



Third Quarter 2013 Conference Call

October 24, 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, 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 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.



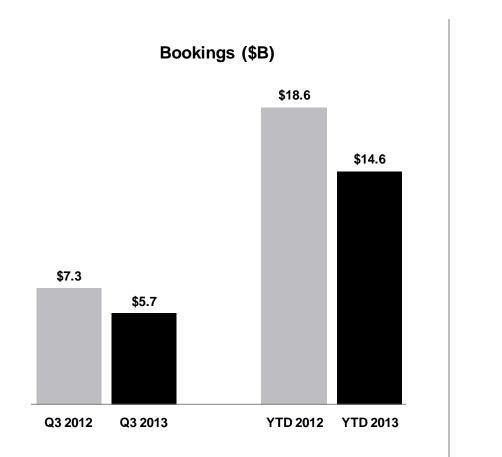
Third Quarter 2013 Highlights

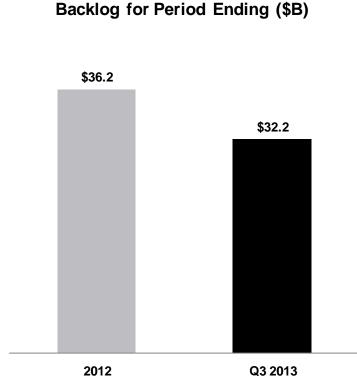
- Adjusted EPS⁽¹⁾ of \$1.60 compared to \$1.62 in third quarter 2012; EPS from continuing operations of \$1.51 consistent with \$1.51 in third quarter 2012
- Adjusted Operating Margin⁽¹⁾ of 13.7 percent and reported operating margin of 13.0 percent, consistent with third quarter 2012
- Third quarter net sales of \$5.8 billion, down 3 percent; year-to-date net sales down less than 1 percent
- Solid operating cash flow from continuing operations of \$895 million
- Increased full-year 2013 guidance for net sales, EPS and operating cash flow from continuing operations

⁽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 after-tax impact of the FAS/CAS Adjustment, and from time to time, certain other items. In addition, the Q3 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.



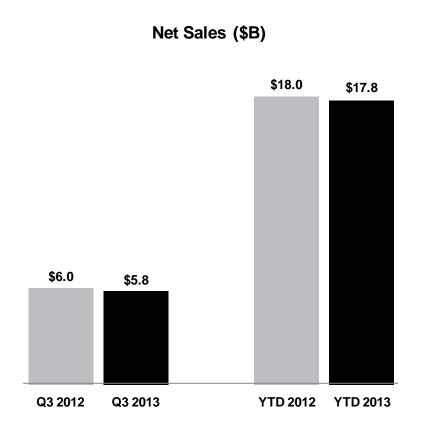
Total Company Bookings and Backlog







Total Company Net Sales



Third Quarter Net Sales (\$M)

	Q3 2012	Q3 2013	%Change
IDS	\$1,610	\$1,603	-
IIS	1,547	1,496	-3%
MS	1,677	1,635	-3%
SAS	1,678	1,556	-7%
Corp/Elims	(467)	(448)	NM
Total	\$6,045	\$5,842	-3%

Year-to-Date Net Sales (\$M)

	2012	2013	%Change
IDS	\$4,762	\$4,920	3%
IIS	4,732	4,587	-3%
MS	4,858	4,961	2%
SAS	5,003	4,758	-5%
Corp/Elims	(1,380)	(1,390)	NM
Total	\$17,975	\$17,836	-0.8%

NM = Not Meaningful



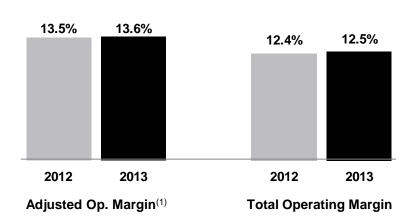
Total Company Operating Margins

Third Quarter



	Q3 2012	Q3 2013	Change
IDS	17.3%	17.8%	50 bps
IIS	8.1%	9.0%	90 bps
MS	13.9%	12.4%	(150) bps
SAS	14.1%	14.4%	30 bps
FAS/CAS Adjustment	(\$47M)	(\$46M)	\$1M
Corp/Elims	(\$40M)	(\$43M)	(\$3M)
Total Operating Margin	13.0%	13.0%	-
FAS/CAS Adjustment	0.8%	0.8%	-
Adjusted Operating Margin ⁽¹⁾	13.8%	13.7%	(10) bps

Year-to-Date



	2012	2013	Change
IDS	16.5%	17.8%	130 bps
IIS	8.5%	8.5%	-
MS	13.6%	12.7%	(90) bps
SAS	14.1%	14.0%	(10) bps
FAS/CAS Adjustment	(\$188M)	(\$189M)	(\$1M)
Corp/Elims	(\$131M)	(\$141M)	(\$10M)
Total Operating Margin	12.4%	12.5%	10 bps
FAS/CAS Adjustment	1.0%	1.1%	10 bps
Adjusted Operating Margin ⁽¹⁾	13.5%	13.6%	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.

Strong, consistent overall operational performance



Earnings Per Share from Continuing Operations



Adjusted EPS (\$) ⁽¹⁾	Third Quarter	Year-to-Date	
Adjusted EPS 2012	\$1.62	\$4.66	
Operations	(0.05)	(0.02)	
Reduced share count	0.05	0.14	
Other items, net	(0.02)	0.03	
Adjusted EPS 2013	\$1.60	\$4.80	

Year-to-Date					
\$4.66	\$4.80		\$4.24	\$4.50	
2012	2013		2012	2013	
Adjuste	ed EPS ⁽¹⁾		E	PS	

EPS (\$)	Third Quarter	Year-to-Date
EPS from Continuing Operations 2012	\$1.51	\$4.24
Operations	(0.05)	(0.02)
Reduced share count	0.05	0.14
Other items, net	-	0.08
FAS/CAS Adjustment	-	(0.02)
2012 R&D tax credit		0.08
EPS from Continuing Operations 2013	\$1.51	\$4.50

⁽¹⁾ Adjusted EPS is a non-GAAP financial measure. In addition, the Q3 2012 and YTD 2012 Adjusted EPS amounts have been revised to include the favorable \$0.02 and \$0.05 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.



2013 Financial Outlook

	Current	Prior*
Net Sales (\$B)	23.6 - 23.8**	23.5 - 23.7
FAS/CAS Adjustment (\$M)	(255)**	(286)
Interest Expense, Net (\$M)	(200) - (205)**	(200) - (210)
Diluted Shares (M)	Approx. 324**	323 - 324
Effective Tax Rate	Approx. 29%	Approx. 29%
EPS from Continuing Operations	\$5.67 - \$5.77**	\$5.51 - \$5.61
Adjusted EPS ⁽¹⁾	\$6.10 - \$6.20**	\$6.00 - \$6.10
Operating Cash Flow from Cont. Ops. (\$B)	2.2 - 2.4**	2.1 - 2.3

^{*} As of July 25, 2013

(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.

^{**} Denotes changes from prior guidance



2013 Financial Outlook: By Business

	Current	Prior*	Current	Prior*	
	Net Sales (\$B)		Operating Margins (%)	Operating Margins (%)	
IDS	6.4 - 6.5	6.4 - 6.5	17.0 - 17.1%**	16.8 - 16.9%	
IIS	5.9 - 6.0	5.9 - 6.0	8.1 - 8.2%**	8.0 - 8.1%	
MS	6.5 - 6.6**	6.4 - 6.5	12.9 - 13.0%	12.9 - 13.0%	
SAS	6.5 - 6.6	6.5 - 6.6	13.6 - 13.7%**	13.5 - 13.6%	
FAS/CAS Adjustment	-	-	(255)**	(286)	
Corp./Elims.	(1.8) - (1.9)	(1.8) - (1.9)	(\$210M) - (\$220M)**	(\$230M) - (\$240M)	
Total Cont. Ops.	\$23.6 - \$23.8**	\$23.5 - \$23.7	12.0 - 12.1%**	11.7 - 11.8%	
FAS/CAS Adjustment			1.1%**	1.2%	
Adjusted Operating Margin ⁽¹⁾			13.1 - 13.2%**	12.9 - 13.0%	

^{*} As of July 25, 2013

(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.

^{**} Denotes changes from prior guidance



2014 FAS/CAS Pension Adjustment (\$M)

	2014 Global FAS / CAS Pension Income / (Expense) (\$M)								
Actual				12/31	/13 Discoun	t Rate			
2013 Asset Return	3.75%	4.00%	4.25%	4.50%	4.75%	5.00%	5.25%	5.50%	5.75%
-5.00%	(412)	(344)	(276)	(209)	(143)	(78)	(14)	50	113
0.00%	(331)	(262)	(194)	(127)	(61)	4	68	132	195
5.00%	(249)	(180)	(113)	(46)	20	86	150	213	276
8.75%	(188)	(119)	(52)	16	81	147	211	274	337
10.00%	(168)	(99)	(32)	35	102	167	231	294	358
15.00%	(86)	(18)	50	117	183	248	313	376	439
20.00%	(5)	64	132	199	265	330	394	457	520

The FAS/CAS pension adjustment represents the difference between the pension costs required to be recognized under Financial Accounting Standards under U.S. GAAP (FAS) and the pension cost recorded under U.S. Government Cost Accounting Standards (CAS). This chart indicates the range of possible outcomes for the 2014 FAS/CAS pension adjustment, based upon different discount rates and 2013 asset return rates that will be determined at 12/31/13.

Actual 2014 results are not necessarily limited to the above scenarios nor the above factors of discount rate and actual asset return (e.g. results will also reflect any potential changes in census data, etc.). The range of outcomes above is also based on our current, long-term return on asset (ROA) assumption of 8.75%. As noted above, 2014 pension expense will be determined at 12/31/13 using assumptions and based on market conditions in place at that time.



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

Reconciliation of Non-GAAP Measures in Statement of Operations Information



Adjusted EPS Non-GAAP Reconciliation

(In millions, except per share amounts)				2013 Current Guidance	2013 Prior Guidance
(IITTIIIIIOTIS, EXCEPT PET SHATE ATTIOUTIES)	Three Mon	ths Ended	Nine Months Ended	Low end High end	Low end High end
	29-Sep-13	30-Sep-12	29-Sep-13 30-Sep-12	of range of range	of range of range
Diluted EPS from continuing operations attributable	20 000 .0	<u> </u>	<u> </u>	<u> </u>	<u>or rainge</u>
to Raytheon Company common stockholders	\$ 1.51	\$ 1.51	\$ 4.50 \$ 4.24	\$ 5.67 \$ 5.77	\$ 5.51 \$ 5.61
Per share impact of the FAS/CAS Adjustment (A)	0.09	0.09	0.38 0.36	0.51 0.51	0.57 0.58
Per share impact of the 2012 research & development (R&D) tax credit (B)		0.02	(0.08)0.05	(0.08) (0.08)	(0.08) (0.08)
Adjusted EPS (2), (3)	\$ 1.60	\$ 1.62	\$ 4.80 \$ 4.66	\$ 6.10 \$ 6.20	\$ 6.00 \$ 6.10
(A) FAS/CAS Adjustment	\$ 46	\$ 47	\$ 189 \$ 188	\$ 255 \$ 255	\$ 286 \$ 286
Tax effect (1)	(16)	(16)	(66) (66)	(89) (89)	(100)(100)_
After-tax impact	30	31	123 122	166 166	186 186
Diluted shares	323.3	333.0	325.7 335.4	324.0 324.0	324.0 323.0
Per share impact	\$ 0.09	\$ 0.09	\$ 0.38 \$ 0.36	\$ 0.51 \$ 0.51	\$ 0.57 \$ 0.58
(B) 2012 R&D tax credit	\$ -	\$ 6	\$ (25) \$ 18	\$ (25) \$ (25)	\$ (25) \$ (25)
Diluted shares	-	333.0	325.7 335.4	324.0 324.0	324.0 323.0
Per share impact	\$ -	\$ 0.02	\$ (0.08) \$ 0.05	\$ (0.08)	\$ (0.08)

⁽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. Nine 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 Q3 2012 and Nine Months Ended 2012 Adjusted EPS amounts have 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



2013

2013

Adjusted Income Non-GAAP Reconciliation

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	Three Months Ended				Nine Months Ended			
	29-Sep-13		30-Sep-12		29-Sep-13		30-Sep-12	
Income from continuing operations attributable to								
Raytheon Company common stockholders	\$	487	\$	501	\$	1,465	\$	1,423
FAS/CAS Adjustment (1)		30		31		123		122
2012 R&D tax credit		-		6		(25)		18
Adjusted Income (2), (3)	\$	517	\$	538	\$	1,563	\$	1,563

Adjusted Operating Margin Non-GAAP Reconciliation

				Current C	Guidance	Prior Guidance		
Three Mor	ths Ended	Nine Mon	ths Ended	Low end	High end	Low end	High end	
29-Sep-13	30-Sep-12	29-Sep-13	30-Sep-12	of range	of range	of range	of range	
13.0 %	13.0 %	12.5 %	12.4 %	12.0 %	12.1 %	11.7 %	11.8 %	
0.8 %	0.8 %	1.1 %	1.0 %	1.1 %	1.1 %	1.2 %	1.2 %	
13.7 %	13.8 %	13.6 %	13.5 %	13.1%	13.2%	12.9%	13.0%	
	29-Sep-13 13.0 % 0.8 %	13.0 % 13.0 % 0.8 % 0.8 %	29-Sep-13 30-Sep-12 29-Sep-13 13.0 % 13.0 % 12.5 % 0.8 % 0.8 % 1.1 %	29-Sep-13 30-Sep-12 29-Sep-13 30-Sep-12 13.0 % 13.0 % 12.5 % 12.4 % 0.8 % 0.8 % 1.1 % 1.0 %	Three Months Ended Nine Months Ended Low end 29-Sep-13 30-Sep-12 29-Sep-13 30-Sep-12 of range 13.0 % 13.0 % 12.5 % 12.4 % 12.0 % 0.8 % 0.8 % 1.1 % 1.0 % 1.1 %	29-Sep-13 30-Sep-12 29-Sep-13 30-Sep-12 of range of range 13.0 % 13.0 % 12.5 % 12.4 % 12.0 % 12.1 % 0.8 % 0.8 % 1.1 % 1.0 % 1.1 % 1.1 %	Three Months Ended Nine Months Ended Low end of range High end of range Low end of range 13.0 % 13.0 % 12.5 % 12.4 % 12.0 % 12.1 % 11.7 % 0.8 % 0.8 % 1.1 % 1.0 % 1.1 % 1.1 % 1.2 %	

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

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⁽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. Nine Months Ended 2013 Adjusted Income also excludes the 2012 R&D tax credit, as discussed on page 13. Q3 2012 and Nine 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.