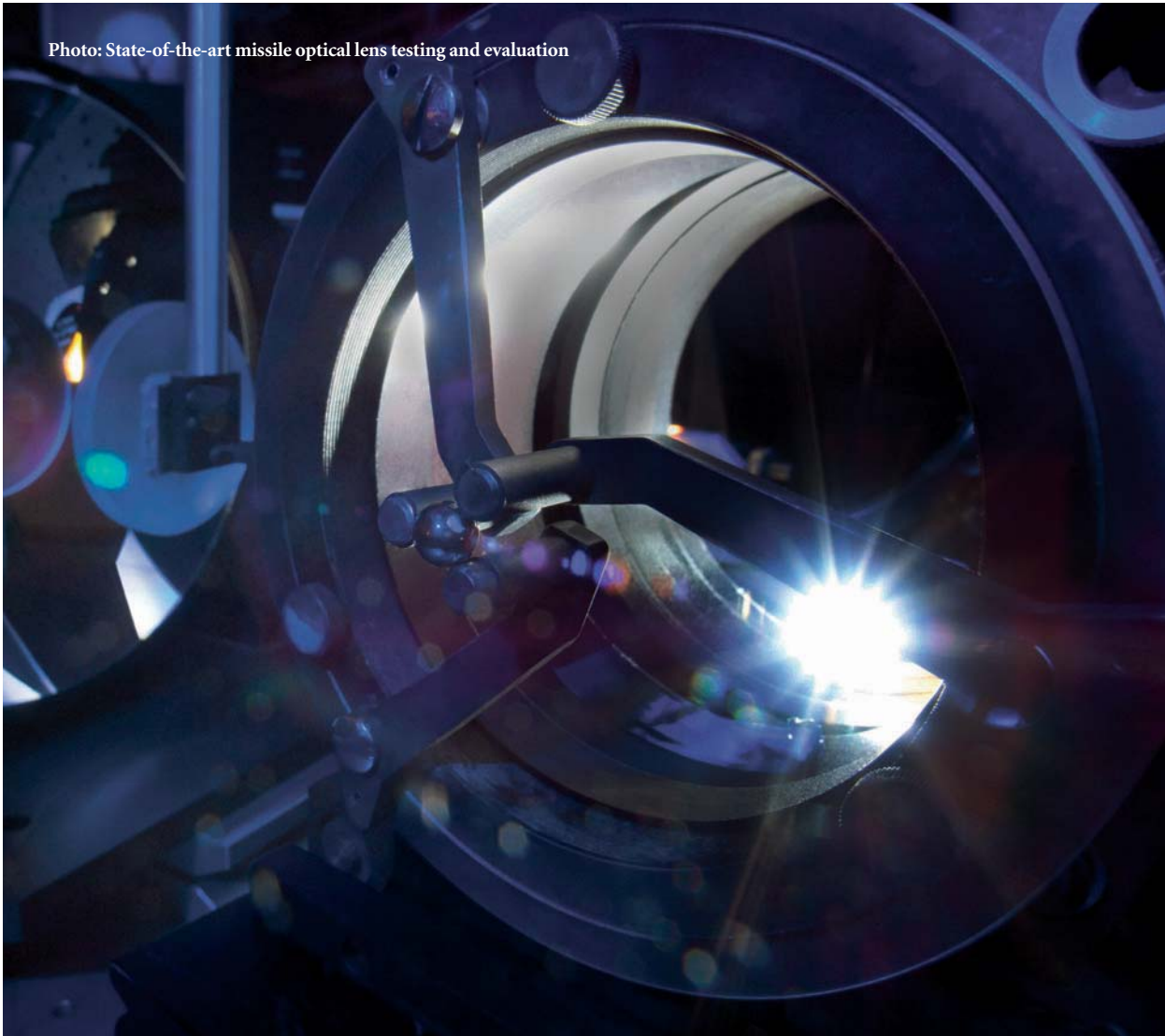


Photo: State-of-the-art missile optical lens testing and evaluation



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.