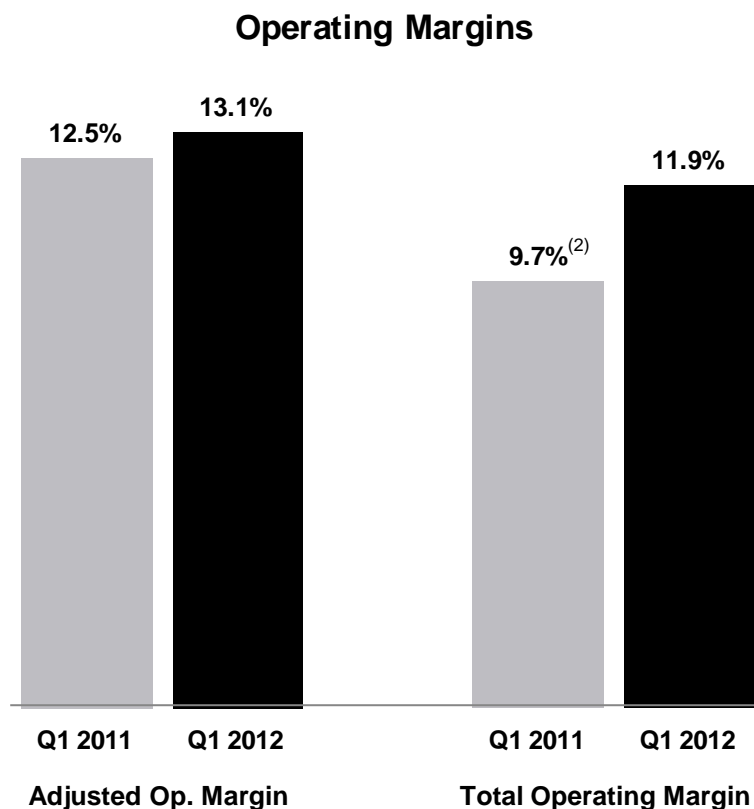
Net Sales (\$M)

	Q1 2011	Q1 2012	% Change
IDS	\$1,219	\$1,220	-
IIS	750	764	2%
MS	1,329	1,351	2%
NCS	1,121	1,000	-11%
SAS	1,265	1,257	-1%
TS	799	802	-
Corp/Elims	(431)	(456)	NM
Total	\$6,052	\$5,938	-2%

NM = Not Meaningful

25 percent of first quarter sales were from international customers

Total Company Operating Margins⁽¹⁾



	Q1 2011	Q1 2012	Change
IDS	15.8%	17.7%	190 bps
IIS	-3.7% ⁽²⁾	8.1%	NM
MS	11.7%	13.3%	160 bps
NCS	14.3%	11.6%	(270) bps
SAS	12.3%	13.8%	150 bps
TS	10.1%	8.9%	(120) bps
FAS/CAS Adjustment	(\$89M)	(\$70M)	\$19M
Corp/Elims	(\$39M)	(\$42M)	(\$3M)
Total Operating Margin	9.7%⁽²⁾	11.9%	220 bps
UKBA LOC Adjustment	1.3%	-	(130) bps
FAS/CAS Adjustment	1.5%	1.2%	(30) bps
Adjusted Operating Margin	12.5%	13.1%	60 bps

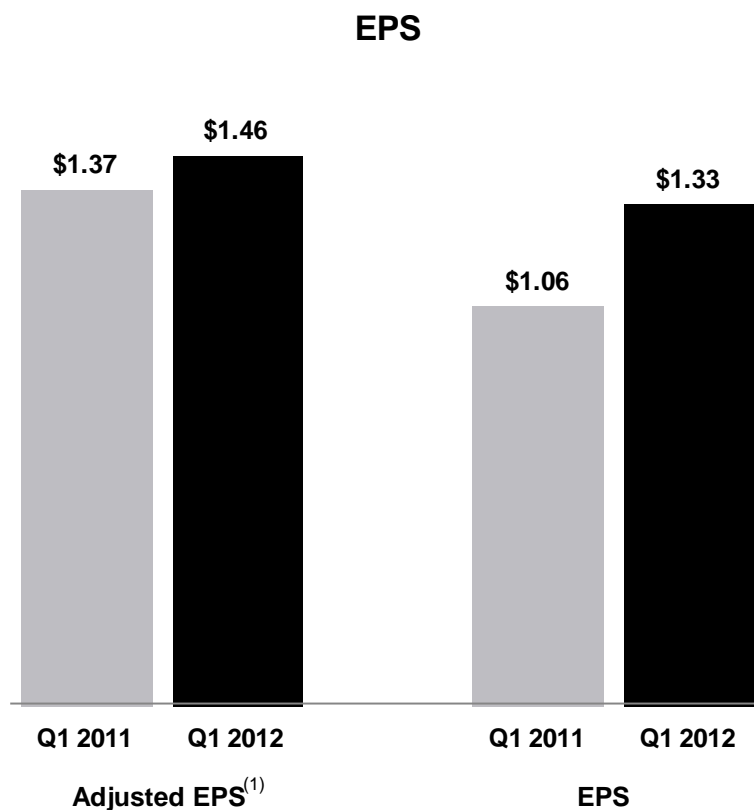
NM = Not Meaningful

(1) Adjusted Operating Margin is a non-GAAP financial measure. See page 13 for a reconciliation of this measure and 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 an \$80 million adjustment to operating income due to the UKBA LOC Adjustment.

Strong overall operational performance

Earnings Per Share from Continuing Operations



Adjusted EPS (\$) ⁽¹⁾

First Quarter 2011	\$1.37
Operational improvements	0.04
Reduced share count	0.09
Other items, net (primarily tax-related)	(0.04)
First Quarter 2012	\$1.46

EPS (\$)

First Quarter 2011	\$1.06
Operational improvements	0.04
Reduced share count	0.09
Other items, net (primarily tax-related)	(0.04)
FAS/CAS Adjustment	0.02
UKBA LOC Adjustment	0.16
First Quarter 2012	\$1.33

(1) Adjusted EPS is a non-GAAP financial measure. See page 13 for a reconciliation of this measure and a discussion of why the Company is presenting this information. Numbers may not add due to rounding.

First quarter 2012 Adjusted EPS up 7 percent

2012 Financial Outlook

	Current	Prior*
Net Sales (\$B)	24.5 - 25.0	24.5 - 25.0
FAS/CAS Adjustment (\$M)	(284)	(284)
Interest Expense, Net (\$M)	(190) - (200)	(190) - (200)
Diluted Shares (M)	334 - 336**	334 - 340
Effective Tax Rate	~32%	~32%
EPS from Continuing Operations	\$5.00 - \$5.15**	\$4.90 - \$5.05
Adjusted EPS ⁽¹⁾	\$5.55 - \$5.70**	\$5.45 - \$5.60
Operating Cash Flow from Cont. Ops. (\$B)	1.6 - 1.8	1.6 - 1.8

* As of January 26, 2012

** Denotes changes from prior guidance

(1) Adjusted EPS is a non-GAAP financial measure. See page 13 for a reconciliation of this measure and a discussion of why the Company is presenting this information.

2012 Financial Outlook: By Business

	Net Sales (\$B)	Current Operating Margins (%)	Prior* Operating Margins (%)
IDS	4.8 - 5.0	16.5 - 16.7%**	15.9 - 16.1%
IIS	2.9 - 3.1	7.7 - 7.9%**	7.5 - 7.7%
MS	5.5 - 5.7	12.1 - 12.3%**	11.9 - 12.1%
NCS	4.2 - 4.4	13.1 - 13.3%**	13.4 - 13.6%
SAS	5.1 - 5.3	13.2 - 13.4%	13.2 - 13.4%
TS	3.2 - 3.4	8.0 - 8.2%**	7.8 - 8.0%
FAS/CAS Adjustment	-	(284)	(284)
Corp./Elims.	(1.8) - (1.9)	(\$215M)-(\$225M)**	(\$225M)-(\$235M)
Total Cont. Ops.	\$24.5 - \$25.0	11.1 - 11.3%**	10.9 - 11.1%
FAS/CAS Adjustment		1.2%	1.2%
Adjusted Operating Margin⁽¹⁾		12.3 - 12.5%**	12.1 - 12.3%

* As of January 26, 2012

** Denotes changes from prior guidance

(1) Adjusted Operating Margin is a non-GAAP financial measure. See page 13 for a reconciliation of this measure and a discussion of why the Company is presenting this information.

2012 Financial Outlook: By Quarter

	2012 Estimates			
	Q2	Q3	Q4	Total
Sales	~24.0%	~25.5%	~26.5%	\$24.5B - \$25.0B
EPS	~22.5%	~25.0%	~26.5%	\$5.00 - \$5.15
Operating Cash Flow from Cont. Ops. (\$M)	(200) - 0	600 - 700	1,100 - 1,200	\$1.6B - \$1.8B

Appendix

Workdays in Fiscal Reporting Calendar

	Q1	Q2	Q3	Q4
2012	64	64	63	58
2011	64	64	63	57
Increase / (decrease)	0	0	0	1

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

Reconciliation of Non-GAAP Measures in Statement of Operations Information

Adjusted EPS Non-GAAP Reconciliation

(In millions, except per share amounts)

	First Quarter		2012 Guidance	
	2012	2011	Low end of range	High end of range
Diluted earnings per share from continuing operations attributable to Raytheon Company common stockholders	\$ 1.33	\$ 1.06	\$ 5.00	\$ 5.15
Per share impact of the FAS/CAS Adjustment (A)	0.14	0.16	0.55	0.55
Per share impact of the UK Border Agency (UKBA) LOC Adjustment (B)	-	0.16	-	-
Adjusted EPS (3), (4)	<u>\$ 1.46</u>	<u>\$ 1.37</u>	<u>\$ 5.55</u>	<u>\$ 5.70</u>
(A) FAS/CAS Adjustment	\$ 70	\$ 89	\$ 284	\$ 284
Tax effect (1)	(24)	(31)	(99)	(99)
After-tax impact	46	58	185	185
Diluted Shares	338.7	360.8	336.0	334.0
Per share impact	<u>\$ 0.14</u>	<u>\$ 0.16</u>	<u>\$ 0.55</u>	<u>\$ 0.55</u>
(B) UKBA LOC Adjustment	\$ -	\$ 80	\$ -	\$ -
Tax effect (2)	-	(24)	-	-
After-tax impact	-	56	-	-
Diluted Shares	-	360.8	-	-
Per share impact	<u>\$ -</u>	<u>\$ 0.16</u>	<u>\$ -</u>	<u>\$ -</u>

Adjusted Income Non-GAAP Reconciliation

(In millions)

	First Quarter	
	2012	2011
Income from continuing operations attributable to Raytheon Company common stockholders	\$ 450	\$ 381
FAS/CAS Adjustment (1)	46	58
UKBA LOC Adjustment (2)	-	56
Adjusted Income (3), (5)	<u>\$ 496</u>	<u>\$ 495</u>

Adjusted Operating Margin Non-GAAP Reconciliation

	First Quarter		2012 Guidance	
	2012	2011	Low end of range	High end of range
Operating Margin	11.9%	9.7%	11.1%	11.3%
Impact of the FAS/CAS Adjustment	1.2%	1.5%	1.2%	1.2%
Impact of the UKBA LOC Adjustment	-%	1.3%	-%	-%
Adjusted Operating Margin (3), (6)	<u>13.1%</u>	<u>12.5%</u>	<u>12.3%</u>	<u>12.5%</u>

* As previously disclosed in the Company's 2011 Annual Report on Form 10-K, during the first quarter of 2012 we completed the disposal or abandonment of the remaining individual assets of our former turbo-prop commuter aircraft portfolio, Raytheon Airline Aviation Services LLC (RAAS), and all operations have ceased. As a result of the sale of the remaining operating assets, we have reported RAAS as a discontinued operation. This Non-GAAP Financial Measures information has been prepared to reflect the reclassification of RAAS as a discontinued operation.

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

(2) Tax effected at approximately 30% blended global tax rate.

(3) 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.

(4) 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, first quarter 2011 Adjusted EPS also excludes the impact of the UKBA LOC Adjustment, as previously disclosed. This adjustment was 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 draw down is now a subject of the ongoing arbitration proceedings related to the UKBA program.

(5) 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, first quarter 2011 Adjusted Income also excludes the after-tax impact of the UKBA LOC Adjustment, as described above.

(6) 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, first quarter 2011 Adjusted Operating Margin also excludes the impact of the UKBA LOC Adjustment, as described above.