

Air
Land
Sea
Space
Cyberspace
Innovation. In all domains.

Raytheon

INVESTOR FACTSHEET

NYSE: RTN

Company Profile

A global leader in technology-driven solutions

Raytheon is a technology and innovation leader specializing in defense, homeland security and other government markets throughout the world.

Our company vision is to be the most admired defense and aerospace systems supplier through world-class people and technology. Raytheon employs 75,000 people worldwide.

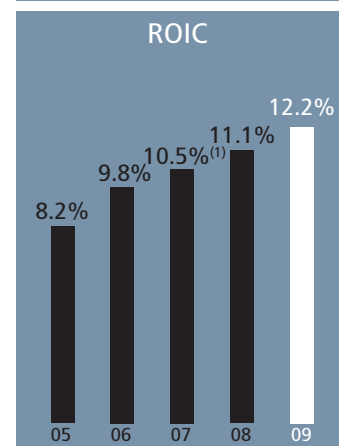
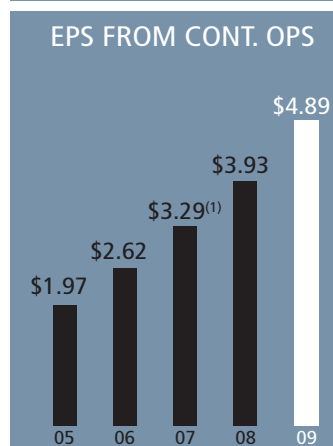
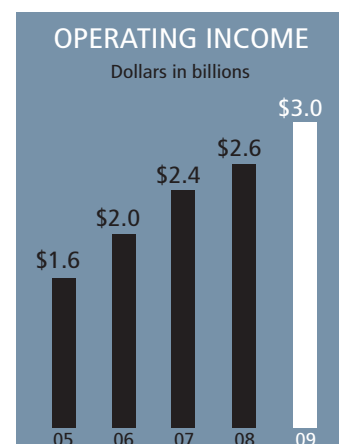
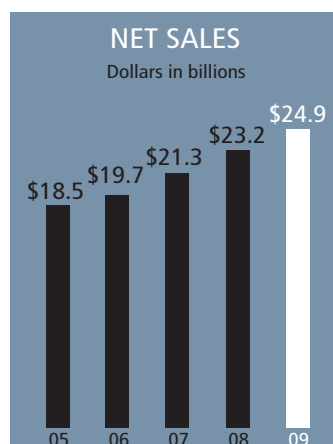
Innovative Solutions

Raytheon's domain knowledge and technological leadership have created expanding opportunities in our four core defense markets, as well as in growth focus areas:

- **Sensing:** technologies that acquire precise situational data across air, space, ground and underwater domains and then generate the information needed for effective battlespace decisions. Our sensing technologies span the full electromagnetic spectrum, from traditional radio frequency (RF) and electro-optical (EO) to wideband, hyperspectral and acoustic sensors.
- **Effects:** technologies that achieve specific military actions or outcomes, from striking targets or disabling hostile information systems to using directed energy in peacekeeping missions. We are focused on moving beyond kinetic energy weapons to provide a broader range of systems that generate desired effects on an enemy, including using the missile as a node in the network, directed energy, lethal and non-lethal applications and cyber operations.
- **C3I (Command, Control, Communication and Intelligence):** systems that provide integrated real-time support to decision-makers on and off the battlefield, transforming raw data into actionable intelligence. Capabilities include situational awareness, persistent surveillance, communications, mission planning, battle management command and control, intelligence and analysis, and integrated ground solutions.
- **Mission Support:** enabling customer success through total life-cycle support that predicts customer needs, senses potential problems and proactively responds with the most appropriate solutions. Capabilities include technical services, system engineering, logistics, training, operations and maintenance.
- **Homeland Security:** continue to grow our presence in the domestic and international homeland security markets, focusing on transportation security, immigration control/identity management, critical infrastructure protection, energy security, intelligence program support, law enforcement solutions and emergency preparedness and response.
- **Cybersecurity:** continue to enhance our capabilities in the cybersecurity market. We are focused on providing cyber capabilities to the Intelligence, DoD and DHS markets as well as embedding cybersecurity in our products and in our own IT infrastructure.

Financial Highlights

Using technology leadership to drive growth



Years ended December 31,	2007	2008	2009
Dollars in millions, except per share amounts			
Operating Income Margin	11.1%	11.3%	12.2%
Income from Continuing Operations (adjusted in 2007) ¹	1,500	1,698	1,977
Operating Cash Flow from Continuing Operations	1,249	2,036	2,745
Dividends Declared per Share	1.02	1.12	1.24
Debt to Capital	15.2%	20.1%	19.0%

¹ 2007 income and diluted EPS from continuing operations and ROIC have all been adjusted to exclude the \$219 million or \$0.49 per diluted share favorable adjustment due to certain tax-related benefits. These measures are non-GAAP financial measures. Please see the next page for more information on ROIC calculations and a reconciliation of the other measures to GAAP.

Raytheon Businesses

Raytheon's six businesses are the link between core capabilities and delivering world-class products, systems and support for customers and partners:



Integrated Defense Systems (IDS), headquartered in Tewksbury, Mass., is a leader in Global Capabilities Integration, providing integrated air and missile defense, maritime and civil security response solutions. Some key programs within IDS' portfolio include: Australia's Air Warfare Destroyer (AWD), Joint Land-Attack Cruise Missile Defense Elevated Netted Sensor System (JLENS), Patriot Air and Missile Defense System, Terminal High Altitude Area Defense (THAAD), and the Zumwalt-class Destroyer Program.



Intelligence and Information Systems (IIS), headquartered in Garland, Texas, is a provider of systems, subsystems and software engineering services for national and tactical intelligence systems, as well as for homeland security and IT solutions. Some key focus areas within IIS' portfolio include: Cybersecurity, ISR and environmental solutions.



Missile Systems (MS), headquartered in Tucson, Ariz., designs, develops and produces missile systems for critical requirements, including air-to-air, strike, naval weapons systems, land combat missiles, guided projectiles, exoatmospheric kill vehicles, directed energy weapons and advanced programs. Some key programs within MS' portfolio include: Advanced Medium-Range Air-to-Air Missile (AMRAAM), Phalanx, Standard Missile-3 (SM-3), and Tomahawk.



Network Centric Systems (NCS), headquartered in McKinney, Texas, develops net-centric mission solutions for network sensors, command and control, communications and air traffic management, and homeland security. Some key programs within NCS' portfolio include: Active Protection System (APS), Joint Precision Approach and Landing System (JPALS), and Navy Multiband Terminal (NMT).



Space and Airborne Systems (SAS), headquartered in El Segundo, Calif., is a supplier of integrated sensing solutions for advanced applications in aviation and a leader in space-based sensors. Some key programs within SAS' portfolio include: Active Electronically Scanned Array (AESA) radar, Airborne Stand-off Radar (ASTOR), and Common Sensor Payload.



Technical Services (TS), headquartered in Reston, Va., provides technical, scientific and professional services for defense, federal and commercial customers worldwide. TS specializes in Mission Support, training, counter-proliferation and counter-terrorism, range operations, and customized engineering services. Some key programs within TS' portfolio include: Warfighter Field Operations Customer Support (FOCUS) and Air Traffic Control Optimum Training Solutions (ATCOTS).

Financials

Net Sales (in millions)	2007	2008	2009
Integrated Defense Systems	\$4,695	\$5,148	\$5,525
Intelligence and Information Systems	2,742	3,132	3,204
Missile Systems	5,026	5,408	5,561
Network Centric Systems	4,164	4,510	4,822
Space and Airborne Systems	4,202	4,280	4,582
Technical Services	2,174	2,601	3,161
Corporate and Eliminations	(1,702)	(1,905)	(1,974)
Total	\$21,301	\$23,174	\$24,881

Operating Margin	2007	2008	2009
Integrated Defense Systems	17.6%	16.9%	15.5%
Intelligence and Information Systems	9.0	8.1	8.1
Missile Systems	10.8	10.8	10.9
Network Centric Systems	12.8	12.7	14.0
Space and Airborne Systems	13.2	13.3	14.1
Technical Services	6.4	6.7	6.8
Total*	11.1%	11.3%	12.2%

*Includes corporate and eliminations.

Return on Invested Capital (ROIC) Calculation

(Dollars in millions)	2005	2006	2007	2008	2009
Income from cont. ops. ⁽¹⁾	\$ 907	\$1,209	\$1,500	\$1,698	1,977
FAS/CAS pension adj., after-tax ⁽²⁾	291	235	168	80	(18)
Net interest expense, after-tax ⁽²⁾	175	128	21	42	71
Lease expense, after-tax ⁽²⁾	63	63	63	66	66
Return	\$1,1436	\$1,635	\$1,752	\$1,886	\$2,096
Net debt ⁽³⁾	\$3,870	\$2,367	\$ 559	(\$ 169)	(\$ 132)
Equity less invest. in disc. ops.	9,091	9,456	11,162	10,920	9,560
Lease exp. x 8 plus fin. guarantees	2,554	2,619	2,656	2,728	2,815
Minimum pension liability/FAS 158	2,001	2,292	2,292	3,550	5,007
Invested cap. from cont. ops.⁽⁴⁾	\$17,516	\$16,734	\$16,669	\$17,029	\$17,250
ROIC	8.2%	9.8%	10.5%	11.1%	12.2%

⁽¹⁾ 2007 excludes the \$219 million tax-related benefit.

⁽²⁾ Calculating utilizing the federal statutory rate of 35.0%.

⁽³⁾ Net debt is defined as total debt less cash and cash equivalents and is calculated using a 2 point average.

⁽⁴⁾ Calculated using a 2 point average.

We define ROIC as income from continuing operations excluding the after-tax affect of the FAS/CAS pension adjustment 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 the new accounting standard for employers' accounting for defined benefit pension and other postretirement plans.

2007 Income from Continuing Operations and Diluted EPS from Continuing Operations Reconciliation

(Dollars in millions except per share amounts)

	GAAP 31-Dec-07	Tax-Related Benefit	Adjusted ⁽¹⁾ 31-Dec-07
Income from cont. ops.	\$1,719	(\$ 219)	\$1,500
Diluted EPS from cont. ops.	\$ 3.78	(\$0.49)	\$ 3.29

⁽¹⁾ 2007 excludes the \$219 million tax-related benefit.

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Customer Success Is Our Mission