

Sensing. Effects. C3I. Mission Support. International. In an uncertain world, these crucial defense markets offer expanding scope for Raytheon's world-class technology, advanced innovation process and mission systems integration capabilities.

With the 2007 sale of our commercial aircraft businesses, we reshaped our portfolio to focus on our core government and defense business and to fully concentrate on achieving our vision "to be the most admired defense and aerospace systems supplier through world-class people and technology." Focused and energized, our 72,000 employees are committed to providing world-class performance on approximately 15,000 contracts in more than 80 countries.

Grounded in unmatched domain knowledge, Six Sigma disciplines and our commitment to Mission Assurance, Raytheon businesses are the link between core capabilities and concrete results for our customers.

Each of our businesses has a proud history and unique resources to help customers meet challenging needs and achieve success. We are committed to protect our men and women in uniform, to secure our homeland, to guide air travelers safely to their destinations and to meet other important needs of customers around the world.

Photo: Patriot Radar



## Integrated Defense Systems

Dan Smith, *President*

Integrated Defense Systems (IDS), with 2007 sales of \$4.7 billion, is a leading worldwide provider of integrated joint battlespace and homeland security solutions.

IDS, prime contractor and system integrator for the Patriot system, is poised to deliver the next generation of Patriot, the world's premier combat-proven air and missile defense system. The U.S. Army is moving ahead with its "Pure Fleet" initiative to upgrade the Patriot systems to state-of-the-art Configuration 3, enabling them to defeat current and emerging threats. Worldwide interest has positioned Patriot as the cornerstone of global air and missile defense.

Other IDS successes in 2007 included the continued delivery of the critical persistent surveillance capability of Rapid Aerostat Initial Deployment to American and coalition forces, and the Australian government's largest contract award ever for the mission systems integration of at least three Air Warfare Destroyers.

The Terminal High Altitude Area Defense program received a direct award for additional radar from the U.S. Missile Defense Agency. The Zumwalt destroyer program won a \$1.0 billion contract modification for critical mission systems equipment.



Photo: Integrated Ground Architecture (IGA)

## Intelligence and Information Systems

Mike Keebaugh, *President*

Intelligence and Information Systems (IIS), with 2007 sales of \$2.7 billion, is a leading systems and solutions provider to government customers in the United States and internationally. IIS capabilities extend beyond intelligence, surveillance and reconnaissance to include Department of Defense/civil space, homeland security, federal information technology and information assurance.

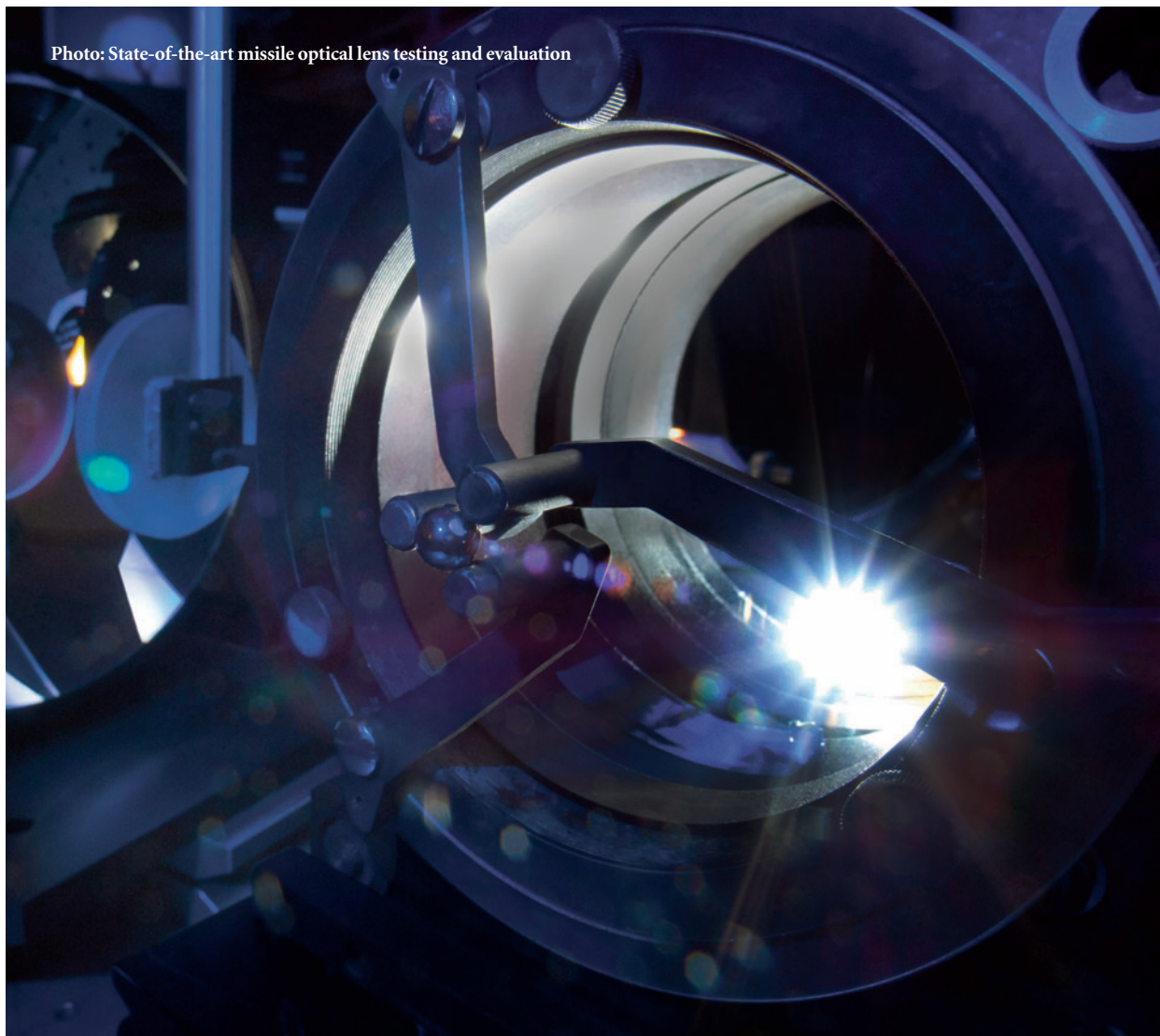
IIS has established itself as the premier provider of command and control systems capable of transforming data into actionable intelligence. Through its ground integration initiative, IIS is helping to create a more

integrated and collaborative intelligence community. Using advanced software technologies, IIS is integrating separate systems into a highly effective enterprise solution—allowing customers to rapidly adapt to their changing needs.

IIS is also helping the U.S. Air Force to develop the system design for the next-generation Global Positioning System (GPS) Control Segment for satellite communications. Through this effort, IIS is providing command, control and mission support for current GPS Block II and all future satellites as well as supporting existing and new interfaces.



Photo: State-of-the-art missile optical lens testing and evaluation



## Missile Systems

Louise Francesconi, *President*

Missile Systems (MS), with 2007 sales of \$5.0 billion, is a leading producer of missile systems for U.S. and allied forces. Leveraging key capabilities in next-generation architectures and technologies, MS is focused on providing innovative solutions in core and new markets.

In 2007, MS provided new demonstrations of its leadership in missile defense technology with tests of its Standard Missile-3 sea-based system and another successful intercept by its exoatmospheric kill vehicle, a key element of the ground-based missile defense program. The business demonstrated a

revolutionary, low-cost solution for boost and ascent phase threats with its network-centric airborne defense element, which incorporates proven technologies from MS air-to-air weapon systems.

MS also demonstrated the ability to rapidly field new technology by successfully completing an intense flight test program for the Miniature Air Launched Decoy (MALD), which is expected to enter low-rate production later in 2008. In addition, Excalibur, Raytheon's GPS-guided projectile, was fielded early and performed successfully in combat, providing much-needed precision to the warfighter.



Photo: Open Road Tolling (ORT)

## Network Centric Systems

*Colin Schottlaender, President*

Network Centric Systems (NCS), with 2007 sales of \$4.2 billion, is a leading provider of networked systems and net-centric integration to military, federal and civil customers worldwide. In 2007, NCS achieved significant increases in sales, operating profits and return on invested capital while finishing the year with a backlog of \$5.1 billion.

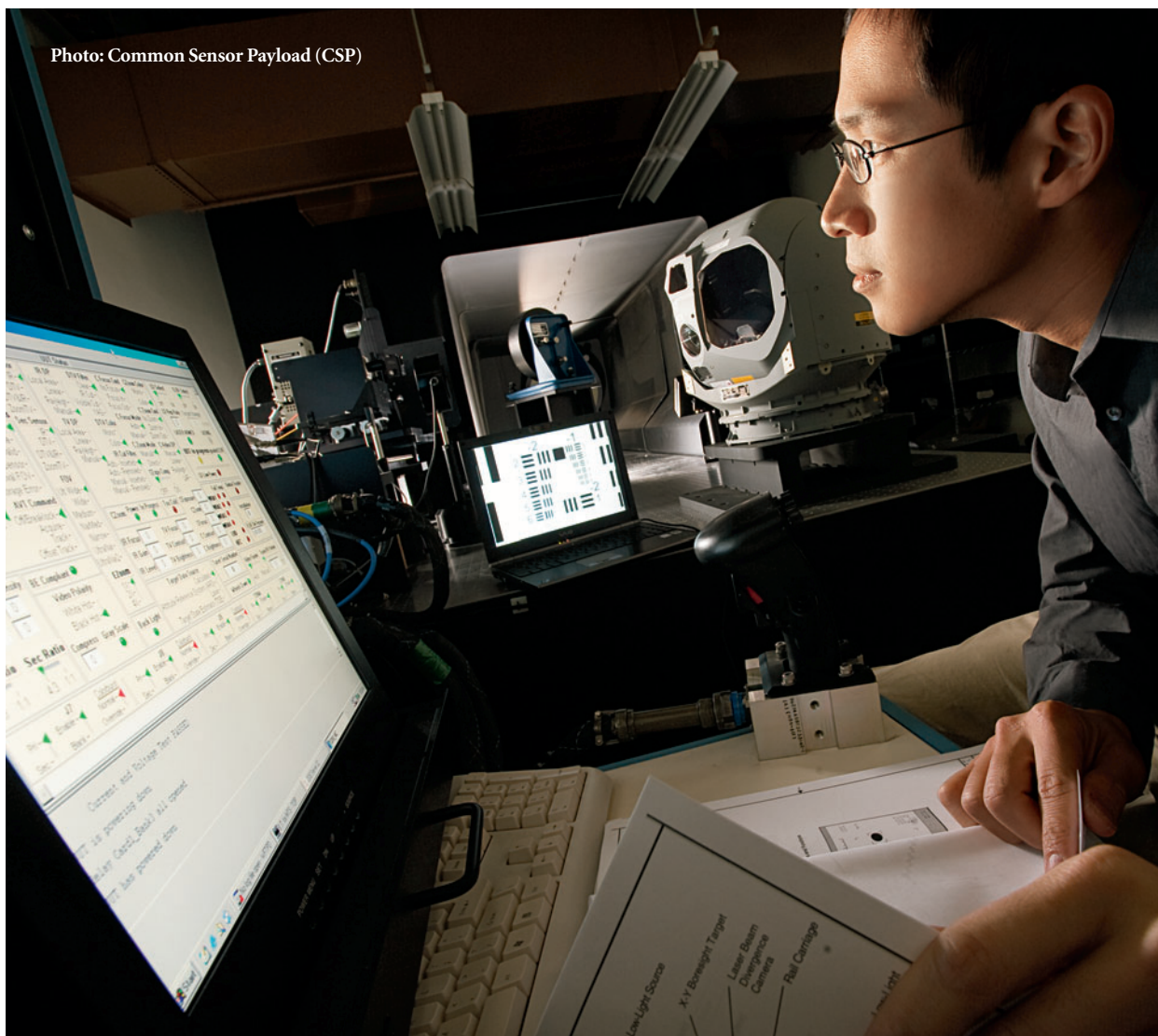
These business results reflect strength across all NCS product lines. In particular, continued high demand for netted reconnaissance and fire control systems in response to the war in Iraq and Afghanistan was a major factor in NCS's performance. During the year, NCS was selected as the mission systems integrator for the

Navy Multiband Terminal program, which has a combined potential value over its lifetime in excess of \$1.0 billion for development and production, which helped solidify Raytheon's market position in satellite communications. Additionally, program wins in command and control systems continue to highlight the business's integration capability.

NCS also made significant progress in developing its security and transportation solutions product line. Opportunities in these adjacent markets are expected to drive future growth, both domestically and internationally.



Photo: Common Sensor Payload (CSP)



## Space and Airborne Systems

*Jon Jones, President*

Space and Airborne Systems (SAS), with 2007 sales of \$4.3 billion, is a leading supplier of integrated sensing solutions for advanced applications in aviation and a global leader in space sensors, including the emerging operationally responsive space market.

In 2007, SAS won two major competitive pursuits, built a sensor to observe military activity from satellites launched on demand, and unveiled the world's first computers whose architecture can change depending on their application. SAS will supply its unmatched Advanced Electronically Scanned Array (AESA)

technology for the U.S. Air Force F-15 radar modernization program. The award covers all 224 F-15Es in the fleet. The U.S. Army selected SAS to provide a common sensor payload for manned and unmanned aircraft, a program with additional sales potential. The program calls for design and development, testing and airborne integration of a variant of Raytheon's Multi-Spectral Targeting System.

SAS expects the Airborne Stand-off Radar (ASTOR) airborne surveillance system, first delivered to the United Kingdom in 2007, to promote further interest in the U.K. and worldwide.

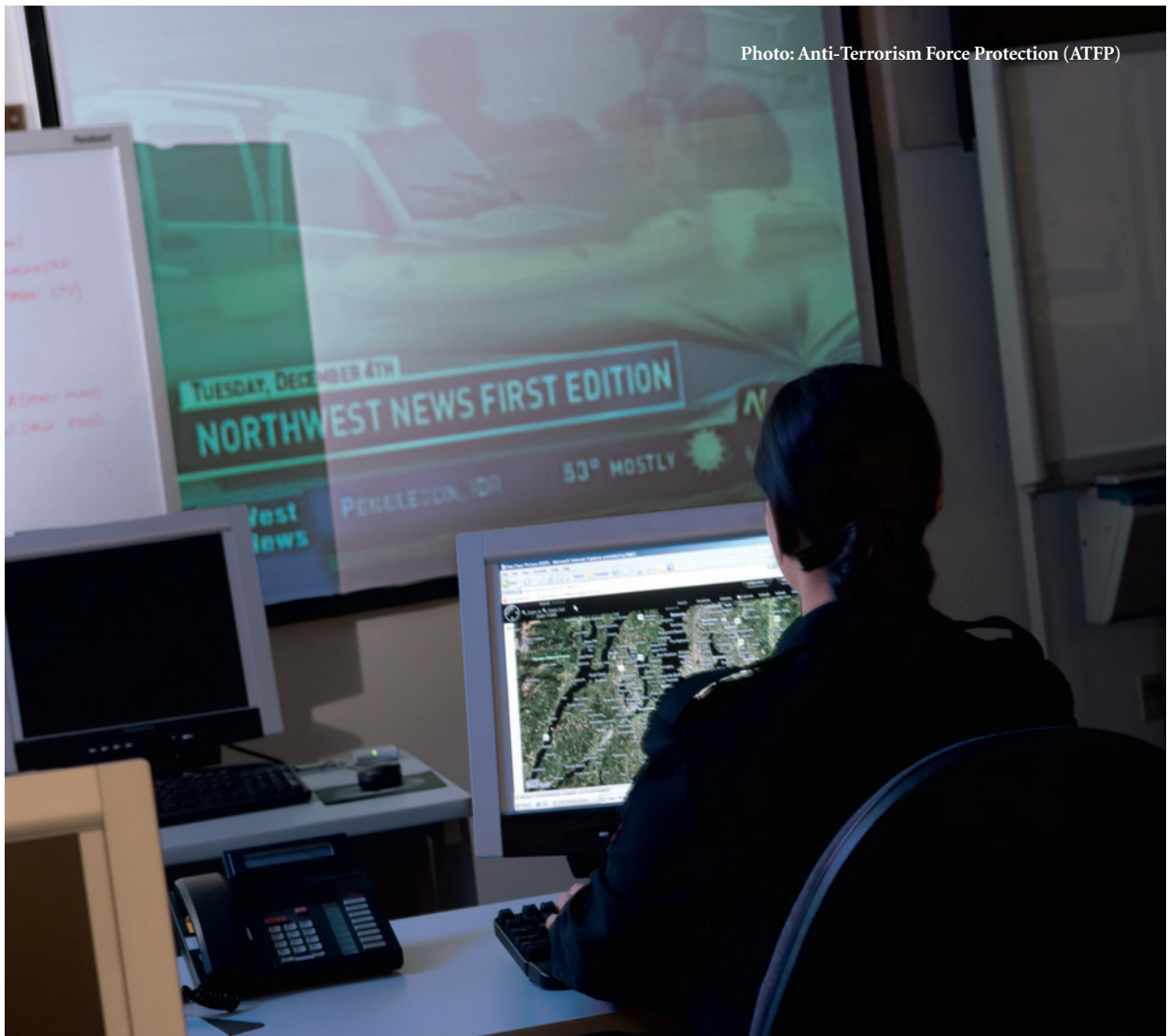


Photo: Anti-Terrorism Force Protection (ATFP)

## Technical Services

*Rick Yuse, President*

Technical Services (TS), with 2007 sales of \$2.2 billion, provides technical, scientific and professional services for defense, federal and commercial customers worldwide. The business specializes in Mission Support, integrated training solutions, counter-proliferation and counter-terrorism, base and range operations, and customized engineering services.

A global workforce provides innovative solutions to ensure customer success. Major service contracts include support for Anti-Terrorism Force Protection physical security and services for U.S. naval facilities.

The contract extends the business's reach into the homeland security market.

The business continues to leverage its strengths in integrated training. In 2007, TS won the Warfighter Field Operations Customer Support contract to consolidate U.S. Army live, virtual and constructive training operations and support systems worldwide. TS was also a key player in a consortium selected as the preferred bidder for the Defence Training Rationalisation contract for the U.K. Ministry of Defence.