

Every Raytheon business is built on a foundation of innovation and execution. Our success in 2008 leaves us well prepared for the rigors of 2009.

Sensing. Effects. C3I. Mission Support. International. These core markets frame Raytheon's success in 2008 and our strategy for 2009 and beyond. But our commitment to innovation transcends them all, opening new opportunities even in the midst of a challenging economy.

Raytheon's world-class people and technology have proved their merits repeatedly across every

dimension of economic and geopolitical turbulence. Our disciplined management, advanced innovation process and experienced workforce are not only vital assets for our company, but daily contributors to the safety and well-being of people everywhere.

All six Raytheon businesses made significant gains in 2008. Here are some of their accomplishments.

Integrated Defense Systems

Dan Smith, President

With 2008 sales of \$5.1 billion, Integrated Defense Systems (IDS) is Raytheon's leader in global capabilities integration, providing affordable integrated solutions to a broad international and domestic customer base.

The year ended with an order representing up to \$3.3 billion from the United Arab Emirates for the Patriot air and missile defense system, underscoring its resurgence as the premier system in the world. UAE joins 11 other countries, including the U.S., that rely on Patriot as a key component of their air and missile programs.

Also during 2008, IDS achieved Capability Maturity Model Integration (CMMI®) Level 5, validating engineering processes as a performance predictor on defense contracts; delivered 300 Rapid Aerostat Initial Deployment (RAID) towers that are saving lives at forward operating bases; and successfully completed a series of reviews that are enabling the Zumwalt-class destroyer program to transition to full production, successfully meeting or exceeding all cost and schedule requirements.



Intelligence and Information Systems

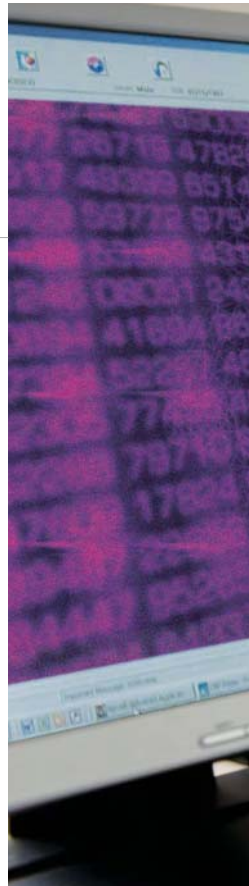
Lynn Dugle, President

Intelligence and Information Systems (IIS), with 2008 sales of \$3.1 billion, is a leading provider of intelligence systems and solutions for customers worldwide. Leveraging key capabilities in systems integration, geospatial intelligence, command and control, and environmental solutions, IIS serves four key market areas: national and tactical Intelligence, Surveillance and Reconnaissance, DoD/Civil Space, Homeland Security/Federal IT, and Information Operations/Information Assurance.

Additionally, Raytheon offers innovative security solutions that support today's global economies from emerging 21st century threats. In 2008,

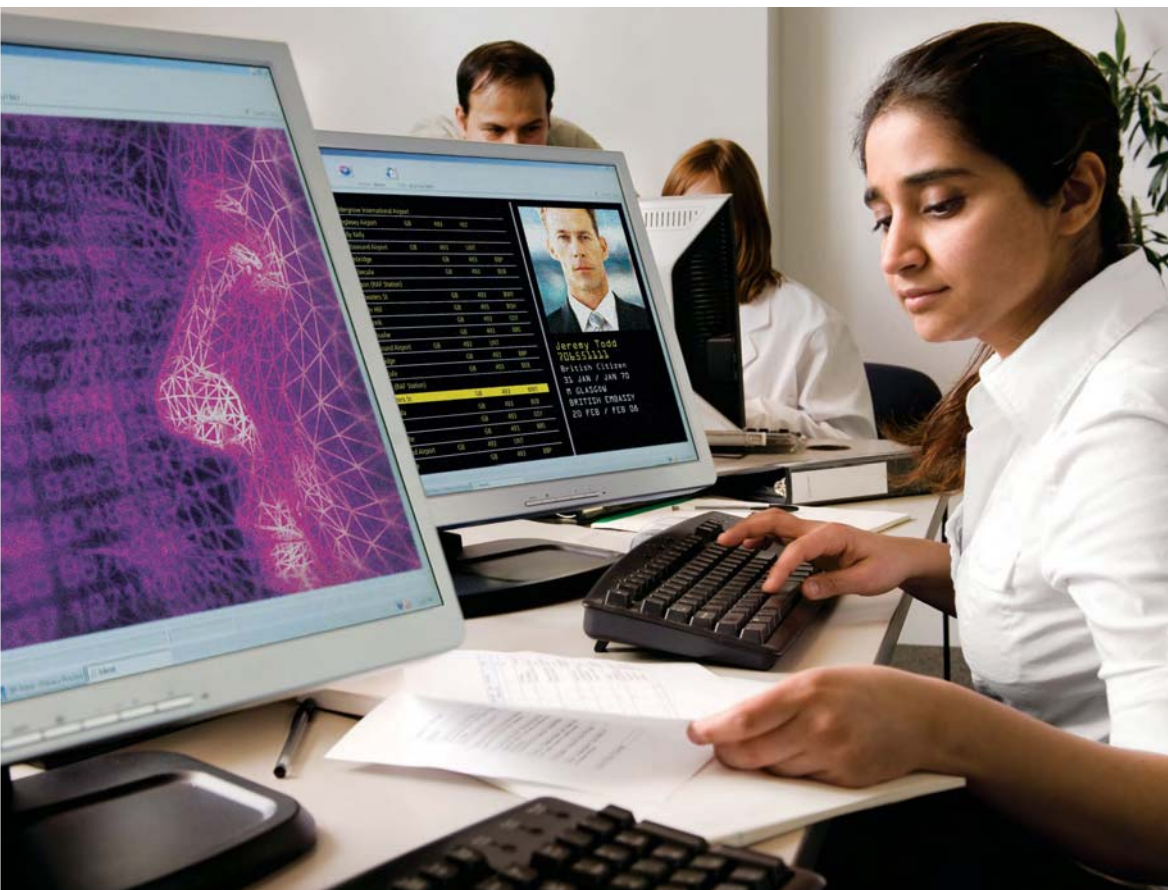
Raytheon acquired SI Government Solutions and Telemus Solutions to meet customer demand and offer a full spectrum of capabilities in all major dimensions of information security.

IIS continues to support key growth areas in homeland security by developing technologies that protect borders and ensure visitor legitimacy. Through Raytheon's Intelligent Border Architecture, Knowledge Management and Knowledge Discovery, world leading biometric systems, and robust modeling and simulation, IIS provides solutions to meet a variety of border security needs.





Ship mission center
at the Seapower
Capability Center



Operational Centre for
the e-Borders Programme

Missile Systems

Taylor Lawrence, President

Missile Systems (MS), with 2008 sales of \$5.4 billion, is the world's leading producer of missile systems for U.S. and allied forces. From global missile defense to directed energy solutions, it provides revolutionary technologies to meet customer needs in the evolving battlespace.

In 2008, Raytheon technology played the pivotal role in destroying a non-functioning satellite. A modified Standard Missile-3 performed beyond its intended capabilities to intercept the target in space.

MS also won the Aviation Week Program Excellence Award for Program Management for its Miniature Air Launched Decoy™ which also received a U.S.

Air Force contract for low-rate initial production. MALD™ protects aircraft by neutralizing enemy air defenses.

With its combat-proven Excalibur precision guided artillery round and selection by the U.S. Army to develop the Mid-Range Munition for the Future Combat System, MS established itself as the leader in the new and growing precision munitions market.

MS also continued to grow its business worldwide with a record \$2 billion in orders from 40 international customers.

Network Centric Systems

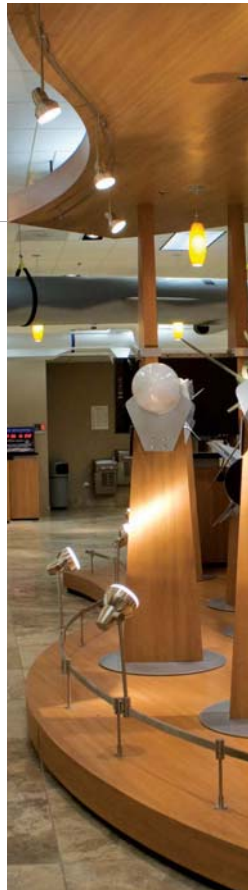
Colin Schottlaender, President

Network Centric Systems (NCS), with 2008 sales of \$4.5 billion, achieved significant increases in sales, operating profits and return on invested capital (ROIC). The business ended the year with a record backlog of \$5.7 billion, up 12.4% from 2007.

These excellent results reflect strength across the entire business, including strong demand for netted reconnaissance, fire control, and weapon locating radar systems. In new programs, NCS won the contract for the Joint Precision Approach and Landing System, an advanced pinpoint shipboard landing capability for the U.S. Navy.

On the technology front, NCS made major advances in developing the U.S. Army's Active Protection System, an innovative technology that will protect manned ground vehicles by intercepting and defeating rocket propelled grenades and other threats. NCS also received important patents in advanced imaging for electro-optics and intrusion detection for security systems.

NCS continued developing its position in international and adjacent markets with key initiatives in air traffic and highway management systems, border security and critical infrastructure protection, and civil communication solutions.





Missile Systems
showcase in Tucson, AZ



Perimeter Intrusion
Detection System (PIDS)

Space and Airborne Systems

Jon Jones, President

Space and Airborne Systems (SAS), with 2008 sales of \$4.4 billion, is a global leader in space and aviation sensing and technology for radar and electro-optical infrared systems.

Under the F-15E radar modernization program, SAS began equipping the U.S. Air Force Strike Eagle with the AESA radar and other technology upgrades that will extend its life for decades. The program involves an estimated 224 F-15Es. The Royal Moroccan Air Force selected SAS' digital electronic warfare suite, ACES, to equip its F-16s.

The Airborne Stand-Off Radar (ASTOR) system entered service for the U.K. Ministry of Defence, and is deployed in southwest Asia. SAS delivered the common sensor payload for the U.S. Army and continues development of multispectral targeting systems for both manned and unmanned aircraft.

SAS' Mini-SAR technology was deployed onboard the Indian Space Research Organisation's Chandrayaan-1 lunar spacecraft, where it is searching for ice on the moon.



Technical Services

Rick Yuse, President

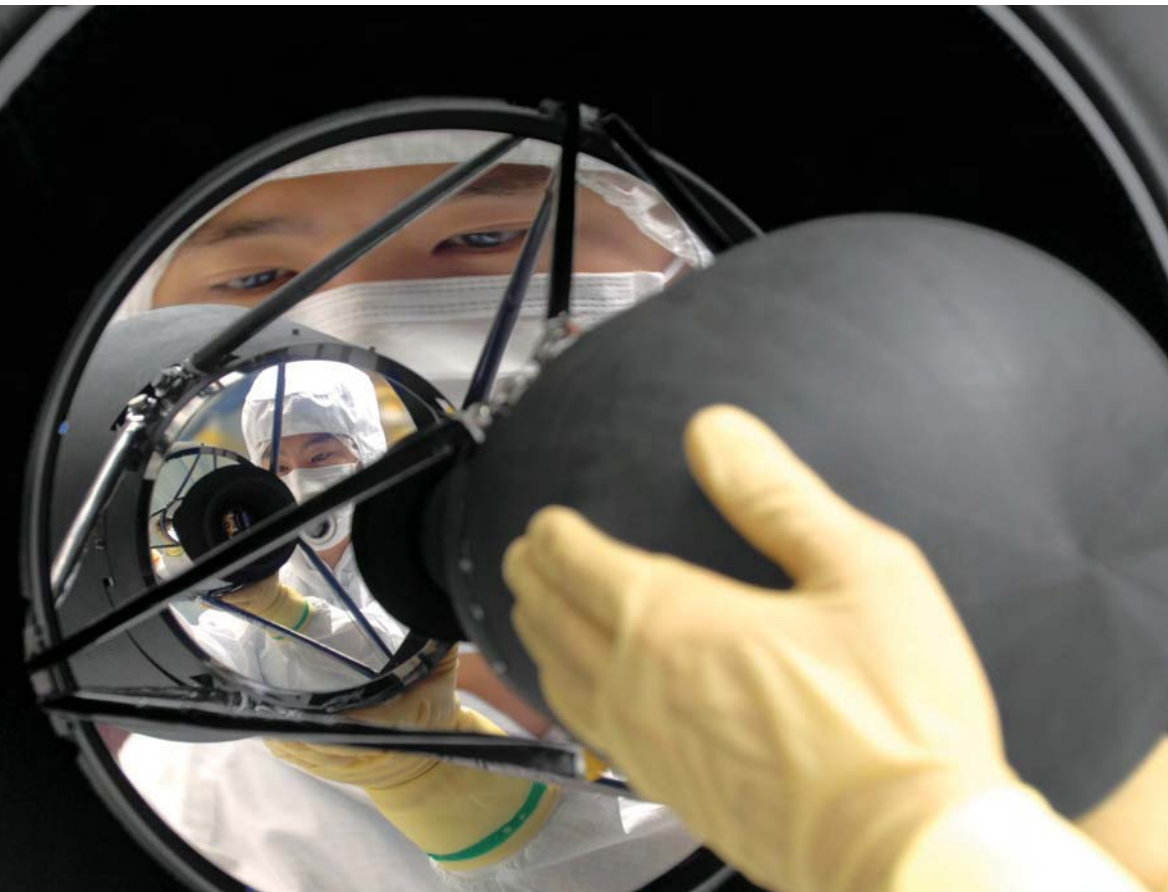
Technical Services (TS), with 2008 sales of \$2.6 billion, provides technical, scientific and professional services for defense, federal and commercial customers worldwide. A global workforce of more than 9,000 employees provides Mission Support, training, counter-proliferation and counter-terrorism, range operations, product support, homeland security solutions and customized engineering services to ensure customer success.

In 2008, TS led a team that was awarded the Federal Aviation Administration's Air Traffic Control Optimum Training Solution (ATCOTS) contract

to maintain and improve air traffic controller (ATC) training. TS also manages the U.S. Army's Warfighter Field Operations Customer Support (FOCUS) program, which has trained warfighters at 500 locations worldwide since the business initiated the contract in 2008.

TS continues to support NASA's Neutral Buoyancy Lab and Space Vehicle Mockup Facility at the Johnson Space Center in Houston, and works with the Defense Threat Reduction Agency (DTRA) on international counter-proliferation and counter-terrorism programs in countries of the former Soviet Union.





Advanced Responsive
Tactically Effective Military
Imaging Spectrometer
(ARTEMIS)



Warfighter Field
Operations
Customer Support
(Warfighter FOCUS)