

**FOR IMMEDIATE RELEASE**

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**Raytheon Reports Strong Third Quarter 2009 Results; Increases Full-Year Guidance**

**Highlights**

- **Net sales of \$6.2 billion, up 6 percent**
- **Income from continuing operations of \$499 million, up 14 percent**
- **Earnings per share (EPS) from continuing operations of \$1.25, up 24 percent**
- **Strong operating cash flow from continuing operations of \$749 million**
- **Increased full-year 2009 guidance for EPS and return on invested capital (ROIC)**

WALTHAM, Mass., (October 22, 2009) – Raytheon Company (NYSE: RTN) reported third quarter 2009 income from continuing operations of \$499 million, up 14 percent compared to \$437 million in the third quarter 2008. EPS from continuing operations for the third quarter 2009 was \$1.25, up 24 percent compared to \$1.01 in the third quarter 2008.

“Our continued solid performance and outlook for future growth demonstrate the strength of our Company,” said William H. Swanson, Raytheon's Chairman and CEO. “Our technology and innovative solutions are well aligned with our U.S. and international customers’ evolving priorities.”

Net sales for the third quarter 2009 were \$6.2 billion, up 6 percent from \$5.9 billion in the third quarter 2008.

Operating cash flow from continuing operations in the third quarter 2009 was \$749 million compared to \$758 million in the third quarter 2008. In the third quarter 2009 the Company made \$547 million in cash contributions to its pension plans compared to \$137 million in the third quarter 2008. This substantially completed the Company's planned cash contributions to its pension plans of approximately \$1.1 billion in 2009, consistent with the total cash contributions made in full-year 2008. The higher cash contributions in the third quarter 2009 were largely offset by a \$397 million improvement in working capital.

In the third quarter 2009 the Company repurchased 6.4 million shares of common stock for \$300 million, as part of the Company's previously announced share repurchase program. Year-to-date 2009, the Company repurchased 19.8 million shares of common stock for \$900 million.

The Company ended the third quarter 2009 in a net cash position of \$149 million (\$2.4 billion in cash and cash equivalents less total debt of \$2.3 billion).

| <b>Summary Financial Results</b><br>(\$ in millions, except per share data) | <b>3rd Quarter</b> |                 | <b>%</b>      | <b>Nine Months</b> |                  | <b>%</b>      |
|---|--------------------|-----------------|---------------|--------------------|------------------|---------------|
|   | <b>2009</b>        | <b>2008</b>     | <b>Change</b> | <b>2009</b>        | <b>2008</b>      | <b>Change</b> |
| <b>Net sales</b>  | <b>\$ 6,205</b>    | <b>\$ 5,864</b> | <b>6%</b>     | <b>\$ 18,214</b>   | <b>\$ 17,088</b> | <b>7%</b>     |
| Total operating expenses  | 5,440              | 5,174           |               | 15,972             | 15,121           |               |
| <b>Operating income</b>   | <b>765</b>         | <b>690</b>      | <b>11%</b>    | <b>2,242</b>       | <b>1,967</b>     | <b>14%</b>    |
| Non-operating expenses, net   | 18                 | 31              |               | 66                 | 62               |               |
| Income from cont. ops. before taxes   | \$ 747             | \$ 659          | 13%           | \$ 2,176           | \$ 1,905         | 14%           |
| Income from continuing operations   | \$ 499             | \$ 437          | 14%           | \$ 1,460           | \$ 1,270         | 15%           |
| Income from continuing operations attributable to Raytheon Company          | \$ 491             | \$ 427          | 15%           | \$ 1,432           | \$ 1,253         | 14%           |
| Net income attributable to Raytheon Company                                 | \$ 490             | \$ 427          | 15%           | \$ 1,431           | \$ 1,251         | 14%           |
| <b>Diluted EPS from cont. ops.</b>  | <b>\$ 1.25</b>     | <b>\$ 1.01</b>  | <b>24%</b>    | <b>\$ 3.60</b>     | <b>\$ 2.92</b>   | <b>23%</b>    |
| <b>Operating cash flow from cont. ops.</b>                                  | <b>\$ 749</b>      | <b>\$ 758</b>   |               | <b>\$ 1,672</b>    | <b>\$ 1,592</b>  |               |
| FAS/CAS pension adj. Inc./ (Exp.)   | \$ (1)             | \$ (26)         |               | \$ 21              | \$ (93)          |               |
| Workdays in fiscal reporting calendar                                       | 63                 | 63              |               | 188                | 190              |               |

## Bookings and Backlog

| <b>Bookings</b><br>(\$ in millions) | <b>3rd Quarter</b>   |                 | <b>Nine Months</b> |             |
|-------------------------------------|----------------------|-----------------|--------------------|-------------|
|                                     | <b>2009</b>          | <b>2008</b>     | <b>2009</b>        | <b>2008</b> |
| Total Bookings                      | \$ 5,137             | \$ 5,766        | \$ 17,993          | \$ 18,290   |
| <b>Backlog</b><br>(\$ in millions)  | <b>Period Ending</b> |                 |                    |             |
|                                     | <b>09/27/09</b>      | <b>12/31/08</b> | <b>09/28/08</b>    |             |
| Backlog*                            | \$ 36,212            | \$ 38,884       | \$ 36,985          |             |
| Funded Backlog                      | \$ 23,751            | \$ 21,986       | \$ 21,145          |             |

\* Due to a change in Missile Defense Agency priorities, on June 10, 2009 the Kinetic Energy Interceptor (KEI) program was terminated for convenience, resulting in a \$2.4 billion reduction of the Company's backlog at the end of the second quarter 2009.

The Company reported total bookings for the third quarter 2009 of \$5.1 billion compared to \$5.8 billion in the third quarter 2008. The Company ended the third quarter 2009 with a backlog of \$36.2 billion compared to \$38.9 billion at the end of 2008 and \$37.0 billion at the end of the third quarter 2008.

## Outlook

| <b>2009 Financial Outlook</b>             | <b>Current</b>   | <b>Prior (7/23/09)</b> |
|---|------------------|------------------------|
| Net Sales (\$B)                           | 24.7 - 25.0*     | 24.5 - 25.0            |
| FAS/CAS Pension Income (\$M)              | 29*              | 47                     |
| Interest Inc./(Exp.), net (\$M)           | (105) - (115)    | (105) - (115)          |
| Diluted Shares (M)                        | 397 - 400*       | 398 - 401              |
| Effective Tax Rate                        | ~33%             | ~33%                   |
| EPS from Continuing Operations            | \$4.70 - \$4.80* | \$4.60 - \$4.75        |
| FAS/CAS Adjusted EPS <sup>(1)</sup>       | \$4.65 - \$4.75* | \$4.52 - \$4.67        |
| Operating Cash Flow from Cont. Ops. (\$B) | 2.2 - 2.4        | 2.2 - 2.4              |
| ROIC (%) <sup>(1)</sup>                   | 11.5 - 11.8*     | 11.2 - 11.7            |

\* Denotes change from prior guidance.

<sup>(1)</sup> FAS/CAS Adjusted EPS is defined as EPS from continuing operations excluding the earnings per share impact of the FAS/CAS pension adjustment. FAS/CAS Adjusted EPS and ROIC are non-GAAP financial measures. See attachment F for a reconciliation of FAS/CAS Adjusted EPS to EPS from continuing operations and attachment G for a calculation of ROIC and discussions of why the Company is presenting this information.

The Company has increased full-year 2009 guidance for earnings per share from continuing operations and return on invested capital (ROIC), narrowed the range for net sales, and updated FAS/CAS pension income.

| <b>2009 Financial Outlook Comparison</b>  | <b>2008A</b>          | <b>2009E</b>    | <b>Change</b> |
|---|-----------------------|-----------------|---------------|
| Net Sales (\$B)                           | 23.2                  | 24.7 - 25.0     | 6% - 8%       |
| EPS from Continuing Operations            | \$4.04 <sup>(1)</sup> | \$4.70 - \$4.80 | 16% - 19%     |
| FAS/CAS Adjusted EPS <sup>(2)</sup>       | \$4.23 <sup>(1)</sup> | \$4.65 - \$4.75 | 10% - 12%     |
| Operating Cash Flow from Cont. Ops. (\$B) | 2.0                   | 2.2 - 2.4       | 10% - 20%     |
| ROIC (%) <sup>(2)</sup>                   | 10.9 <sup>(1)</sup>   | 11.5 - 11.8     | 60 - 90 bps.  |

<sup>(1)</sup> 2008 EPS from Continuing Operations and ROIC have been adjusted to exclude the \$45 million (\$69 million pretax) or \$0.11 per diluted share unfavorable adjustment due to the impact of pension investment returns on existing contracts (CAS pension adjustment).

<sup>(2)</sup> FAS/CAS Adjusted EPS is defined as EPS from continuing operations excluding the earnings per share impact of the FAS/CAS pension adjustment. FAS/CAS Adjusted EPS and ROIC are non-GAAP financial measures. See attachment F for a reconciliation of FAS/CAS Adjusted EPS to EPS from continuing operations and attachment G for a calculation of ROIC and discussions of why the Company is presenting this information.

The Company expects full-year 2009 sales growth of 6 percent to 8 percent and full-year 2009 FAS/CAS Adjusted EPS growth of 10 percent to 12 percent, compared to full-year 2008.

The Company has also provided its initial financial guidance for 2010.

| <b>2010 Initial Financial Outlook</b>     | <b>2009E</b>    | <b>2010E</b>    |
|---|-----------------|-----------------|
| Net Sales (\$B)                           | 24.7 - 25.0     | 25.9 - 26.4     |
| FAS/CAS Pension Inc./(Exp.) (\$M)         | 29              | (228)           |
| Interest Inc./(Exp.), net (\$M)           | (105) - (115)   | (90) - (105)    |
| Diluted Shares (M)                        | 397 - 400       | 377 - 382       |
| Effective Tax Rate                        | ~33%            | ~31.5%          |
| EPS from Continuing Operations            | \$4.70 - \$4.80 | \$4.75 - \$4.90 |
| FAS/CAS Adjusted EPS <sup>(1)</sup>       | \$4.65 - \$4.75 | \$5.16 - \$5.31 |
| Operating Cash Flow from Cont. Ops. (\$B) | 2.2 - 2.4       | 2.0 - 2.2       |

<sup>(1)</sup> FAS/CAS Adjusted EPS is defined as EPS from continuing operations excluding the earnings per share impact of the FAS/CAS pension adjustment. FAS/CAS Adjusted EPS is a non-GAAP financial measure. See attachment F for a reconciliation of FAS/CAS Adjusted EPS to EPS from continuing operations and a discussion of why the Company is presenting this information.

Based on the mid-point of its financial outlook for 2009, the Company expects full-year 2010 sales growth of 4 percent to 6 percent and full-year 2010 FAS/CAS Adjusted EPS growth of 10 percent to 13 percent. Charts containing additional information on the Company's 2009 and 2010 financial guidance are available on the Company's website at [www.raytheon.com](http://www.raytheon.com). Additional information regarding the Company's 2010 guidance will be provided on the fourth quarter earnings conference call scheduled for January 28, 2010.

## Segment Results

### Integrated Defense Systems

| (\$ in millions) | 3rd Quarter |          | %      | Nine Months |          | %      |
|------------------|-------------|----------|--------|-------------|----------|--------|
|                  | 2009        | 2008     | Change | 2009        | 2008     | Change |
| Net Sales        | \$ 1,387    | \$ 1,276 | 9%     | \$ 3,984    | \$ 3,725 | 7%     |
| Operating Income | \$ 217      | \$ 206   | 5%     | \$ 610      | \$ 626   | -3%    |
| Operating Margin | 15.6%       | 16.1%    |        | 15.3%       | 16.8%    |        |

Integrated Defense Systems (IDS) had third quarter 2009 net sales of \$1,387 million, up 9 percent compared to \$1,276 million in the third quarter 2008, primarily due to growth on international Patriot programs. IDS recorded \$217 million of operating income compared to \$206 million in the third quarter 2008.

During the quarter, IDS booked a \$75 million option related to two Volume Search Radars (VSR) for the U.S. Navy, one for the Zumwalt-class destroyer program and one for the CVN 78 aircraft carrier, bringing the year-to-date bookings on the program to \$217 million. IDS also booked \$81 million for the production of Airborne Low Frequency Sonar systems for the U.S. Navy.

## **Intelligence and Information Systems**

| (\$ in millions) | 3rd Quarter |        | %      | Nine Months |          | %      |
|------------------|-------------|--------|--------|-------------|----------|--------|
|                  | 2009        | 2008   | Change | 2009        | 2008     | Change |
| Net Sales        | \$ 805      | \$ 801 | -      | \$ 2,401    | \$ 2,322 | 3%     |
| Operating Income | \$ 68       | \$ 67  | 1%     | \$ 195      | \$ 186   | 5%     |
| Operating Margin | 8.4%        | 8.4%   |        | 8.1%        | 8.0%     |        |

Intelligence and Information Systems (IIS) had third quarter 2009 net sales of \$805 million compared to \$801 million in the third quarter 2008. IIS recorded \$68 million of operating income compared to \$67 million in the third quarter 2008.

During the quarter, IIS booked \$267 million on a number of classified contracts and shortly after the quarter close IIS booked \$151 million on a U.S. Air Force contract to provide operation and maintenance support.

## **Missile Systems**

| (\$ in millions) | 3rd Quarter |          | %      | Nine Months |          | %      |
|------------------|-------------|----------|--------|-------------|----------|--------|
|                  | 2009        | 2008     | Change | 2009        | 2008     | Change |
| Net Sales        | \$ 1,396    | \$ 1,360 | 3%     | \$ 4,148    | \$ 4,042 | 3%     |
| Operating Income | \$ 145      | \$ 145   | -      | \$ 450      | \$ 442   | 2%     |
| Operating Margin | 10.4%       | 10.7%    |        | 10.8%       | 10.9%    |        |

Missile Systems (MS) had third quarter 2009 net sales of \$1,396 million compared to \$1,360 million in the third quarter 2008. MS recorded \$145 million of operating income in both the third quarter 2009 and the third quarter 2008.

During the quarter, MS booked \$357 million for the production of Tube Launched, Optically Tracked, Wireless (TOW) missiles for the U.S. Army and the U.S. Marine Corps. MS also booked \$140 million for the production of Evolved Sea Sparrow Missiles (ESSM) for the U.S. Navy and international customers.

## **Network Centric Systems**

| (\$ in millions) | 3rd Quarter |          | %      | Nine Months |          | %      |
|------------------|-------------|----------|--------|-------------|----------|--------|
|                  | 2009        | 2008     | Change | 2009        | 2008     | Change |
| Net Sales        | \$ 1,212    | \$ 1,145 | 6%     | \$ 3,563    | \$ 3,385 | 5%     |
| Operating Income | \$ 172      | \$ 152   | 13%    | \$ 505      | \$ 427   | 18%    |
| Operating Margin | 14.2%       | 13.3%    |        | 14.2%       | 12.6%    |        |

Network Centric Systems (NCS) had third quarter 2009 net sales of \$1,212 million, up 6 percent compared to \$1,145 million in the third quarter 2008, primarily due to higher volume on certain U.S. Army programs. NCS recorded \$172 million of operating income compared to \$152 million in the third quarter 2008. The increase in operating income was primarily due to improved program performance.

During the quarter, NCS booked \$51 million on the Long-Range Advance Scout Surveillance System (LRAS3) program and shortly after the quarter close NCS booked an additional \$127 million for a toll system replacement program.

## **Space and Airborne Systems**

| (\$ in millions) | 3rd Quarter |          | %      | Nine Months |          | %      |
|------------------|-------------|----------|--------|-------------|----------|--------|
|                  | 2009        | 2008     | Change | 2009        | 2008     | Change |
| Net Sales        | \$ 1,134    | \$ 1,065 | 6%     | \$ 3,316    | \$ 3,114 | 6%     |
| Operating Income | \$ 159      | \$ 144   | 10%    | \$ 473      | \$ 402   | 18%    |
| Operating Margin | 14.0%       | 13.5%    |        | 14.3%       | 12.9%    |        |

Space and Airborne Systems (SAS) had third quarter 2009 net sales of \$1,134 million, up 6 percent compared to \$1,065 million in the third quarter 2008, primarily due to growth on classified business. SAS recorded \$159 million of operating income compared to \$144 million in the third quarter 2008. The increase in operating income was primarily due to higher international volume.

During the quarter, SAS booked \$201 million on a number of classified contracts.

## Technical Services

| (\$ in millions) | 3rd Quarter |        | %      | Nine Months |          | %      |
|------------------|-------------|--------|--------|-------------|----------|--------|
|                  | 2009        | 2008   | Change | 2009        | 2008     | Change |
| Net Sales        | \$ 797      | \$ 689 | 16%    | \$ 2,273    | \$ 1,857 | 22%    |
| Operating Income | \$ 60       | \$ 45  | 33%    | \$ 157      | \$ 125   | 26%    |
| Operating Margin | 7.5%        | 6.5%   |        | 6.9%        | 6.7%     |        |

Technical Services (TS) had third quarter 2009 net sales of \$797 million, up 16 percent compared to \$689 million in the third quarter 2008, due to strong growth in training programs, primarily Warfighter Field Operations Customer Support (FOCUS) and Air Traffic Control Optimum Training Solution (ATCOTS). TS recorded \$60 million of operating income compared to \$45 million in the third quarter 2008. The increase in operating income was primarily due to higher volume, timing of an award fee and a contract scope modification.

During the quarter, TS booked \$511 million for work on the Warfighter FOCUS contract for the U.S. Army.

Raytheon Company (NYSE: RTN), with 2008 sales of \$23.2 billion, is a technology and innovation leader specializing in defense, homeland security and other government markets throughout the world. With a history of innovation spanning 87 years, Raytheon provides state-of-the-art electronics, mission systems integration and other capabilities in the areas of sensing; effects; and command, control, communications and intelligence systems, as well as a broad range of mission support services. With headquarters in Waltham, Mass., Raytheon employs 73,000 people worldwide.



Conference Call on the Third Quarter 2009 Financial Results

Raytheon's financial results conference call will be held on Thursday, October 22, 2009 at 9:00 a.m. EDT. Participants will include William H. Swanson, Chairman and CEO, David C. Wajsgas, senior vice president and CFO, and other Company executives.

The dial-in number for the conference call will be (866) 543-6405 in the U.S. or (617) 213-8897 outside of the U.S. The conference call will also be audiocast on the Internet at [www.raytheon.com](http://www.raytheon.com). Individuals may listen to the call and download charts that will be used during the call. These charts will be available for printing prior to the call.

Interested parties are encouraged to check the website ahead of time to ensure their computers are configured for the audio stream. Instructions for obtaining the free required downloadable software are posted on the site.

## Disclosure Regarding Forward-looking Statements

This release and the attachments contain forward-looking statements, including information regarding the Company's 2009 and 2010 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, the Foreign Corrupt Practices Act, the International Traffic in Arms Regulations, and procurement and other regulations; the impact of competition; the ability to develop products and technologies; the impact of changes in the financial markets and global economic conditions; the risk that actual pension returns, discount rates or other actuarial assumptions are significantly different than the Company's assumptions; 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 release and the attachments or to update them to reflect events or circumstances occurring after the date of this release, including any acquisitions, dispositions or other business arrangements that may be announced or closed after such date. This release and the attachments also contain non-GAAP financial measures. A GAAP reconciliation and a discussion of the Company's use of these measures are included in this release or the attachments.

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Attachment A  
Raytheon Company  
Preliminary Statement of Operations Information  
Third Quarter 2009

(In millions, except per share amounts)

|   | Three Months Ended |           | Nine Months Ended |           |
|---|--------------------|-----------|-------------------|-----------|
|   | 27-Sep-09          | 28-Sep-08 | 27-Sep-09         | 28-Sep-08 |
| Net sales   | \$ 6,205           | \$ 5,864  | \$ 18,214         | \$ 17,088 |
| Operating expenses  |                    |           |                   |           |
| Cost of sales   | 4,894              | 4,664     | 14,430            | 13,586    |
| Administrative and selling expenses   | 401                | 380       | 1,135             | 1,156     |
| Research and development expenses   | 145                | 130       | 407               | 379       |
| Total operating expenses  | 5,440              | 5,174     | 15,972            | 15,121    |
| Operating income  | 765                | 690       | 2,242             | 1,967     |
| Interest expense  | 32                 | 29        | 95                | 97        |
| Interest income   | (4)                | (16)      | (11)              | (56)      |
| Other (income) expense, net   | (10)               | 18        | (18)              | 21        |
| Non-operating expense, net  | 18                 | 31        | 66                | 62        |
| Income from continuing operations before taxes  | 747                | 659       | 2,176             | 1,905     |
| Federal and foreign income taxes  | 248                | 222       | 716               | 635       |
| Income from continuing operations   | 499                | 437       | 1,460             | 1,270     |
| (Loss) income from discontinued operations, net of tax                                  | (1)                | -         | (1)               | (2)       |
| Net income  | 498                | 437       | 1,459             | 1,268     |
| Less: Net income attributable to noncontrolling interests                               | 8                  | 10        | 28                | 17        |
| Net income attributable to Raytheon Company   | \$ 490             | \$ 427    | \$ 1,431          | \$ 1,251  |
| Basic earnings (loss) per share attributable to Raytheon Company common stockholders:   |                    |           |                   |           |
| Income from continuing operations   | \$ 1.27            | \$ 1.03   | \$ 3.64           | \$ 2.99   |
| Income (loss) from discontinued operations  | -                  | -         | -                 | (0.01)    |
| Net income  | 1.26               | 1.03      | 3.64              | 2.98      |
| Diluted earnings (loss) per share attributable to Raytheon Company common stockholders: |                    |           |                   |           |
| Income from continuing operations   | \$ 1.25            | \$ 1.01   | \$ 3.60           | \$ 2.92   |
| Income (loss) from discontinued operations  | -                  | -         | -                 | (0.01)    |
| Net income  | 1.25               | 1.00      | 3.59              | 2.91      |
| Amounts attributable to Raytheon Company common stockholders:                           |                    |           |                   |           |
| Income from continuing operations   | \$ 491             | \$ 427    | \$ 1,432          | \$ 1,253  |
| (Loss) income from discontinued operations  | (1)                | -         | (1)               | (2)       |
| Net income  | \$ 490             | \$ 427    | \$ 1,431          | \$ 1,251  |
| Average shares outstanding  |                    |           |                   |           |
| Basic   | 388.1              | 415.6     | 393.2             | 419.6     |
| Diluted   | 393.4              | 424.9     | 398.2             | 429.8     |

Attachment B  
Raytheon Company  
Preliminary Segment Information  
Third Quarter 2009

| (In millions, except percentages)    | Net Sales          |                 | Operating Income   |               | Operating Income<br>As a Percent of Sales |              |
|--------------------------------------|--------------------|-----------------|--------------------|---------------|---|--------------|
|                                      | Three Months Ended |                 | Three Months Ended |               | Three Months Ended                        |              |
|                                      | 27-Sep-09          | 28-Sep-08       | 27-Sep-09          | 28-Sep-08     | 27-Sep-09                                 | 28-Sep-08    |
| Integrated Defense Systems           | \$ 1,387           | \$ 1,276        | \$ 217             | \$ 206        | 15.6%                                     | 16.1%        |
| Intelligence and Information Systems | 805                | 801             | 68                 | 67            | 8.4%                                      | 8.4%         |
| Missile Systems                      | 1,396              | 1,360           | 145                | 145           | 10.4%                                     | 10.7%        |
| Network Centric Systems              | 1,212              | 1,145           | 172                | 152           | 14.2%                                     | 13.3%        |
| Space and Airborne Systems           | 1,134              | 1,065           | 159                | 144           | 14.0%                                     | 13.5%        |
| Technical Services                   | 797                | 689             | 60                 | 45            | 7.5%                                      | 6.5%         |
| FAS/CAS Pension Adjustment           | -                  | -               | (1)                | (26)          |   |              |
| Corporate and Eliminations           | (526)              | (472)           | (55)               | (43)          |   |              |
| <b>Total</b>                         | <b>\$ 6,205</b>    | <b>\$ 5,864</b> | <b>\$ 765</b>      | <b>\$ 690</b> | <b>12.3%</b>                              | <b>11.8%</b> |

| (In millions, except percentages)    | Net Sales         |                  | Operating Income  |                 | Operating Income<br>As a Percent of Sales |              |
|--------------------------------------|-------------------|------------------|-------------------|-----------------|---|--------------|
|                                      | Nine Months Ended |                  | Nine Months Ended |                 | Nine Months Ended                         |              |
|                                      | 27-Sep-09         | 28-Sep-08        | 27-Sep-09         | 28-Sep-08       | 27-Sep-09                                 | 28-Sep-08    |
| Integrated Defense Systems           | \$ 3,984          | \$ 3,725         | \$ 610            | \$ 626          | 15.3%                                     | 16.8%        |
| Intelligence and Information Systems | 2,401             | 2,322            | 195               | 186             | 8.1%                                      | 8.0%         |
| Missile Systems                      | 4,148             | 4,042            | 450               | 442             | 10.8%                                     | 10.9%        |
| Network Centric Systems              | 3,563             | 3,385            | 505               | 427             | 14.2%                                     | 12.6%        |
| Space and Airborne Systems           | 3,316             | 3,114            | 473               | 402             | 14.3%                                     | 12.9%        |
| Technical Services                   | 2,273             | 1,857            | 157               | 125             | 6.9%                                      | 6.7%         |
| FAS/CAS Pension Adjustment           | -                 | -                | 21                | (93)            |   |              |
| Corporate and Eliminations           | (1,471)           | (1,357)          | (169)             | (148)           |   |              |
| <b>Total</b>                         | <b>\$ 18,214</b>  | <b>\$ 17,088</b> | <b>\$ 2,242</b>   | <b>\$ 1,967</b> | <b>12.3%</b>                              | <b>11.5%</b> |

Attachment C  
Raytheon Company  
Other Preliminary Information  
Third Quarter 2009

(In millions)

|                                      | Funded Backlog   |                  | Total Backlog    |                  |
|--------------------------------------|------------------|------------------|------------------|------------------|
|                                      | 27-Sep-09        | 31-Dec-08        | 27-Sep-09        | 31-Dec-08        |
| Integrated Defense Systems           | \$ 5,523         | \$ 4,802         | \$ 9,823         | \$ 9,883         |
| Intelligence and Information Systems | 1,692            | 1,890            | 4,349            | 5,137            |
| Missile Systems*                     | 6,281            | 6,082            | 7,688            | 9,937            |
| Network Centric Systems              | 4,068            | 4,593            | 5,123            | 5,733            |
| Space and Airborne Systems           | 3,718            | 2,731            | 6,078            | 5,442            |
| Technical Services                   | 2,469            | 1,888            | 3,151            | 2,752            |
| <b>Total</b>                         | <b>\$ 23,751</b> | <b>\$ 21,986</b> | <b>\$ 36,212</b> | <b>\$ 38,884</b> |

|                       | Bookings           |                 |
|-----------------------|--------------------|-----------------|
|                       | Three Months Ended |                 |
|                       | 27-Sep-09          | 28-Sep-08       |
| <b>Total Bookings</b> | <b>\$ 5,137</b>    | <b>\$ 5,766</b> |

\* In the second quarter of 2009, Kinetic Energy Interceptor (KEI), a developmental program with the Missile Defense Agency (MDA), was terminated for convenience, which resulted in a backlog adjustment of approximately \$2.4 billion at Missile Systems. The program was cancelled by the MDA due to a change in missile defense priorities. We expect that the change in focus to "early intercept" will lead to additional opportunities for a number of our products and technologies, including Standard Missile-3. Total backlog for Missile Systems and the total Company at December 31, 2008 above are presented unadjusted. For comparability, total backlog for Missile Systems and the total Company without KEI would have been \$7,572 million and \$36,519 million, respectively, at December 31, 2008.

Attachment D  
Raytheon Company  
Preliminary Balance Sheet Information  
Third Quarter 2009

(In millions)

|   | <u>27-Sep-09</u> | <u>31-Dec-08</u> |
|---|------------------|------------------|
| <b>Assets</b>   |                  |                  |
| Cash and cash equivalents                                 | \$ 2,442         | \$ 2,259         |
| Accounts receivable, net                                  | 105              | 105              |
| Contracts in process                                      | 4,207            | 3,793            |
| Inventories   | 317              | 325              |
| Current tax asset   | -                | 441              |
| Deferred taxes  | 382              | 395              |
| Prepaid expenses and other current assets                 | 96               | 99               |
| Total current assets                                      | <u>7,549</u>     | <u>7,417</u>     |
| Property, plant and equipment, net                        | 1,945            | 2,024            |
| Deferred taxes  | 445              | 735              |
| Prepaid retiree benefits                                  | 66               | 56               |
| Goodwill  | 11,668           | 11,662           |
| Other assets, net   | 1,207            | 1,240            |
| Total assets  | <u>\$ 22,880</u> | <u>\$ 23,134</u> |
| <b>Liabilities and Equity</b>                             |                  |                  |
| <b>Current liabilities</b>                                |                  |                  |
| Advance payments and billings in excess of costs incurred | \$ 2,002         | \$ 1,970         |
| Accounts payable  | 1,266            | 1,201            |
| Accrued employee compensation                             | 914              | 913              |
| Other accrued expenses                                    | 988              | 1,065            |
| Total current liabilities                                 | <u>5,170</u>     | <u>5,149</u>     |
| Accrued retiree benefits and other long-term liabilities  | 5,778            | 6,488            |
| Long-term debt  | 2,293            | 2,309            |
| <b>Equity</b>   |                  |                  |
| Raytheon Company stockholders' equity                     |                  |                  |
| Common stock  | 4                | 4                |
| Additional paid-in capital                                | 10,929           | 10,873           |
| Accumulated other comprehensive loss                      | (4,967)          | (5,182)          |
| Treasury stock, at cost                                   | (5,145)          | (4,254)          |
| Retained earnings   | 8,714            | 7,646            |
| Total Raytheon Company stockholders' equity               | <u>9,535</u>     | <u>9,087</u>     |
| Noncontrolling interest in subsidiaries                   | 104              | 101              |
| Total equity  | <u>9,639</u>     | <u>9,188</u>     |
| Total liabilities and equity                              | <u>\$ 22,880</u> | <u>\$ 23,134</u> |

Attachment E  
Raytheon Company  
Preliminary Cash Flow Information  
Third Quarter 2009

(In millions)

|  | Three Months Ended |               | Nine Months Ended |               |
|--|--------------------|---------------|-------------------|---------------|
|  | 27-Sep-09          | 28-Sep-08     | 27-Sep-09         | 28-Sep-08     |
| Net income   | \$ 498             | \$ 437        | \$ 1,459          | \$ 1,268      |
| Loss (income) from discontinued operations, net of tax | 1                  | -             | 1                 | 2             |
| Income from continuing operations                      | <u>499</u>         | <u>437</u>    | <u>1,460</u>      | <u>1,270</u>  |
| Depreciation   | 76                 | 75            | 220               | 217           |
| Amortization   | 25                 | 24            | 75                | 71            |
| Working capital (excluding pension and taxes)*         | 400                | 3             | (225)             | (382)         |
| Discontinued operations                                | (7)                | (5)           | (16)              | (21)          |
| Net activity in financing receivables                  | 13                 | 21            | 28                | 46            |
| Other  | (264)              | 198           | 114               | 370           |
| Net operating cash flow                                | <u>742</u>         | <u>753</u>    | <u>1,656</u>      | <u>1,571</u>  |
| Capital spending                                       | (57)               | (68)          | (138)             | (167)         |
| Internal use software spending                         | (15)               | (28)          | (49)              | (58)          |
| Acquisitions   | -                  | (20)          | -                 | (54)          |
| Investment activity and divestiture                    | -                  | -             | -                 | 9             |
| Dividends  | (121)              | (117)         | (355)             | (344)         |
| Repurchases of common stock                            | (300)              | (340)         | (900)             | (1,020)       |
| Other  | (6)                | 27            | (31)              | 169           |
| Total cash flow  | <u>\$ 243</u>      | <u>\$ 207</u> | <u>\$ 183</u>     | <u>\$ 106</u> |

\* Working capital (excluding pension and taxes) is a summation of changes in: accounts receivable, net, contracts in process and advance payments and billings in excess of costs incurred, inventories, prepaid expenses and other current assets, accounts payable, accrued employee compensation, and other accrued expenses from the Statements of Cash Flows.

**Forecasted FAS/CAS Adjusted EPS Non-GAAP Reconciliation - 2009**

|   | 2009 Current Guidance |                      |
|---|-----------------------|----------------------|
|   | Low end<br>of range   | High end<br>of range |
| Diluted earnings per share from continuing operations<br>attributable to Raytheon Company common stockholders | \$ 4.70               | \$ 4.80              |
| Less: Per share impact of the FAS/CAS Pension Adjustment *  | 0.05                  | 0.05                 |
| FAS/CAS Adjusted EPS **   | <u>\$ 4.65</u>        | <u>\$ 4.75</u>       |

|  |                |                |
|--|----------------|----------------|
| * FAS/CAS Pension Adjustment                       | \$ 29          | \$ 29          |
| Tax effect (at effective rate)                     | (10)           | (10)           |
| After-tax FAS/CAS Pension Adjustment               | 19             | 19             |
| Diluted Shares                                     | 400            | 397            |
| Per share impact of the FAS/CAS Pension Adjustment | <u>\$ 0.05</u> | <u>\$ 0.05</u> |

\*\* These amounts are not measures of financial performance under U.S. generally accepted accounting principles (GAAP). They should be considered supplemental to and not a substitute for financial performance in accordance with GAAP. FAS/CAS Adjusted EPS is defined as EPS from continuing operations attributable to Raytheon Company common stockholders excluding the earnings per share impact of the FAS/CAS Pension Adjustment. Management uses FAS/CAS Adjusted EPS for the purposes of evaluating and forecasting the Company's financial performance.

**Forecasted FAS/CAS Adjusted EPS Non-GAAP Reconciliation - 2010**

|   | 2010 Initial Guidance |                      |
|---|-----------------------|----------------------|
|   | Low end<br>of range   | High end<br>of range |
| Diluted earnings per share from continuing operations<br>attributable to Raytheon Company common stockholders | \$ 4.75               | \$ 4.90              |
| Less: Per share impact of the FAS/CAS Pension Adjustment *  | (0.41)                | (0.41)               |
| FAS/CAS Adjusted EPS **   | <u>\$ 5.16</u>        | <u>\$ 5.31</u>       |

|  |                  |                  |
|--|------------------|------------------|
| * FAS/CAS Pension Adjustment                       | \$ (228)         | \$ (228)         |
| Tax effect (at effective rate)                     | 72               | 72               |
| After-tax FAS/CAS Pension Adjustment               | (156)            | (156)            |
| Diluted Shares                                     | 382              | 377              |
| Per share impact of the FAS/CAS Pension Adjustment | <u>\$ (0.41)</u> | <u>\$ (0.41)</u> |

\*\* These amounts are not measures of financial performance under U.S. generally accepted accounting principles (GAAP). They should be considered supplemental to and not a substitute for financial performance in accordance with GAAP. FAS/CAS Adjusted EPS is defined as EPS from continuing operations attributable to Raytheon Company common stockholders excluding the earnings per share impact of the FAS/CAS Pension Adjustment. Management uses FAS/CAS Adjusted EPS for the purposes of evaluating and forecasting the Company's financial performance.



Attachment G  
Raytheon Company  
2008 Adjusted and 2009 Preliminary Return on Invested Capital Non-GAAP Financial Measure  
Third Quarter 2009

We define 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 the new accounting standard for employers' accounting for defined benefit pension and other postretirement plans. 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. We use ROIC as a measure of efficiency and effectiveness of our use of capital and as an element of management compensation.

**Return on Invested Capital**

(In millions, except percentages)

|   | Adjusted<br>ROIC 2008 * | 2009 Current Guidance |                      |
|---|-------------------------|-----------------------|----------------------|
|   |                         | Low end<br>of range   | High end<br>of range |
| Income from continuing operations                 | \$ 1,743                |                       |                      |
| Net interest expense, after-tax **                | 44                      | Combined              | Combined             |
| Lease expense, after-tax **                       | 68                      |                       |                      |
| Return  | <u>\$ 1,855</u>         | <u>\$ 2,030</u>       | <u>\$ 2,070</u>      |
| Net debt ***                                      | \$ (169)                |                       |                      |
| Equity less investment in discontinued operations | 10,920                  |                       |                      |
| Lease expense x 8, plus financial guarantees      | 2,728                   | Combined              | Combined             |
| Minimum pension liability                         | 3,550                   |                       |                      |
| Invested capital from continuing operations ****  | <u>\$ 17,029</u>        | <u>\$ 17,700</u>      | <u>\$ 17,500</u>     |
| ROIC  | <u>10.9%</u>            | <u>11.5%</u>          | <u>11.8%</u>         |

\* 2008 Adjusted ROIC is ROIC excluding the \$45 million (\$69 million pretax) or \$0.11 per diluted share unfavorable adjustment due to the impact of pension investment returns on existing contracts. 2008 Adjusted ROIC is a non-GAAP financial measure. The Company uses 2008 Adjusted ROIC to facilitate management's internal comparisons to the Company's historical ROIC results, and to provide greater transparency to investors of supplemental information used by management in its financial and operational decision making, including to evaluate the Company's operating performance.

\*\* Effective tax rates: Adjusted 2008 - Approximately 33%  
2009 - Approximately 33% (2009 guidance)

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

\*\*\*\* Calculated using a 2 point average