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First Quarter 2015 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 due to budgetary constraints, spending cuts resulting from sequestration under the amended Budget Control Act of 2011, a government shutdown, 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 unpredictability of timing of international bookings; the ability to comply with extensive governmental regulation and obtain approvals, including import and export policies, the Foreign Corrupt Practices Act, the International Traffic in Arms Regulations, industrial cooperation agreement obligations, 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 and partner 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.

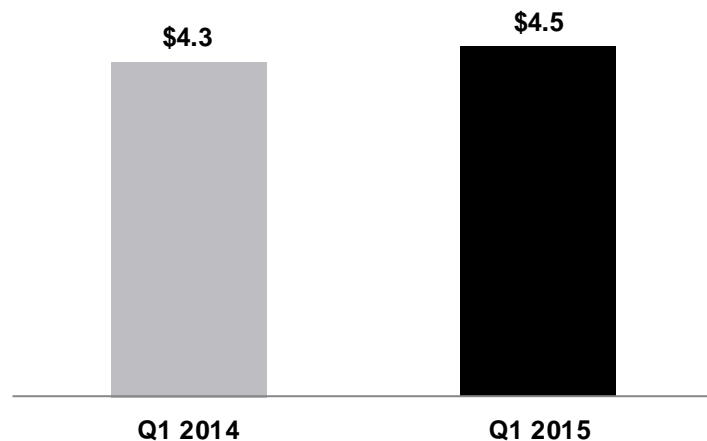
First Quarter 2015 Highlights

- EPS from continuing operations of \$1.78; Adjusted EPS⁽¹⁾ of \$1.26
- Reported operating margin of 15.9 percent; Adjusted Operating Margin⁽¹⁾ of 11.5 percent
- Net sales of \$5.3 billion
- As previously announced, increased annual dividend by 10.7 percent to \$2.68 per share
- Raised guidance to reflect the previously announced eBorders settlement

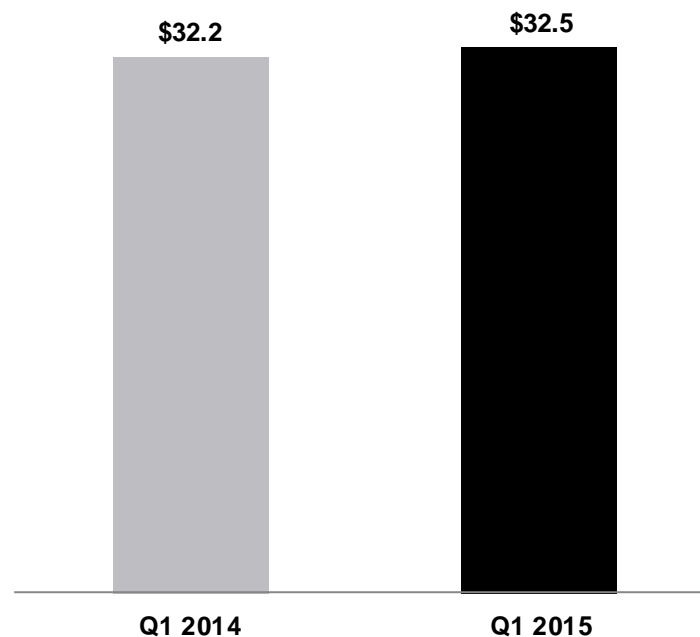
(1) Adjusted EPS is EPS from continuing operations attributable to Raytheon Company common stockholders and Adjusted Operating Margin is total operating margin, in each case, excluding the impact of the FAS/CAS Adjustment, and from time to time, certain other items. First quarter 2015 Adjusted EPS and Adjusted Operating Margin also excluded the favorable impact resulting from the eBorders settlement of \$0.42 and \$181 million pretax (\$131 million after-tax), respectively. 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)



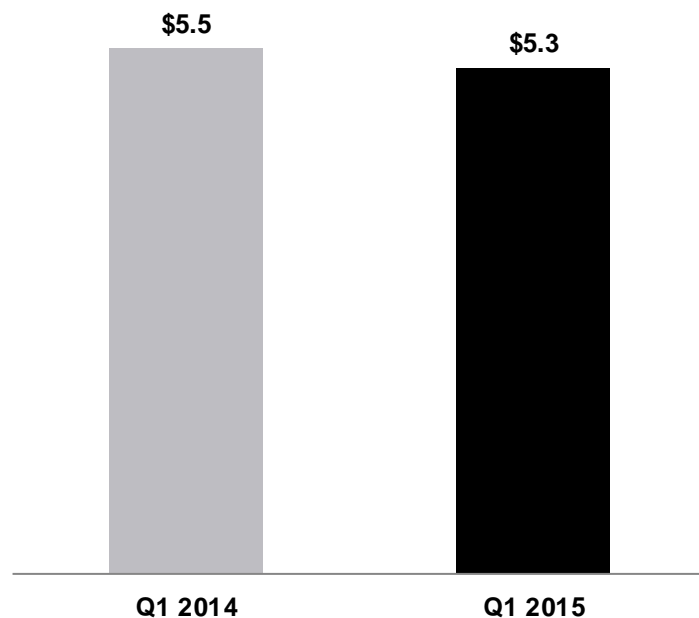
Backlog for Period Ending (\$B)



Book-to-bill ratio of 1.07 on a trailing four quarter basis

Total Company Net Sales

Net Sales (\$B)



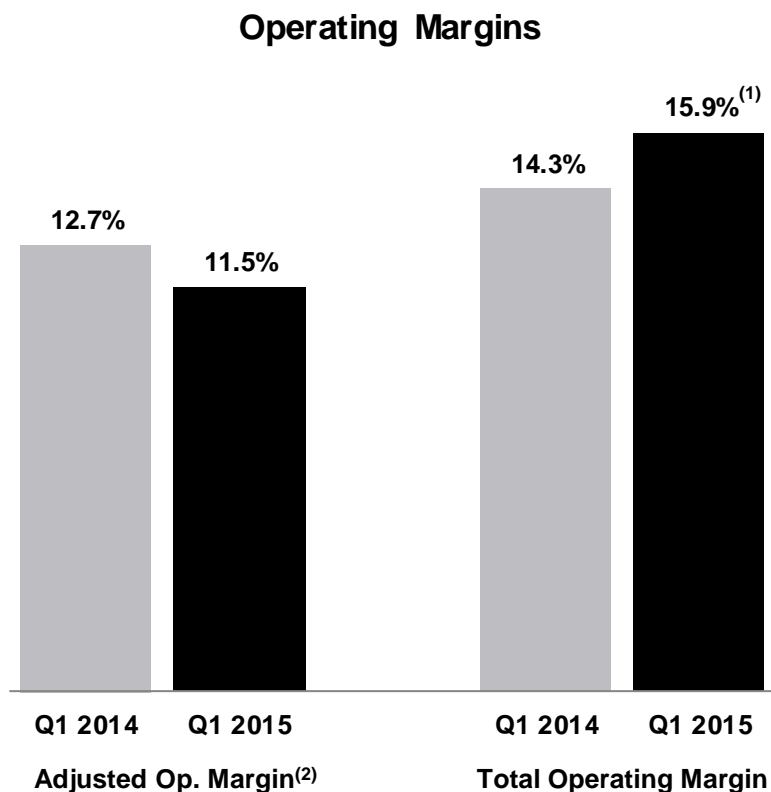
Net Sales (\$M)

	Q1 2014	Q1 2015	% Change
IDS	\$1,481	\$1,433	-3%
IIS	1,450	1,393	-4%
MS	1,574	1,473	-6%
SAS	1,398	1,358	-3%
Corp/Elims	(395)	(369)	NM
Total	\$5,508	\$5,288	-4%
Workdays	62	61	

NM = Not Meaningful

Q1 2015 total sales slightly over guidance

Total Company Operating Margins



	Q1 2014	Q1 2015	Change
IDS	15.3%	13.6%	(170) bps
IIS	8.6%	20.5% ⁽¹⁾	NM
MS	13.2%	14.1%	90 bps
SAS	13.6%	12.7%	(90) bps
FAS/CAS Adjustment	\$87M	\$49M	(\$38M)
Corp/Elims	(\$48M)	(\$69M)	(\$21M)
Total Operating Margin	14.3%	15.9%⁽¹⁾	160 bps
FAS/CAS Adjustment	(1.6)%	(0.9)%	70 bps
eBorders settlement	-	(3.4)%	NM
Adjusted Operating Margin⁽²⁾	12.7%	11.5%	(120) bps

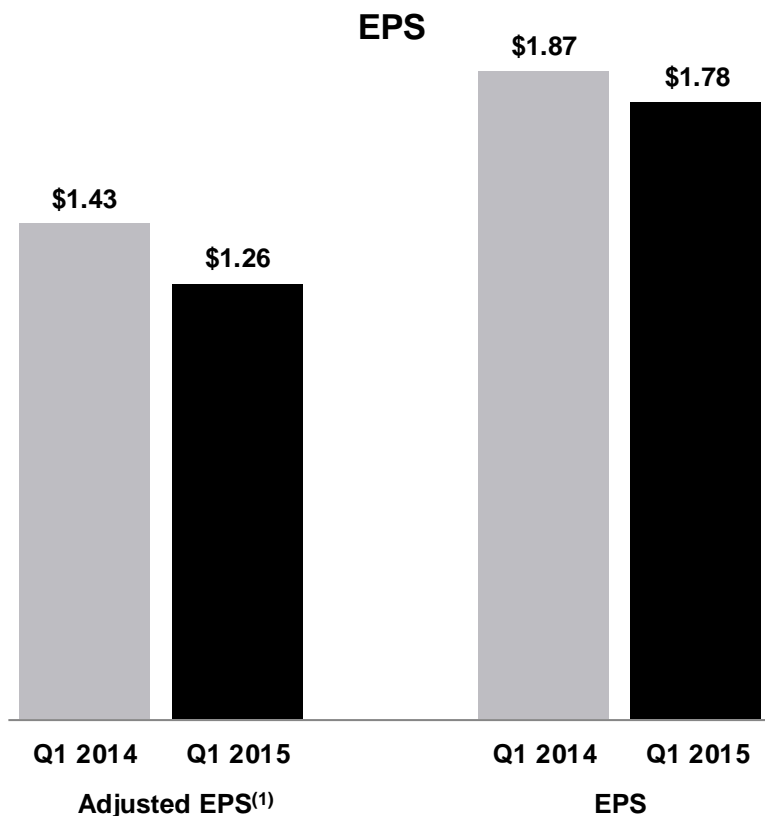
NM = Not Meaningful

(1) The calculation of operating margin includes an \$181 million adjustment to operating income for the eBorders settlement.

(2) 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. Amounts may not add due to rounding.

Solid overall operational performance

Earnings Per Share from Continuing Operations



Adjusted EPS (\$) ⁽¹⁾	
First Quarter 2014	\$1.43
Operations	(0.20)
Reduced share count	0.03
Other items, net	(0.01)
First Quarter 2015	\$1.26

EPS (\$)	
First Quarter 2014	\$1.87
Operations	(0.20)
Reduced share count	0.03
Other items, net	(0.01)
FAS/CAS Adjustment	(0.08)
eBorders settlement	0.42
Tax benefit from cash repatriation in Q1 2014	(0.25)
First Quarter 2015	\$1.78

(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.

Q1 2015 EPS exceeded guidance

2015 Financial Outlook

	Current ⁽¹⁾	Prior*
Net Sales (\$B)	22.3 - 22.8	22.3 - 22.8
FAS/CAS Adjustment (\$M)	197	197
Interest Expense, Net (\$M)	(225) - (235)	(225) - (235)
Diluted Shares (M)	305 - 307	305 - 307
Effective Tax Rate	Approx. 27.0%**	Approx. 27.5%
EPS from Continuing Operations	\$6.67 - \$6.82**	\$6.20 - \$6.35
Adjusted EPS ⁽²⁾	\$5.49 - \$5.64	\$5.49 - \$5.64
Operating Cash Flow from Cont. Ops. (\$B)	2.4 - 2.7**	2.3 - 2.6

* As of January 29, 2015

** Change from prior guidance reflects the impact of the eBorders settlement

(1) Does not include the expected impact of the joint venture that was announced on April 20, 2015 involving Raytheon Cyber Products and Websense.

(2) 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.

2015 Financial Outlook: By Business

	Net Sales (\$B) ⁽¹⁾	Current Operating Margins (%) ⁽¹⁾	Prior* Operating Margins (%)
IDS	6.0 - 6.2	15.1 - 15.3%	15.1 - 15.3%
IIS	5.8 - 6.0	10.4 - 10.6% **	7.4 - 7.6%
MS	6.2 - 6.4	12.8 - 13.0%	12.8 - 13.0%
SAS	5.6 - 5.8	13.1 - 13.3%	13.1 - 13.3%
FAS/CAS Adjustment	-	197	197
Corp./Elims.	(1.5) - (1.6)	(\$220M)-(\$230M)	(\$220M)-(\$230M)
Total Cont. Ops.	\$22.3 - \$22.8	13.8 - 14.0% **	13.0 - 13.2%
eBorders Settlement		(0.8%)**	-
FAS/CAS Adjustment		(0.9%)	(0.9%)
Adjusted Operating Margin⁽²⁾		12.1 - 12.3%	12.1 - 12.3%

* As of January 29, 2015

** Change from prior guidance reflects the impact of the eBorders settlement

(1) Does not include the expected impact of the joint venture that was announced on April 20, 2015 involving Raytheon Cyber Products and Websense.

(2) 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.

2015 Financial Outlook: By Quarter

	2015 Estimates ⁽¹⁾			
	Q2	Q3	Q4	Total
Sales (\$M)	5,350 - 5,470	5,690 - 5,815	5,972 - 6,227	\$22.3 - \$22.8B
EPS	\$1.60 - \$1.65⁽²⁾	\$1.41 - \$1.45	\$1.88 - \$1.94	\$6.67 - \$6.82
Operating Cash Flow from Cont. Ops. (\$M)	200 - 300	800 - 900	1,300 - 1,400	\$2.4B - \$2.7B

(1) Does not include the expected impact of the joint venture that was announced on April 20, 2015 involving Raytheon Cyber Products and Websense.

(2) Includes the expected \$0.29 per diluted share impact of an \$88 million tax settlement.

Appendix

Workdays in Fiscal Reporting Calendar

	Q1	Q2	Q3	Q4
2015	61	64	63	61
2014	62	64	63	60
Increase / (decrease)	(1)	0	0	1

	Q1	Q2	Q3	Q4
2014	62	64	63	60
2013	63	64	63	59
Increase / (decrease)	(1)	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		2015 Guidance	
	29-Mar-15	30-Mar-14	Low end of range	High end of range
Diluted EPS from continuing operations attributable to Raytheon Company common stockholders	\$ 1.78	\$ 1.87	\$ 6.67	\$ 6.82
Per share impact of the FAS/CAS Adjustment (A)	(0.10)	(0.18)	(0.42)	(0.42)
Per share impact of the eBorders settlement (B)	(0.42)	-	(0.47)	(0.47)
Per share impact of the tax benefit of cash repatriation (C)	-	(0.25)	-	-
Per share impact of the expected IRS tax settlement (D)	-	-	(0.29)	(0.29)
Adjusted EPS (3), (4)	<u>\$ 1.26</u>	<u>\$ 1.43</u>	<u>\$ 5.49</u>	<u>\$ 5.64</u>
(A) FAS/CAS Adjustment	\$ (49)	\$ (87)	\$ (197)	\$ (197)
Tax effect (1)	17	30	69	69
After-tax impact	(32)	(57)	(128)	(128)
Diluted shares	308.6	315.8	307.0	305.0
Per share impact	<u>\$ (0.10)</u>	<u>\$ (0.18)</u>	<u>\$ (0.42)</u>	<u>\$ (0.42)</u>
(B) eBorders settlement	\$ (181)	\$ -	\$ (181)	\$ (181)
Tax effect (2)	50	-	38	38
After-tax impact	(131)	-	(143)	(143)
Diluted shares	308.6	-	307.0	305.0
Per share impact	<u>\$ (0.42)</u>	<u>\$ -</u>	<u>\$ (0.47)</u>	<u>\$ (0.47)</u>
(C) Tax benefit of cash repatriation	\$ -	\$ (80)	\$ -	\$ -
Diluted shares	-	315.8	-	-
Per share impact	<u>\$ -</u>	<u>\$ (0.25)</u>	<u>\$ -</u>	<u>\$ -</u>
(D) Expected IRS tax settlement	\$ -	\$ -	\$ (88)	\$ (88)
Diluted shares	-	-	307.0	305.0
Per share impact	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (0.29)</u>	<u>\$ (0.29)</u>

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

(2) Actual tax effected at 27.7% blended global tax rate. Guidance tax effected at 21% UK statutory 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 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.

(4) Adjusted EPS is diluted EPS 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. Three Months Ended March 29, 2015 Adjusted EPS and 2015 Guidance Adjusted EPS excludes the favorable impact of the eBorders settlement. Three Months Ended March 30, 2014 Adjusted EPS excludes the favorable tax impact of approximately \$80 million resulting from cash repatriation in connection with a transaction with a foreign subsidiary in January 2014. 2015 Guidance Adjusted EPS also excludes the earnings per share impact of an expected IRS tax settlement related to 2014.

Reconciliation of Non-GAAP Measures in Statement of Operations Information

Adjusted Income Non-GAAP Reconciliation

(In millions)

	Three Months Ended	
	29-Mar-15	30-Mar-14
Income from continuing operations attributable to Raytheon Company common stockholders	\$ 551	\$ 589
FAS/CAS Adjustment (1)	(32)	(57)
eBorders settlement (2)	(131)	-
Tax benefit of cash repatriation	-	(80)
Adjusted Income (3), (4)	<u>\$ 388</u>	<u>\$ 452</u>

Adjusted Operating Margin Non-GAAP Reconciliation

	Three Months Ended		2015 Guidance	
	29-Mar-15	30-Mar-14	Low end of range	High end of range
Operating Margin	15.9 %	14.3 %	13.8 %	14.0 %
Impact of the FAS/CAS Adjustment	(0.9) %	(1.6) %	(0.9) %	(0.9) %
Impact of eBorders settlement	(3.4) %	- %	(0.8) %	(0.8) %
Adjusted Operating Margin (3), (5)	<u>11.5 %</u>	<u>12.7 %</u>	<u>12.1%</u>	<u>12.3%</u>

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

(2) Actual tax effected at 27.7% blended global tax rate. Guidance tax effected at 21% UK statutory 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 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.

(4) 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. Three Months Ended March 29, 2015 Adjusted Income excludes the the favorable impact of the eBorders settlement, as discussed on page 13. Three Months Ended March 30, 2014 Adjusted Income excludes the impact of the net tax benefit, as discussed on page 13.

(5) 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. Three Months Ended March 29, 2015 Adjusted Operating Margin excludes the favorable impact of the eBorders settlement as discussed on page 13.