

Second Quarter 2013 Conference Call

July 25, 2013

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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 due to budgetary constraints, spending cuts resulting from sequestration under the Budget Control Act of 2011, or otherwise, 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.

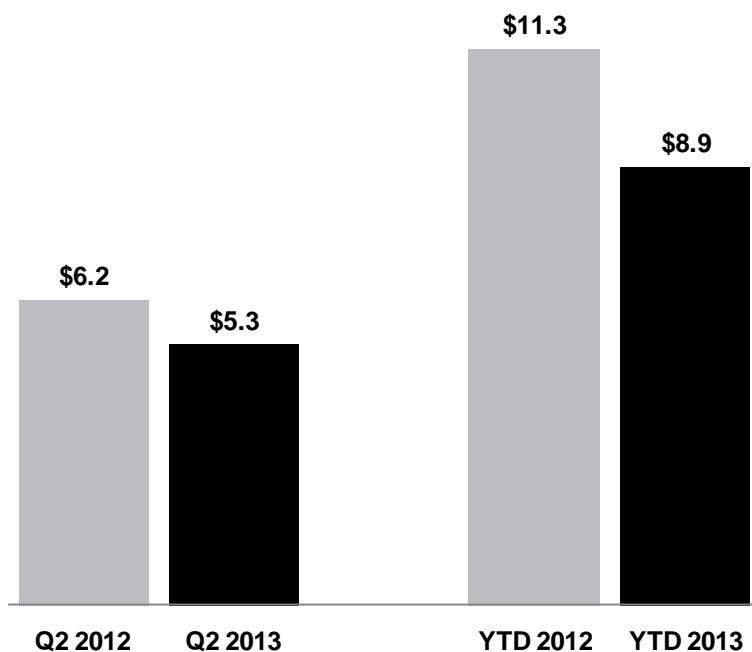
Second Quarter 2013 Highlights

- Adjusted EPS⁽¹⁾ of \$1.64, up 4 percent; EPS from continuing operations was \$1.50, up 6 percent
- Adjusted Operating Margin⁽¹⁾ of 13.7 percent and reported operating margin of 12.5 percent, both up 10 basis points
- Net sales of \$6.1 billion, up 2 percent
- Increased full-year 2013 guidance for EPS

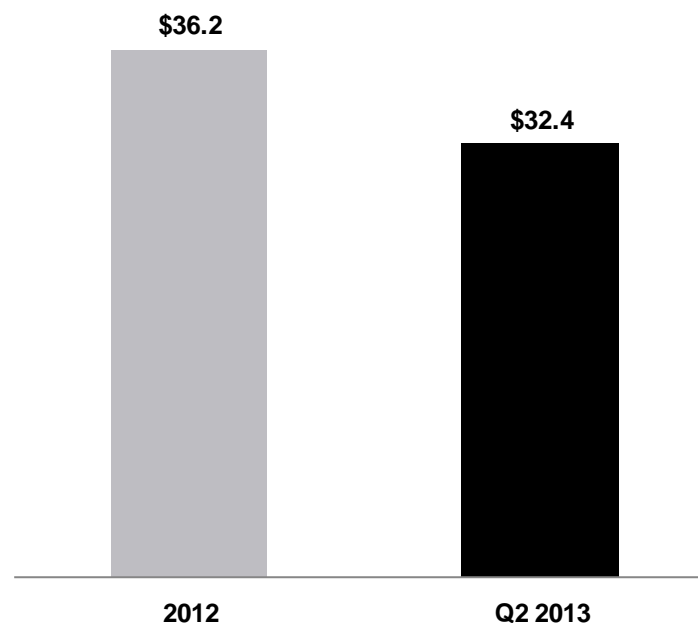
(1) Adjusted EPS is diluted EPS from continuing operations attributable to Raytheon Company common stockholders and Adjusted Operating Margin is total operating margin, in each case, excluding the impact of the FAS/CAS Adjustment, and from time to time, certain other items. In addition, the Q2 2012 Adjusted EPS amount has been revised to include the favorable \$0.02 impact for the 2012 R&D tax credit. Adjusted EPS and Adjusted Operating Margin are non-GAAP financial measures. See pages 13 and 14 for a reconciliation of these measures and a discussion of why the Company is presenting this information.

Total Company Bookings and Backlog

Bookings (\$B)



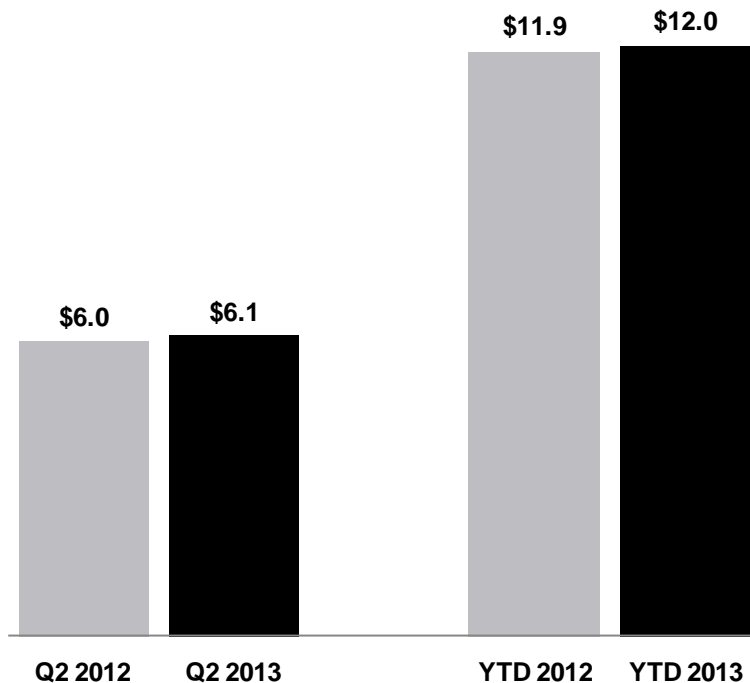
Backlog for Period Ending (\$B)



2013 bookings weighted to second half of year

Total Company Net Sales

Net Sales (\$B)



Net Sales (\$M)

	Q2 2012 ⁽¹⁾	Q2 2013	% Change
IDS	\$1,574	\$1,721	9%
IIS	1,597	1,570	-2%
MS	1,580	1,690	7%
SAS	1,709	1,620	-5%
Corp/Elims	(468)	(486)	NM
Total	\$5,992	\$6,115	2%

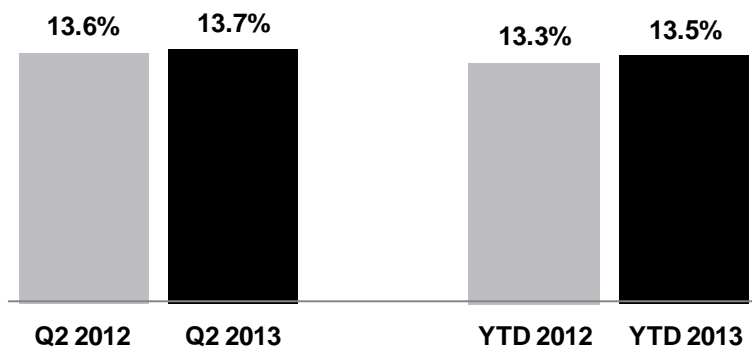
NM = Not Meaningful

(1) All segment data has been recast to reflect the previously announced consolidation.

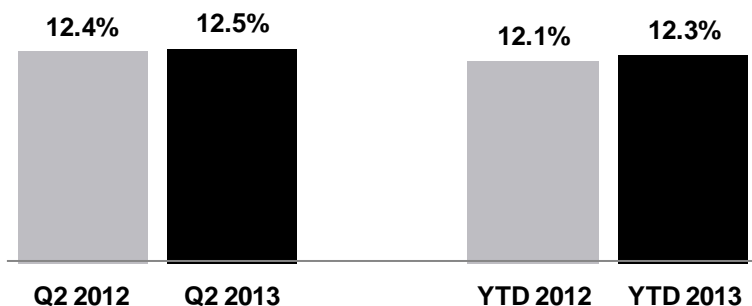
Q2 2013 sales up 2 percent

Total Company Operating Margins⁽¹⁾

Adjusted Operating Margin



Total Operating Margin



	Q2 2012 ⁽²⁾	Q2 2013	Change
IDS	17.1%	18.9%	180 bps
IIS	8.6%	8.3%	(30) bps
MS	13.2%	12.6%	(60) bps
SAS	14.4%	13.3%	(110) bps
FAS/CAS Adjustment	(\$71M)	(\$72M)	(\$1M)
Corp/Elims	(\$49M)	(\$48M)	\$1M
Total Operating Margin	12.4%	12.5%	10 bps
FAS/CAS Adjustment	1.2%	1.2%	0 bps
Adjusted Operating Margin	13.6%	13.7%	10 bps

(1) Adjusted Operating Margin is a non-GAAP financial measure. See page 14 for a reconciliation of this measure and a discussion of why the Company is presenting this information. Numbers may not add due to rounding.

(2) All segment data has been recast to reflect the previously announced consolidation.

Q2 2013 Adjusted Operating Margin up 10 basis points

Earnings Per Share from Continuing Operations



Adjusted EPS (\$) ⁽¹⁾	
Second Quarter 2012	\$1.57
Operations	0.03
Reduced share count	0.04
Second Quarter 2013	\$1.64

EPS (\$)	
Second Quarter 2012	\$1.41
Operations	0.03
Reduced share count	0.04
2013 R&D tax credit	0.02
Second Quarter 2013	\$1.50

(1) Adjusted EPS is a non-GAAP financial measure. In addition, the Q2 2012 and YTD 2012 Adjusted EPS amounts have been revised to include the favorable \$0.02 and \$0.04 impact, respectively, for the 2012 R&D tax credit. 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.

Q2 2013 Adjusted EPS up 4 percent

2013 Financial Outlook

	Current	Prior*
Net Sales (\$B)	23.5 - 23.7**	23.2 - 23.7
FAS/CAS Adjustment (\$M)	(286)	(286)
Interest Expense, Net (\$M)	(200) - (210)	(200) - (210)
Diluted Shares (M)	323 - 324**	324 - 327
Effective Tax Rate	~29%**	~29.5%
EPS from Continuing Operations	\$5.51 - \$5.61**	\$5.26 - \$5.41
Adjusted EPS ⁽¹⁾	\$6.00 - \$6.10**	\$5.75 - \$5.90
Operating Cash Flow from Cont. Ops. (\$B)	2.1 - 2.3	2.1 - 2.3

* As of April 25, 2013

** 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.

2013 Financial Outlook: By Business

	Current	Prior*	Current	Prior*
	Net Sales (\$B)	Net Sales (\$B) ⁽²⁾	Operating Margins (%)	Operating Margins (%) ⁽²⁾
IDS	6.4 - 6.5**	6.3 - 6.5	16.8 - 16.9%**	16.1 - 16.3%
IIS	5.9 - 6.0**	5.8 - 6.0	8.0 - 8.1%**	7.9 - 8.1%
MS	6.4 - 6.5**	6.3 - 6.5	12.9 - 13.0%**	12.8 - 13.0%
SAS	6.5 - 6.6**	6.4 - 6.6	13.5 - 13.6%**	13.3 - 13.5%
FAS/CAS Adjustment	-	-	(286)	(286)
Corp./Elims.	(1.8) - (1.9)	(1.8) - (1.9)	(\$230M) - (\$240M)	(\$230M) - (\$240M)
Total Cont. Ops.	\$23.5 - \$23.7**	\$23.2 - \$23.7	11.7 - 11.8%**	11.4 - 11.6%
FAS/CAS Adjustment			1.2%	1.2%
Adjusted Operating Margin⁽¹⁾			12.9 - 13.0%**	12.6 - 12.8%

* As of Apr 25, 2013

** Denotes changes from prior guidance

As previously announced, effective April 1, 2013, the Company consolidated its structure. The new structure consists of the following four businesses: Integrated Defense Systems (IDS); Intelligence, Information and Services (IIS); Missile Systems (MS); and Space and Airborne Systems (SAS). The Company began reporting second quarter 2013 segment results consistent with the new structure.

(1) Adjusted Operating Margin is a non-GAAP financial measure. See page 14 for a reconciliation of this measure and a discussion of why the Company is presenting this information.

(2) All segment data has been recast to reflect the consolidation discussed above.

2013 Financial Outlook: By Quarter

	2013 Estimates		
	Q3	Q4	Total
Sales	~24.5%	~25.0%	\$23.5B - \$23.7B
EPS	~23.5%	~23.5%	\$5.51 - \$5.61
Operating Cash Flow from Cont. Ops. (\$M)	500 - 600	1,300 - 1,400	\$2.1B - \$2.3B

Appendix

Workdays in Fiscal Reporting Calendar

	Q1	Q2	Q3	Q4
2013	63	64	63	59
2012	64	64	63	58
Increase / (decrease)	(1)	0	0	1

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

Reconciliation of Non-GAAP Measures in Statement of Operations Information

Adjusted EPS Non-GAAP Reconciliation

(In millions, except per share amounts)

	Three Months Ended		Six Months Ended		2013 Current Guidance		2013 Prior Guidance	
	30-Jun-13	01-Jul-12	30-Jun-13	01-Jul-12	Low end of range	High end of range	Low end of range	High end of range
Diluted EPS from continuing operations attributable to Raytheon Company common stockholders	\$ 1.50	\$ 1.41	\$ 2.99	\$ 2.74	\$ 5.51	\$ 5.61	\$ 5.26	\$ 5.41
Per share impact of the FAS/CAS Adjustment (A)	0.14	0.14	0.28	0.27	0.57	0.58	0.57	0.57
Per share impact of the 2012 research & development (R&D) tax credit (B)	-	0.02	(0.08)	0.04	(0.08)	(0.08)	(0.08)	(0.08)
Adjusted EPS (2), (3)	<u>\$ 1.64</u>	<u>\$ 1.57</u>	<u>\$ 3.20</u>	<u>\$ 3.05</u>	<u>\$ 6.00</u>	<u>\$ 6.10</u>	<u>\$ 5.75</u>	<u>\$ 5.90</u>
(A) FAS/CAS Adjustment	\$ 72	\$ 71	\$ 143	\$ 141	\$ 286	\$ 286	\$ 286	\$ 286
Tax effect (1)	(25)	(25)	(50)	(49)	(100)	(100)	(100)	(100)
After-tax impact	47	46	93	92	186	186	186	186
Diluted shares	325.6	334.4	326.9	336.5	324.0	323.0	327.0	324.0
Per share impact	<u>\$ 0.14</u>	<u>\$ 0.14</u>	<u>\$ 0.28</u>	<u>\$ 0.27</u>	<u>\$ 0.57</u>	<u>\$ 0.58</u>	<u>\$ 0.57</u>	<u>\$ 0.57</u>
(B) 2012 R&D tax credit	\$ -	\$ 6	\$ (25)	\$ 12	\$ (25)	\$ (25)	\$ (25)	\$ (25)
Diluted shares	-	334.4	326.9	336.5	324.0	323.0	327.0	324.0
Per share impact	<u>\$ -</u>	<u>\$ 0.02</u>	<u>\$ (0.08)</u>	<u>\$ 0.04</u>	<u>\$ (0.08)</u>	<u>\$ (0.08)</u>	<u>\$ (0.08)</u>	<u>\$ (0.08)</u>

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

(2) 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 postretirement benefit (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.

(3) 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. Six Months Ended 2013 Adjusted EPS also excludes the earnings per share impact of an R&D tax credit that relates to 2012. In addition, the Q2 2012 and Six Months Ended 2012 Adjusted EPS amount has been revised to include the favorable impact for the 2012 R&D tax credit. In January 2013, Congress approved legislation that included the extension of the R&D tax credit. The legislation retroactively reinstated the R&D tax credit for 2012 and extended it through December 31, 2013. As a result, we recorded the 2012 benefit in the first quarter of 2013.

Reconciliation of Non-GAAP Measures in Statement of Operations Information

Adjusted Income Non-GAAP Reconciliation

(In millions)

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>30-Jun-13</u>	<u>01-Jul-12</u>	<u>30-Jun-13</u>	<u>01-Jul-12</u>
Income from continuing operations attributable to Raytheon Company common stockholders	\$ 488	\$ 472	\$ 978	\$ 922
FAS/CAS Adjustment (1)	47	46	93	92
2012 R&D tax credit	-	6	(25)	12
Adjusted Income (2), (3)	<u>\$ 535</u>	<u>\$ 524</u>	<u>\$ 1,046</u>	<u>\$ 1,026</u>

Adjusted Operating Margin Non-GAAP Reconciliation

	<u>Three Months Ended</u>		<u>Six Months Ended</u>		2013 <u>Current Guidance</u>		2013 <u>Prior Guidance</u>	
	<u>30-Jun-13</u>	<u>01-Jul-12</u>	<u>30-Jun-13</u>	<u>01-Jul-12</u>	<u>Low end of range</u>	<u>High end of range</u>	<u>Low end of range</u>	<u>High end of range</u>
	Operating Margin	12.5 %	12.4 %	12.3 %	12.1 %	11.7 %	11.8 %	11.4 %
Impact of the FAS/CAS Adjustment	<u>1.2 %</u>	<u>1.2 %</u>	<u>1.2 %</u>	<u>1.2 %</u>	<u>1.2 %</u>	<u>1.2 %</u>	<u>1.2 %</u>	<u>1.2 %</u>
Adjusted Operating Margin (2), (4)	<u>13.7 %</u>	<u>13.6 %</u>	<u>13.5 %</u>	<u>13.3 %</u>	<u>12.9 %</u>	<u>13.0 %</u>	<u>12.6 %</u>	<u>12.8 %</u>

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

(2) 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 postretirement benefit (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.

(3) 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. Six Months Ended 2013 Adjusted Income also excludes the 2012 R&D tax credit, as discussed on page 13. Q2 2012 and Six Months Ended 2012 Adjusted Income also includes the 2012 R&D tax credit as discussed on page 13.

(4) 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.