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Second Quarter 2015 Conference Call

July 23, 2015

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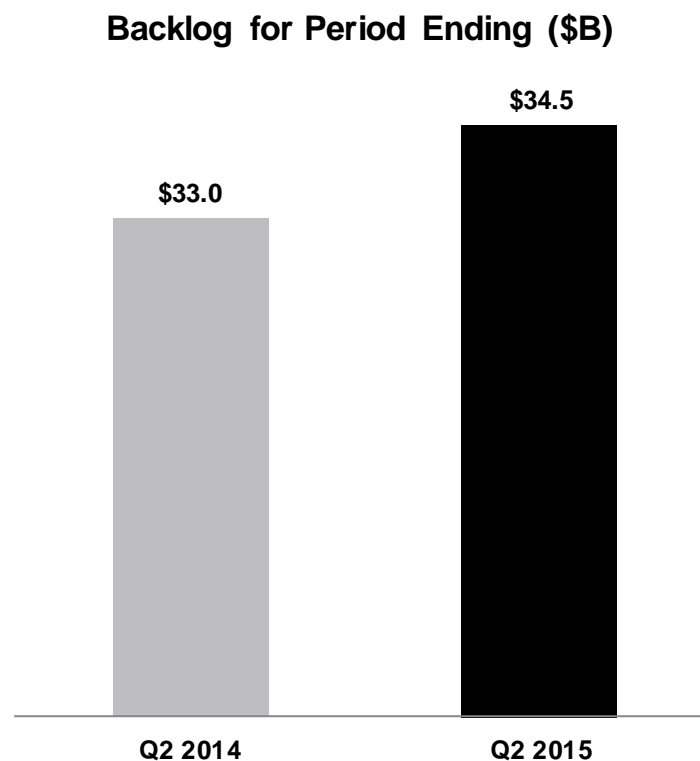
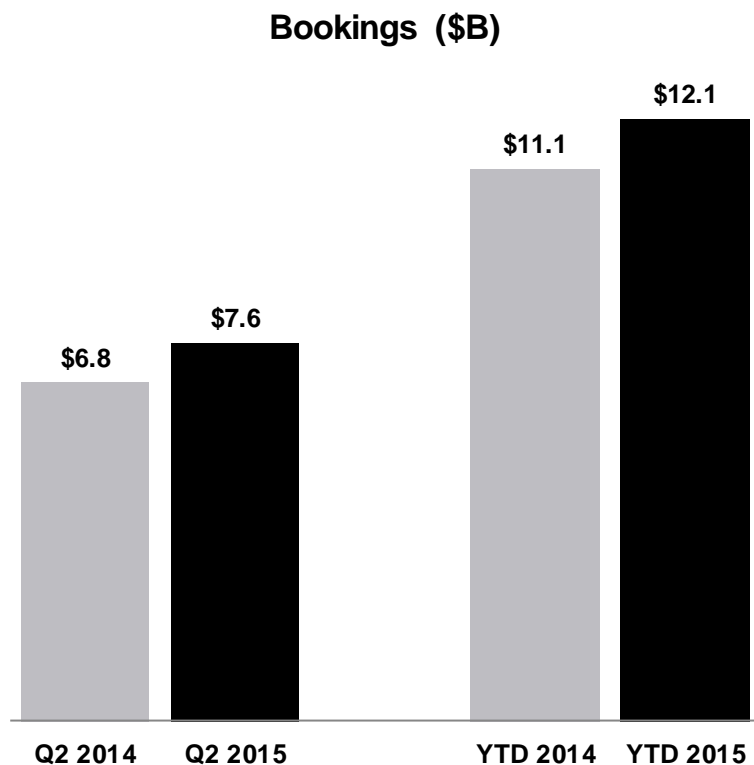
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Second Quarter 2015 Highlights

- Strong bookings of \$7.6 billion; book-to-bill of 1.30
- Net sales of \$5.8 billion, up 3 percent
- EPS from continuing operations of \$1.65
- Solid operating cash flow from continuing operations of \$376 million
- Updating 2015 full-year guidance

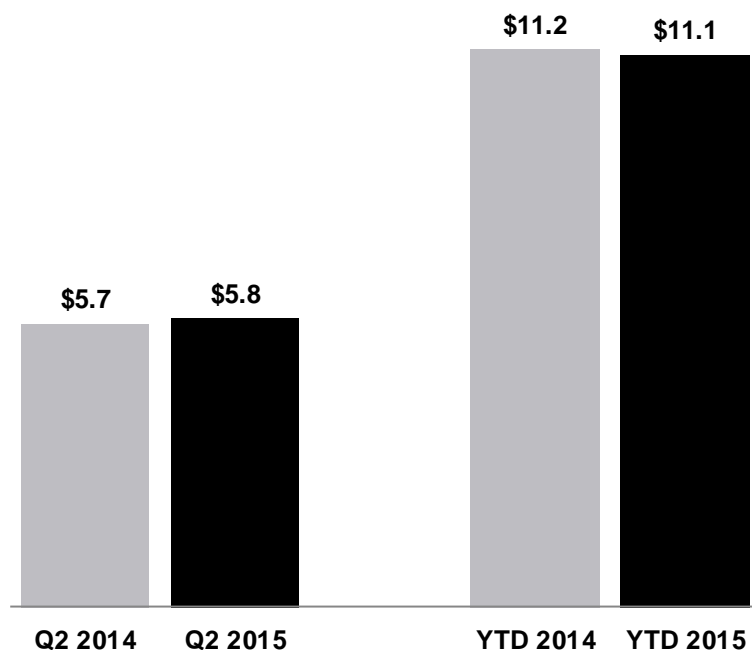
Total Company Bookings and Backlog



Book-to-bill ratio of 1.30 in Q2 2015 and 1.10 on a trailing four quarter basis

Total Company Net Sales

Net Sales (\$B)



Net Sales (\$M)

	Q2 2014	Q2 2015	% Change
IDS	\$1,549	\$1,698	10%
IIS	1,493	1,496	0%
MS	1,539	1,559	1%
SAS	1,505	1,416	-6%
RW	28	57 ⁽¹⁾	NM
Eliminations	(413)	(368)	NM
Total Business Segment	5,701	5,858	3%
RW Deferred Revenue Adjustment ⁽²⁾	-	(10)	NM
Total	\$5,701	\$5,848	3%

NM = Not Meaningful

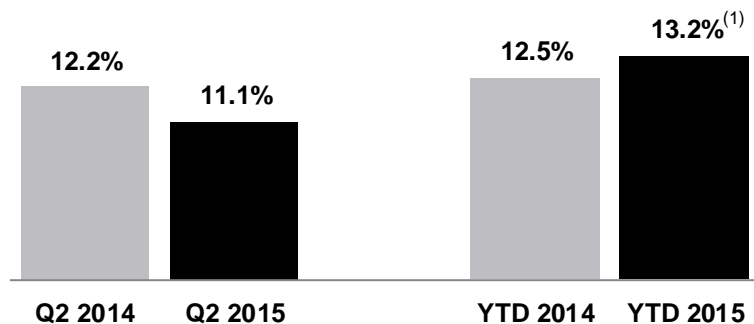
(1) Includes sales of Websense since May 29, 2015 (the closing date of the transaction).

(2) RW Deferred Revenue Adjustment represents the unfavorable impact of the acquisition accounting adjustments to record acquired deferred revenue at fair value related to Raytheon|Websense, including historical Raytheon Cyber Products acquisitions.

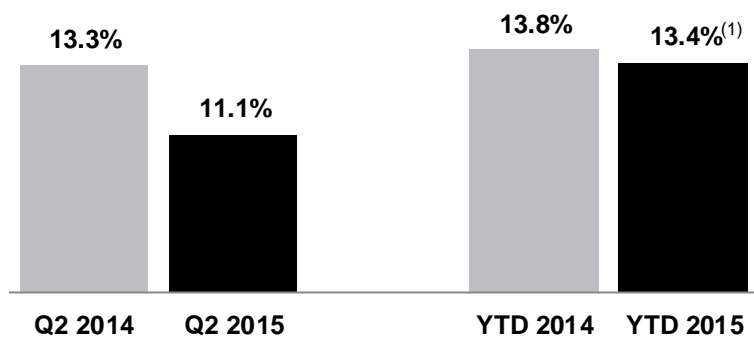
Q2 2015 sales increased by 3 percent

Total Company Operating Margins

Total Business Segment Operating Margin



Total Operating Margin



	Q2 2014	Q2 2015	Change
IDS	14.1%	12.7%	(140) bps
IIS	8.2%	7.2%	(100) bps
MS	12.3%	11.7%	(60) bps
SAS	13.4%	13.1%	(30) bps
RW ⁽²⁾	10.7%	-1.8%	NM
Eliminations	(\$42M)	(\$39M)	\$3M
Total Business Segment Operating Margin	12.2%	11.1%	(110) bps
RW Deferred Revenue Adjustment ⁽³⁾	-	(\$10M)	(\$10M)
RW Amortization of Intangibles ⁽³⁾	(\$1M)	(\$8M)	(\$7M)
FAS/CAS Adjustment	\$87M	\$49M	(\$38M)
Corporate ⁽⁴⁾	(\$22M)	(\$35M)	(\$13M)
Total Operating Margin	13.3%	11.1%	(220) bps

NM = Not Meaningful

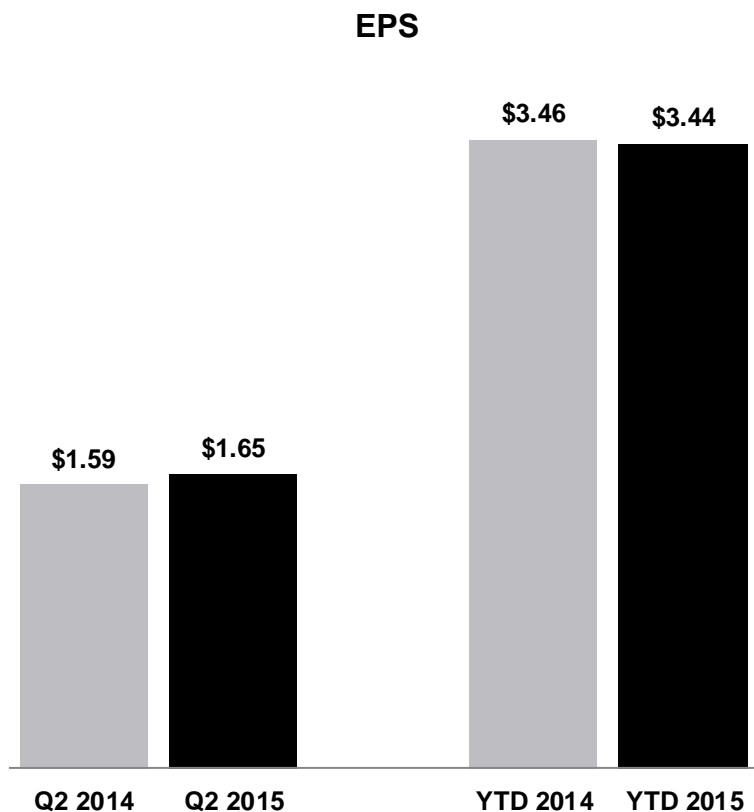
(1) YTD 2015 operating margin includes the favorable \$181 million impact of the first quarter 2015 eBorders settlement.

(2) Second quarter 2015 includes the unfavorable \$5 million impact of restructuring costs related to Raytheon|Websense.

(3) RW Deferred Revenue Adjustment and RW Amortization of Intangibles represent the unfavorable impact of the acquisition accounting adjustments to record acquired deferred revenue at fair value and the amortization of acquired intangible assets, respectively, related to Raytheon|Websense, including historical Raytheon Cyber Products acquisitions.

(4) Second quarter 2015 includes the unfavorable \$23 million impact of Websense acquisition related costs.

Earnings Per Share from Continuing Operations



EPS (\$)	
Second Quarter 2014	\$1.59
Operations	(0.06)
Reduced share count	0.03
FAS/CAS Adjustment	(0.08)
Tax settlement	0.29
RW Deferred Revenue Adjustment ⁽¹⁾	(0.02)
RW Amortization of Intangibles ⁽¹⁾	(0.01)
RW Acquisition Related Costs ⁽²⁾	(0.05)
RW Restructuring Costs ⁽²⁾	(0.01)
Other items, net	(0.03)
Second Quarter 2015	\$1.65

(1) RW Deferred Revenue Adjustment and RW Amortization of Intangibles represent the unfavorable impact of the acquisition accounting adjustments to record acquired deferred revenue at fair value and the amortization of acquired intangible assets, respectively, related to Raytheon|Websense, including historical Raytheon Cyber Products acquisitions.

(2) RW Acquisition Related and Restructuring Costs represent acquisition related costs and restructuring costs associated with the combination of Websense and Raytheon Cyber Products.

2015 Financial Outlook

	Current ⁽¹⁾	Prior*
Net Sales (\$B)	22.7 - 23.2**	22.3 - 22.8
RW Deferred Revenue Adjustment (\$M) ⁽²⁾	(61)**	NA
RW Amortization of Intangibles (\$M) ⁽²⁾	(58)**	NA
FAS/CAS Adjustment (\$M)	197	197
Interest Expense, Net (\$M)	(225) - (235)	(225) - (235)
Diluted Shares (M)	305 - 306**	305 - 307
Effective Tax Rate	Approx. 27.0%	Approx. 27.0%
EPS from Continuing Operations	\$6.47 - \$6.62**	\$6.67 - \$6.82
Operating Cash Flow from Cont. Ops. (\$B)	2.5 - 2.7**	2.4 - 2.7

* As of April 23, 2015

** Denotes changes from prior guidance

NA = Not Applicable

(1) Updated to reflect improved operating performance to date and the impact of the creation of Raytheon|Websense (RW) on May 29, 2015.

(2) RW Deferred Revenue Adjustment and RW Amortization of Intangibles represent the unfavorable impact of the acquisition accounting adjustments to record acquired deferred revenue at fair value and the amortization of acquired intangible assets, respectively, related to Raytheon|Websense, including historical Raytheon Cyber Products acquisitions. For more details, see page 12.

2015 Financial Outlook: By Business

	Current Net Sales (\$B)	Prior* Net Sales (\$B)	Current Operating Margins (%)	Prior* Operating Margins (%)
IDS	6.1 - 6.3 **	6.0 - 6.2	15.1 - 15.3%	15.1 - 15.3%
IIS ⁽¹⁾	5.7 - 5.9 **	5.8 - 6.0	10.4 - 10.6% ⁽²⁾	10.4 - 10.6% ⁽²⁾
MS	6.4 - 6.6 **	6.2 - 6.4	12.8 - 13.0%	12.8 - 13.0%
SAS	5.6 - 5.8	5.6 - 5.8	13.1 - 13.3%	13.1 - 13.3%
RW ⁽¹⁾	0.3 **	NA	9.0 - 10.0% **	NA
Eliminations	(1.5) - (1.6)	(1.5) - (1.6)	(\$155M) - (\$160M)	(\$155M) - (\$160M)
Total business segment	\$22.8 - \$23.3 **	\$22.3 - \$22.8	13.2 - 13.4%	13.2 - 13.4%
RW Deferred Revenue Adjustment ⁽³⁾	(0.1) **	NA	(61M) **	NA
RW Amortization of Intangibles ⁽³⁾	-	NA	(58M) **	NA
FAS/CAS Adjustment	-	-	197	197
Corporate ⁽⁴⁾	-	-	(\$95M) - (\$100M) **	(\$65M) - (\$70M)
Total	\$22.7 - \$23.2 **	\$22.3 - \$22.8	13.1 - 13.3% **	13.8 - 14.0%

* As of April 23, 2015

** Change from prior guidance

(1) Updated to reflect the creation of Raytheon|Websense(RW), and the resulting reclassification of RCP from Raytheon's IIS business segment.

(2) Includes the favorable \$181 million adjustment to operating income for the first quarter 2015 eBorders settlement.

(3) RW Deferred Revenue Adjustment and RW Amortization of Intangibles represent the unfavorable impact of the acquisition accounting adjustments to record acquired deferred revenue at fair value and the amortization of acquired intangible assets, respectively, related to Raytheon|Websense, including historical Raytheon Cyber Products acquisitions, and are excluded from RW.

(4) Includes \$30 million impact of Websense acquisition related costs of which \$25 million has been incurred YTD Q2 2015.

2015 Financial Outlook: By Quarter

	2015 Estimates		
	Q3	Q4	Total
Sales (\$M)	5,690 - 5,815	5,875 - 6,250	\$22.7B - \$23.2B
EPS	\$1.34 - \$1.40	\$1.69 - \$1.78	\$6.47 - \$6.62
Operating Cash Flow from Cont. Ops. (\$M)	800 - 900	1,250 - 1,350	\$2.5B - \$2.7B

Appendix

Raytheon|Websense Acquisition Accounting Adjustments Outlook

(\$M)	2015	2016	2017	2018
RW Deferred Revenue Adjustment ⁽¹⁾	\$61	\$53	\$26	\$5
RW Amortization of Intangibles ^{(1),(2)}	\$58	\$83	\$87	\$80
Total RW Acquisition Accounting Adjustments	\$119	\$136	\$113	\$85

(1) RW Deferred Revenue Adjustment and RW Amortization of Intangibles represent the unfavorable impact of the acquisition accounting adjustments to record acquired deferred revenue at fair value and the amortization of acquired intangible assets, respectively, related to Raytheon|Websense, including historical Raytheon Cyber Products acquisitions.

(2) Amortization of acquired intangible assets is based on the pattern in which economic benefits of intangible assets are being utilized.

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