

The background of the slide is a composite image. On the left side, there is a dark blue and black space filled with glowing blue lines and binary code (0s and 1s) that appear to be moving or flowing. On the right side, there is a view of the Earth from space, showing the curvature of the planet and a bright sun or star in the distance, creating a lens flare effect.

Second Quarter Earnings

July 24, 2008

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Forward-Looking Statements

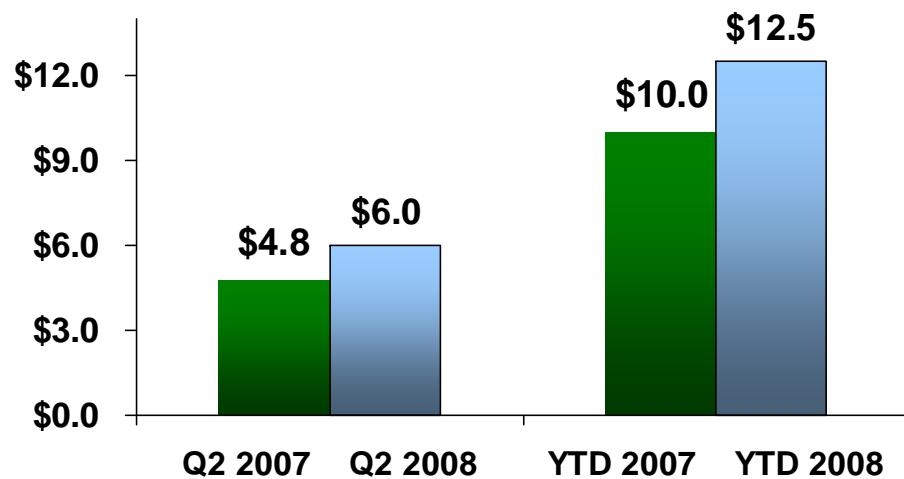
This presentation contains forward-looking statements, including information regarding the Company's 2008 financial outlook, future plans, objectives, business prospects and anticipated financial performance. These forward-looking statements are not statements of historical facts and represent only the 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, uncertain funding of programs, potential termination of contracts, and difficulties in contract performance; 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 and procurement and other regulations; the impact of competition; the ability to develop products and technologies; 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 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.

Q2 2008 Highlights

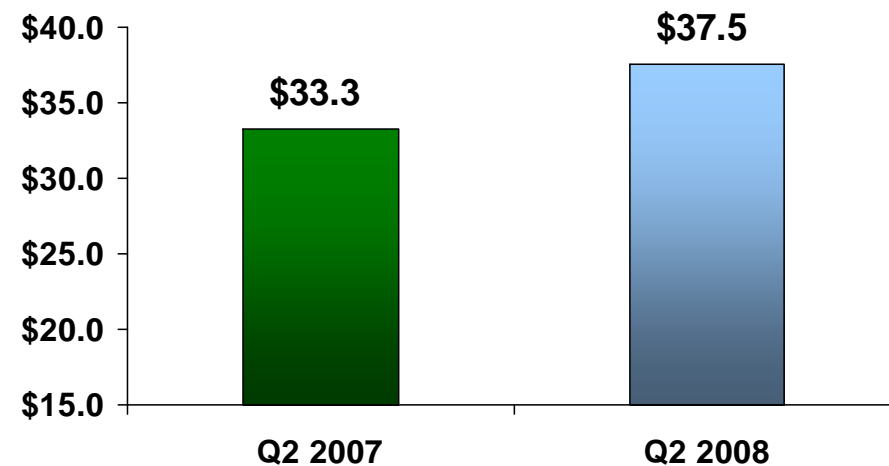
- Sales of \$5.9 billion, up 11 percent
- Operating income of \$662 million, up 12 percent
- Earnings per share (EPS) from continuing operations of \$1.00, up 27 percent
- Solid bookings of \$6.0 billion; backlog of \$37.5 billion
- Strong operating cash flow from continuing operations of \$767 million
- Increased full-year guidance for sales, EPS, operating cash flow, and ROIC

Total Company Bookings and Backlog

Bookings (\$B)



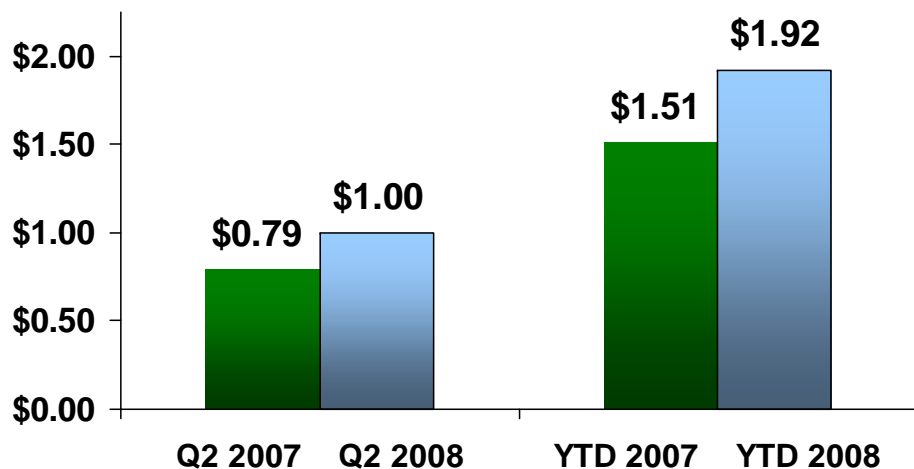
Backlog (\$B)



Solid bookings in Q2 2008; ended quarter with \$37.5B backlog

Earnings Per Share from Continuing Operations

Diluted EPS (\$)

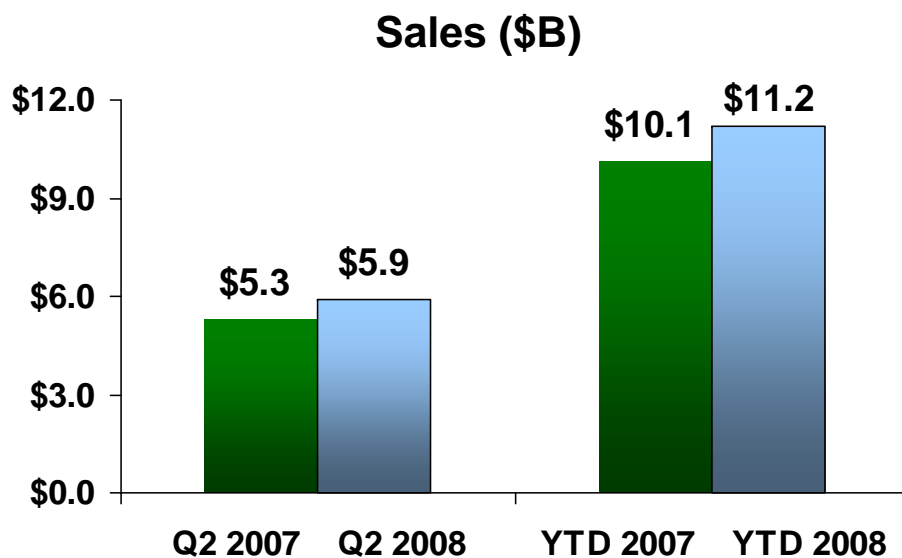


Second Quarter

Second Quarter 2007 EPS	\$0.79
Operational improvements	0.07
Lower pension expense	0.04
2007 debt repurchase	0.09
Other items, net	0.01
Second Quarter 2008 EPS	\$1.00

EPS increased by 27 percent in Q2 2008

Total Company Sales



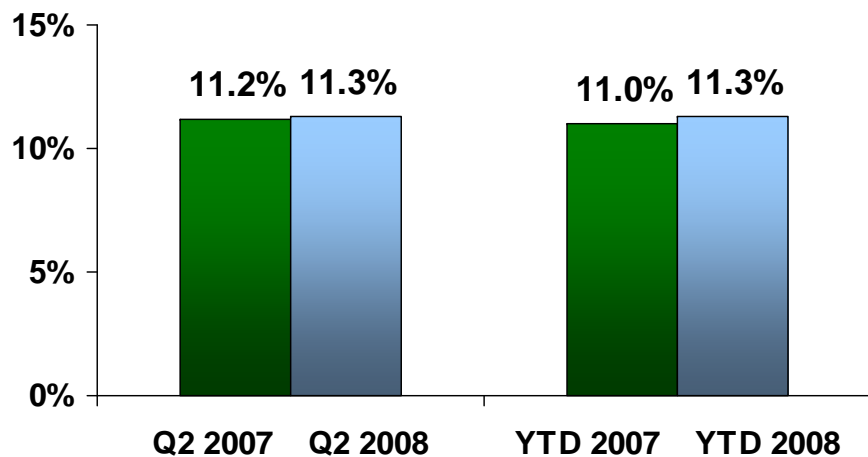
Second Quarter Sales (\$M)

	Q2 2007	Q2 2008	% Change
IDS	1,166	1,257	8%
IIS	666	829	24%
MS	1,244	1,355	9%
NCS	1,052	1,173	12%
SAS	1,065	1,096	3%
TS	514	647	26%
Corp/Elims	(429)	(487)	NM
Total	5,278	5,870	11%

Total Company sales up 11 percent in Q2 2008

Total Company Operating Margins

Operating Margins (%)



Second Quarter Operating Margins (%)

	<u>Q2 2007</u>	<u>Q2 2008</u>	<u>Net Change</u>
IDS	18.2%	16.6%	(160) bps
IIS	9.5%	8.1%	(140) bps
MS	10.8%	11.5%	70 bps
NCS	13.2%	12.4%	(80) bps
SAS	12.5%	13.1%	60 bps
TS	6.2%	7.0%	80 bps
Corp and Elims	(\$61M)	(\$70M)	(\$9M)
Subtotal	12.4%	11.9%	(50) bps
FAS/CAS Inc Adj	(1.2)%	(0.6)%	60 bps
Total	11.2%	11.3%	10 bps

Operating margins remain strong

2008 Financial Outlook

	<u>Current</u>	<u>Prior**</u>
Sales (\$B)	22.6 - 23.1*	22.4 - 22.9
FAS/CAS Pension Expense (\$M)	150	150
Interest Expense, net (\$M)	40 - 55*	45 - 60
Diluted Shares (M)	426 - 428*	427 - 429
EPS from Continuing Operations	\$3.80 - \$3.95*	\$3.65 - \$3.80
Operating Cash Flow from Cont. Ops. (\$B)	2.2 - 2.4*	2.0 - 2.2
ROIC (%)	9.9 - 10.4*	9.6 - 10.1

* Denotes changes from prior guidance

** As of April 24, 2008

Increased guidance for sales, EPS, operating cash flow and ROIC

EPS from Continuing Operations Outlook Update

2008 Full Year

Prior Guidance

\$3.65 - \$3.80

Operational Improvements

\$0.08

Taxes

\$0.04

Other Items

\$0.03

Current Guidance

\$3.80 - \$3.95

Strong operating performance driving increase to EPS guidance

2008 Financial Outlook: By Business

	<u>Current</u> <u>Sales (\$B)</u>	<u>Prior**</u> <u>Sales (\$B)</u>	<u>Current</u> <u>Op. Margins</u>	<u>Prior**</u> <u>Op. Margins</u>
IDS	5.0 - 5.2	5.0 - 5.2	16.7 - 17.1%	16.7 - 17.1%
IIS	2.9 - 3.1	2.9 - 3.1	8.6 - 9.0%	8.6 - 9.0%
MS	5.1 - 5.3	5.1 - 5.3	10.5 - 10.9%	10.5 - 10.9%
NCS	4.4 - 4.6*	4.3 - 4.5	12.0 - 12.5%	12.0 - 12.5%
SAS	4.1 - 4.3	4.1 - 4.3	12.7 - 13.1%	12.7 - 13.1%
TS	2.3 - 2.5*	2.2 - 2.4	6.3 - 6.7%	6.3 - 6.7%
Corp and Elims	<u>(1.7)</u>	<u>(1.7)</u>	<u>(\$235M)-(\$245M)*</u>	<u>(\$250M)-(\$260M)</u>
Subtotal	\$22.6 - \$23.1*	\$22.4 - \$22.9	11.7 - 12.0%*	11.6 - 11.9%
FAS/CAS Inc Adj	<u>-</u>	<u>-</u>	<u>-0.7%</u>	<u>-0.7%</u>
Total Cont. Ops	\$22.6 - \$23.1*	\$22.4 - \$22.9	11.0 - 11.3%*	10.9 - 11.2%

* Denotes change from prior guidance

** As of April 24, 2008

Continue to focus on strong sales growth and operational execution

Appendix

2008 Financial Outlook: By Quarter

	Current 2008 Estimates		
	Q3	Q4	Total
Sales	~24.5%	~27%	\$22.6B - \$23.1B
EPS	~23%	~29%	\$3.80 - \$3.95
Operating Cash Flow from Continuing Operations	\$400M - \$450M	\$1.0B - \$1.1B	\$2.2B - \$2.4B

Workdays in Fiscal Reporting Calendar

	Q1	Q2	Q3	Q4
2008	63	64	63	60
2007	<u>59</u>	<u>64</u>	<u>63</u>	<u>63</u>
Delta	4	0	0	(3)

Return on Invested Capital (ROIC) Calculation

\$ millions

	Outlook 2008E
Income from cont. ops.	} Combined
Net interest expense, after-tax*	
Lease expense, after-tax*	
Return	\$1,715 - 1,780
Net debt**	} Combined
Equity less investment in disc. ops.	
Lease exp. X 8, plus fin. guarantees	
SFAS No. 158 impact	
Invested capital from cont. ops.***	\$17,300 - 17,100
ROIC	9.9 - 10.4%

* Effective tax rate

33.5%

** Net debt is defined as total debt less cash and cash equivalents & is calculated using a 2-point average

*** Calculated using a 2-point average

The Company defines Return on Invested Capital (ROIC) as income from continuing operations plus after-tax net interest expense plus one-third of operating lease expense after-tax (estimate of interest portion of operating lease expense) divided by average invested capital after capitalizing operating leases (operating lease expense times a multiplier of 8), adding financial guarantees less net investment in Discontinued Operations, and adding back the impact of Statement of Financial Accounting Standards No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans (SFAS No. 158). ROIC is not a measure of financial performance under generally accepted accounting principles (GAAP) and may not be defined and calculated by other companies in the same manner. ROIC should be considered supplemental to and not a substitute for financial information prepared in accordance with GAAP. The Company uses ROIC as a measure of efficiency and effectiveness of its use of capital and as an element of management compensation.