

# Raytheon Company Third Quarter Earnings

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October 23, 2003

## **Dial In Number**

**800-299-9630 Domestic**

**617-786-2904 International**

## **Replay Number**

**888-286-8010 Domestic**

**617-801-6888 International**

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**Available through October 30, 2003**

# Forward Looking Statements

Certain statements made in this release, including any statements relating to the Company's future plans, objectives, and projected future financial performance, contain or are based on, forward-looking statements within the meaning of the federal securities laws. Specifically, statements that are not historical facts, including statements accompanied by words such as "believe," "expect," "estimate," "intend," or "plan," and variations of these words and similar expressions, are intended to identify forward-looking statements and convey the uncertainty of future events or outcomes. The Company cautions readers that any such forward-looking statements are based on assumptions that the Company believes are reasonable, but are subject to a wide range of risks, and actual results may differ materially. The Company expressly disclaims any current intention to provide updates to forward-looking statements, and the estimates and assumptions associated with them, after the date of this release. Important factors that could cause actual results to differ include, but are not limited to: the ability to obtain or the timing of obtaining future government awards; the availability of government funding; changes in government or customer priorities due to program reviews or revisions to strategic objectives; difficulties in developing and producing operationally advanced technology systems; termination of government contracts; program performance, including resolution of claims, particularly at the Company's NCS business unit; timing of contract payments; the performance of critical subcontractors; government import and export policies and other government regulations; the ultimate resolution of contingencies and legal matters, including investigations; the effect of market conditions, particularly in relation to the general aviation and commuter aircraft markets; the uncertainty of the timing and amount of net realizable value of Boeing Business Jet-related assets; risks inherent with large long-term fixed price contracts, particularly the ability to contain cost growth; the Company's lack of construction industry expertise resulting from the Company's sale of its Engineers and Constructors business; the timing of project completion and customer acceptance of two Massachusetts construction projects; delays and cost growth arising from testing and commissioning processes conducted at the Massachusetts projects; the final determination by the Company of the required expenditures to complete the Massachusetts projects; and the impact of change orders, the recoverability of the Company's claims and the outcome of defending claims asserted against the Company. Further information regarding the factors that could cause actual results to differ materially from the Company's expectations are disclosed in the Company's SEC filings, including "Item 1-Business" of the Company's Annual Report on Form 10-K for the year ended December 31, 2002 and in the Company's Quarterly Reports on Form 10-Q for the quarter ended June 29, 2003.

# RAC: Commercial Deliveries

Year-to-Date September			Full Year	
<u>2002A</u>	<u>2003A</u>		<u>2002A</u>	<u>2003E</u>
28	27	Hawker	44	46
16	18	Premier I	29	36
12	17	Beechjet	17	24
34	41	King Air	67	78
<u>56</u>	<u>56</u>	Pistons	<u>83</u>	<u>82</u>
146	159	Total	240	266

# Updated 2003 Financial Outlook

**4Q 2003**

<b>Total Sales</b>	<b>\$4.9 - \$5.0B</b>
<b>Operating Income</b>	<b>\$445 - 460M</b>
<b>EPS</b>	<b>\$0.52 - \$0.54</b>
<b>Cont. ops cash flow</b>	<b>\$500 - \$550M</b>
<b>Total free cash flow</b>	<b>\$450 - \$500M</b>

**Total Year 2003**

<b>Total Sales</b>	<b>\$17.9-\$18.0B</b>
<b>Operating Income</b>	<b>\$1,310-\$1,325M</b>
<b>EPS</b>	<b>\$1.29-\$1.31</b>
<b>Cont. ops cash flow</b>	<b>\$1,200 - \$1,250M</b>
<b>Total free cash flow</b>	<b>\$625 - \$675M</b>

# Updated 2004 Financial Outlook

## Early 2004 Financial Outlook

Defense Sales	8.0%-10.0%
RAC Sales	10.0%-12.0%
Total Company sales	8.0%-10.0%
EPS	\$1.50-\$1.60
FAS/CAS pension	(\$305M)
Free cash flow	\$1B

## 2003-2004 EPS Walk

2003 Estimate	\$1.29-\$1.31
Defense	\$0.50-\$0.60
RAC	-
Interest expense	\$0.10
Equity units	(\$0.06)
Tax Rate	(0.02)
Pension (FAS/CAS)	<u>(0.32)</u>
2004 Guidance	\$1.50-\$1.60

## 2004 EPS Walk

Prior Estimate	\$1.60 - \$1.70
NCS	(\$0.20)
Other Defense Businesses	\$0.04
Tax rate	<u>\$0.06</u>
Updated 2004 guidance	\$1.50-\$1.60

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## Appendix

# Used Aircraft Indicators

