Raytheon Reports Strong First Quarter Results; Increases Full-Year Guidance

Highlights

- Net sales of $5.9 billion, up 10 percent
- Operating income of $712 million, up 17 percent
- Earnings per share (EPS) from continuing operations of $1.11, up 21 percent
- Solid bookings of $5.2 billion; backlog of $37.9 billion
- Increased annual dividend by 11 percent to $1.24 per share, as previously announced

WALTHAM, Mass., (April 23, 2009) – Raytheon Company (NYSE: RTN) reported first quarter 2009 income from continuing operations of $457 million or $1.11 per diluted share compared to $401 million or $0.92 per diluted share in the first quarter 2008.

“We delivered strong results across all of our businesses during the quarter,” said William H. Swanson, Raytheon’s Chairman and CEO. “Raytheon’s strong domestic and international business and diverse portfolio of more than 8,000 programs position us well today and for the future.”

Net sales for the first quarter 2009 were $5.9 billion, up 10 percent from $5.4 billion in the first quarter 2008, with growth across all of the Company’s businesses.

Operating cash flow from continuing operations for the first quarter 2009 was $411 million compared to $67 million for the first quarter 2008. The increase in operating cash flow was primarily due to a $337 million tax refund received in the first quarter 2009.
In the first quarter 2009 the Company repurchased 6.8 million shares of common stock for $300 million, as part of the Company’s previously announced share repurchase program. In addition, as announced in March 2009, the Company’s Board of Directors voted to increase the Company’s annual dividend payout rate by 11 percent from $1.12 to $1.24 per share.

The Company ended the first quarter 2009 with $87 million of net debt. Net debt is defined as total debt less cash and cash equivalents.

<table>
<thead>
<tr>
<th>Summary Financial Results</th>
<th>1st Quarter</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2009</td>
<td>2008</td>
</tr>
<tr>
<td>Net sales</td>
<td>$5,884</td>
<td>$5,354</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>5,172</td>
<td>4,745</td>
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<tr>
<td>Operating income</td>
<td>712</td>
<td>609</td>
</tr>
<tr>
<td>Non-operating expenses, net</td>
<td>33</td>
<td>16</td>
</tr>
<tr>
<td>Income from cont. ops. before taxes</td>
<td>$679</td>
<td>$593</td>
</tr>
<tr>
<td><strong>Income from continuing operations</strong></td>
<td><strong>$457</strong></td>
<td><strong>$401</strong></td>
</tr>
<tr>
<td>Income/(loss) from disc. ops., net of tax</td>
<td>3</td>
<td>(2)</td>
</tr>
<tr>
<td>Net income(1)</td>
<td>$460</td>
<td>$399</td>
</tr>
<tr>
<td>Less: noncontrolling interests(1)</td>
<td>8</td>
<td>1</td>
</tr>
<tr>
<td>Net income attributable to Raytheon Company(1)</td>
<td>$452</td>
<td>$398</td>
</tr>
<tr>
<td><strong>Diluted EPS from continuing operations</strong>(2)</td>
<td><strong>$1.11</strong></td>
<td><strong>$0.92</strong></td>
</tr>
<tr>
<td>Diluted EPS(2)</td>
<td>1.12</td>
<td>0.92</td>
</tr>
<tr>
<td>Operating cash flow from cont. ops.</td>
<td>411</td>
<td>67</td>
</tr>
<tr>
<td>FAS/CAS pension adjustment Inc./(Exp.)</td>
<td>11</td>
<td>(33)</td>
</tr>
<tr>
<td>Workdays in fiscal reporting calendar</td>
<td>61</td>
<td>63</td>
</tr>
</tbody>
</table>


(2) Raytheon Company adopted FASB Staff Position EITF 03-6-1 for Participating Securities, effective January 1, 2009, which decreased Q1 2008 diluted EPS from continuing operations by $0.01. The impact on Q1 2008 diluted EPS was less than $0.01.
The Company adopted FAS No.160, Noncontrolling Interests in Consolidated Financial Statements, effective January 1, 2009. The Company’s noncontrolling interests relate primarily to Thales-Raytheon Systems Co. LLC, which is included in the Network Centric Systems (NCS) segment. The impact to NCS in the first quarter 2009 is an increase of $8 million in operating income compared to an increase of $1 million in the first quarter 2008.

During the quarter, the Company changed the reporting of a U.K. manufacturing facility from Space and Airborne Systems to Missile Systems. Prior period segment results have been revised to reflect this reorganization.

**Bookings and Backlog**

<table>
<thead>
<tr>
<th>Bookings ($ in millions)</th>
<th>1st Quarter</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2009</td>
<td>2008</td>
</tr>
<tr>
<td>Total Bookings</td>
<td>$ 5,209</td>
<td>$ 6,516</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Backlog ($ in millions)</th>
<th>Period Ended</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>03/29/09</td>
<td>12/31/08</td>
</tr>
<tr>
<td>Backlog</td>
<td>$ 37,939</td>
<td>$ 38,884</td>
</tr>
<tr>
<td>Funded Backlog</td>
<td>$ 23,022</td>
<td>$ 21,986</td>
</tr>
</tbody>
</table>

The Company reported total bookings for the first quarter 2009 of $5.2 billion compared to $6.5 billion in the first quarter 2008. The Company ended the first quarter 2009 with a backlog of $37.9 billion compared to $38.9 billion at the end of 2008 and $37.7 billion at the end of the first quarter 2008.
### 2009 Financial Outlook

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>Prior (1/29/09)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales ($B)</td>
<td>24.4 - 24.9*</td>
<td>24.3 - 24.8</td>
</tr>
<tr>
<td>FAS/CAS Pension Income ($M)</td>
<td>47</td>
<td>47</td>
</tr>
<tr>
<td>Interest Inc./(Exp.), net ($M)</td>
<td>(105) - (115)</td>
<td>(105) - (115)</td>
</tr>
<tr>
<td>Diluted Shares (M)</td>
<td>398 - 401*</td>
<td>402 - 405</td>
</tr>
<tr>
<td>EPS from Continuing Operations</td>
<td>$4.55 - $4.70*</td>
<td>$4.45 - $4.60</td>
</tr>
<tr>
<td>Operating Cash Flow from Cont. Ops. ($B)</td>
<td>2.2 - 2.4</td>
<td>2.2 - 2.4</td>
</tr>
<tr>
<td>ROIC (%)</td>
<td>11.1 - 11.6*</td>
<td>11.0 - 11.5**</td>
</tr>
</tbody>
</table>

* Denotes change from prior guidance.

** Prior ROIC guidance now reflects a 10 bp increase due to the impact of FAS 160, Noncontrolling Interests in Consolidated Financial Statements, which the Company adopted January 1, 2009. The Company’s noncontrolling interests relate primarily to Thales-Raytheon Systems Co. LLC at NCS.

The Company has increased full-year 2009 guidance for net sales, earnings per share from continuing operations and Return on Invested Capital (ROIC), and updated the outlook for diluted share count. Charts containing additional information on the Company’s 2009 guidance are available on the Company’s website at www.raytheon.com. See attachment F for the Company’s calculation and use of ROIC, a non-GAAP financial measure.
Integrated Defense Systems (IDS) had first quarter 2009 net sales of $1,262 million, up 6 percent compared to $1,192 million in the first quarter 2008, primarily due to growth on domestic and international Patriot programs. IDS recorded $188 million of operating income compared to $211 million in the first quarter 2008. The change in operating income was primarily due to contract mix, driven primarily by the completion of certain programs in 2008. IDS also benefited from the sale of certain software licenses in the first quarter 2008.

During the quarter, IDS booked $741 million in new international and domestic Patriot awards, including $185 million for the United Arab Emirates (UAE), $139 million for Taiwan, $159 million to provide engineering services and $115 million for the Patriot Pure Fleet program for the U.S. Army.

Intelligence and Information Systems (IIS) had first quarter 2009 net sales of $784 million, up 13 percent compared to $692 million in the first quarter 2008, primarily due to higher volume on classified contracts. IIS recorded $61 million of operating income compared to $52 million in the first quarter 2008. The increase in operating income was primarily due to higher volume.
During the quarter, IIS booked $236 million on a number of classified contracts.

**Missile Systems**

<table>
<thead>
<tr>
<th>($ in millions)</th>
<th>1st Quarter</th>
<th>%</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>$1,368</td>
<td>$1,319</td>
<td>4%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>$158</td>
<td>$139</td>
<td>14%</td>
</tr>
<tr>
<td>Operating Margin</td>
<td>11.5%</td>
<td>10.5%</td>
<td></td>
</tr>
</tbody>
</table>

Missile Systems (MS) had first quarter 2009 net sales of $1,368 million, up 4 percent compared to $1,319 million in the first quarter 2008, primarily due to higher volume on the Standard Missile, Advanced Medium-Range Air-to-Air Missile (AMRAAM), and Evolved Sea Sparrow Missile (ESSM) programs. MS recorded $158 million of operating income compared to $139 million in the first quarter 2008. The increase in operating income was due to improved program performance and higher volume.

During the quarter, MS booked $119 million for continued development and production work on the Exoatmospheric Kill Vehicle (EKV). MS also booked $85 million for the production of the Joint Standoff Weapon (JSOW) for the U.S. Navy.

**Network Centric Systems**

<table>
<thead>
<tr>
<th>($ in millions)</th>
<th>1st Quarter</th>
<th>%</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>$1,154</td>
<td>$1,067</td>
<td>8%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>$163</td>
<td>$124</td>
<td>31%</td>
</tr>
<tr>
<td>Operating Margin</td>
<td>14.1%</td>
<td>11.6%</td>
<td></td>
</tr>
</tbody>
</table>

Network Centric Systems (NCS) had first quarter 2009 net sales of $1,154 million, up 8 percent compared to $1,067 million in the first quarter 2008, primarily due to increased volume on certain U.S. Army programs. NCS recorded $163 million of operating income compared to $124 million in the first quarter 2008. The increase in operating income was primarily due to improved program performance and higher volume.
During the quarter, NCS booked $98 million for the Secure Mobile Anti-Jam Reliable Tactical Terminal (SMART-T) program and $95 million for the Thermal Weapon Sight II program for the U.S. Army.

**Space and Airborne Systems**

<table>
<thead>
<tr>
<th></th>
<th>1st Quarter</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>($ in millions)</td>
<td>2009</td>
<td>2008</td>
</tr>
<tr>
<td>Net Sales</td>
<td>$1,046</td>
<td>$977</td>
</tr>
<tr>
<td>Operating Income</td>
<td>$139</td>
<td>$117</td>
</tr>
<tr>
<td>Operating Margin</td>
<td>13.3%</td>
<td>12.0%</td>
</tr>
</tbody>
</table>

Space and Airborne Systems (SAS) had first quarter 2009 net sales of $1,046 million, up 7 percent compared to $977 million in the first quarter 2008, primarily due to growth on an international tactical radar program and classified business. SAS recorded $139 million of operating income compared to $117 million in the first quarter 2008. The increase in operating income was primarily due to higher volume, improved program performance and favorable contractual settlements.

During the quarter, SAS booked $422 million to supply APG-63 fire control radars and support equipment for the Japan Air Self-Defense Force. SAS also booked $130 million for the B-2 Radar Modernization Program (RMP).

**Technical Services**

<table>
<thead>
<tr>
<th></th>
<th>1st Quarter</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>($ in millions)</td>
<td>2009</td>
<td>2008</td>
</tr>
<tr>
<td>Net Sales</td>
<td>$696</td>
<td>$521</td>
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<tr>
<td>Operating Income</td>
<td>$44</td>
<td>$35</td>
</tr>
<tr>
<td>Operating Margin</td>
<td>6.3%</td>
<td>6.7%</td>
</tr>
</tbody>
</table>

Technical Services (TS) had first quarter 2009 net sales of $696 million, up 34 percent compared to $521 million in the first quarter 2008, primarily due to strong growth in training programs. TS recorded operating income of $44 million in the first quarter 2009 compared to $35 million in the first quarter 2008. The increase in operating income was primarily due to higher volume.
During the quarter, TS booked $178 million for work on the Warfighter Field Operations Customer Support (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 First Quarter 2009 Financial Results

Raytheon’s financial results conference call will be held on Thursday, April 23, 2009 at 9 a.m. EDT. Participants will include William H. Swanson, Chairman and CEO, David C. Wajsgras, senior vice president and CFO, and other Company executives.

The dial-in number for the conference call will be (800) 798-2864 in the U.S. or (617) 614-6206 outside of the U.S. The conference call will also be audiocast on the Internet at 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 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 and procurement and other regulations; the impact of competition; the ability to develop products and technologies; the impact of the current downturn in the financial markets; the risk that actual pension returns 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.

###
Raytheon Company

Preliminary Statement of Operations Information*
First Quarter 2009

(In millions, except per share amounts)

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>29-Mar-09</td>
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<tr>
<td>Net sales</td>
<td>$ 5,884</td>
</tr>
<tr>
<td>Operating expenses</td>
<td></td>
</tr>
<tr>
<td>Cost of sales</td>
<td>4,697</td>
</tr>
<tr>
<td>Administrative and selling expenses</td>
<td>364</td>
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<tr>
<td>Research and development expenses</td>
<td>111</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>5,172</td>
</tr>
<tr>
<td>Operating income</td>
<td>712</td>
</tr>
<tr>
<td>Interest expense</td>
<td>32</td>
</tr>
<tr>
<td>Interest income</td>
<td>(4)</td>
</tr>
<tr>
<td>Other expense, net</td>
<td>5</td>
</tr>
<tr>
<td>Non-operating expense, net</td>
<td>33</td>
</tr>
<tr>
<td>Income from continuing operations before taxes</td>
<td>679</td>
</tr>
<tr>
<td>Federal and foreign income taxes</td>
<td>222</td>
</tr>
<tr>
<td>Income from continuing operations</td>
<td>457</td>
</tr>
<tr>
<td>Income (loss) from discontinued operations, net of tax</td>
<td>3</td>
</tr>
<tr>
<td>Net income</td>
<td>460</td>
</tr>
<tr>
<td>Less: Net income attributable to noncontrolling interests</td>
<td>8</td>
</tr>
<tr>
<td>Net income attributable to Raytheon Company</td>
<td>$ 452</td>
</tr>
</tbody>
</table>

Basic earnings (loss) per share attributable to Raytheon Company common stockholders:
- Income from continuing operations $ 1.12 $ 0.94
- Discontinued operations 0.01 (0.01)
- Net income 1.13 0.94

Diluted earnings (loss) per share attributable to Raytheon Company common stockholders:
- Income from continuing operations $ 1.11 $ 0.92
- Discontinued operations 0.01 (0.01)
- Net income 1.12 0.92

Amounts attributable to Raytheon Company common stockholders:
- Income from continuing operations $ 449 $ 400
- Income (loss) from discontinued operations 3 (2)
- Net income $ 452 $ 398

Average shares outstanding
- Basic 399.0 423.8
- Diluted 404.0 434.7

* This Preliminary Statement of Operations Information was prepared on the same basis as our annual consolidated financial statements, except for the adoption of Statement of Financial Accounting Standards No. 160, Noncontrolling Interests, and Financial Accounting Standards Board Staff Position Emerging Issues Task Force No. 03-6-1, Determining Whether Instruments Granted in Share-Based Payment Transactions are Participating Securities effective January 1, 2009. Accordingly, this Preliminary Statement of Operations Information has been prepared to reflect the adoption of these standards.
<table>
<thead>
<tr>
<th></th>
<th>30-Mar-08</th>
<th>29-Jun-08</th>
<th>28-Sep-08</th>
<th>31-Dec-08</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>$5,354</td>
<td>$5,870</td>
<td>$5,864</td>
<td>$6,086</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Cost of sales</td>
<td>4,258</td>
<td>4,664</td>
<td>4,664</td>
<td>4,903</td>
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<tr>
<td>Administrative and selling expenses</td>
<td>380</td>
<td>396</td>
<td>380</td>
<td>392</td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>107</td>
<td>142</td>
<td>130</td>
<td>138</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>4,745</td>
<td>5,202</td>
<td>5,174</td>
<td>5,433</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>609</td>
<td>668</td>
<td>690</td>
<td>653</td>
</tr>
<tr>
<td><strong>Interest expense</strong></td>
<td>34</td>
<td>34</td>
<td>29</td>
<td>32</td>
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<tr>
<td>Interest income</td>
<td>(23)</td>
<td>(17)</td>
<td>(16)</td>
<td>(8)</td>
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<tr>
<td>Other expense (income), net</td>
<td>5</td>
<td>(2)</td>
<td>18</td>
<td>12</td>
</tr>
<tr>
<td><strong>Non-operating expense, net</strong></td>
<td>16</td>
<td>15</td>
<td>31</td>
<td>36</td>
</tr>
<tr>
<td><strong>Income from continuing operations before taxes</strong></td>
<td>593</td>
<td>653</td>
<td>659</td>
<td>617</td>
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<tr>
<td>Federal and foreign income taxes</td>
<td>192</td>
<td>221</td>
<td>222</td>
<td>189</td>
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<tr>
<td><strong>Income from continuing operations</strong></td>
<td>401</td>
<td>432</td>
<td>437</td>
<td>428</td>
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<tr>
<td>Loss from discontinued operations, net of tax</td>
<td>(2)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>399</td>
<td>426</td>
<td>427</td>
<td>421</td>
</tr>
<tr>
<td>Less: Net income attributable to noncontrolling interests</td>
<td>1</td>
<td>6</td>
<td>10</td>
<td>7</td>
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<tr>
<td><strong>Net income attributable to Raytheon Company</strong></td>
<td>$398</td>
<td>$426</td>
<td>$427</td>
<td>$421</td>
</tr>
<tr>
<td><strong>Basic earnings (loss) per share attributable to Raytheon Company common stockholders:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from continuing operations</td>
<td>$0.94</td>
<td>$1.02</td>
<td>$1.03</td>
<td>$1.03</td>
</tr>
<tr>
<td>Discontinued operations</td>
<td>(0.01)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net income</td>
<td>0.94</td>
<td>1.02</td>
<td>1.03</td>
<td>1.03</td>
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<tr>
<td><strong>Diluted earnings (loss) per share attributable to Raytheon Company common stockholders:</strong></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Income from continuing operations</td>
<td>$0.92</td>
<td>$0.99</td>
<td>$1.01</td>
<td>$1.01</td>
</tr>
<tr>
<td>Discontinued operations</td>
<td>(0.01)</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Net income</td>
<td>0.92</td>
<td>0.99</td>
<td>1.00</td>
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<td><strong>Amounts attributable to Raytheon Company common stockholders:</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Income from continuing operations</td>
<td>$400</td>
<td>$426</td>
<td>$427</td>
<td>$421</td>
</tr>
<tr>
<td>Loss from discontinued operations</td>
<td>(2)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net income</td>
<td>$398</td>
<td>$426</td>
<td>$427</td>
<td>$421</td>
</tr>
<tr>
<td><strong>Average shares outstanding</strong></td>
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</tr>
<tr>
<td>Basic</td>
<td>423.8</td>
<td>419.7</td>
<td>415.6</td>
<td>409.8</td>
</tr>
<tr>
<td>Diluted</td>
<td>434.7</td>
<td>430.0</td>
<td>424.9</td>
<td>416.4</td>
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</tbody>
</table>

* On January 1, 2009, we adopted Statement of Financial Accounting Standards No. 160, Noncontrolling Interests, and Financial Accounting Standards Board Staff Position Emerging Issues Task Force No. 03-6-1, Determining Whether Instruments Granted in Share-Based Payment Transactions are Participating Securities. This Pro Forma Statement of Operations Information has been prepared to reflect the adoption of these standards.
<table>
<thead>
<tr>
<th></th>
<th>31-Dec-08</th>
<th>31-Dec-07</th>
<th>31-Dec-06</th>
<th>31-Dec-05</th>
</tr>
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<tbody>
<tr>
<td>Net sales</td>
<td>$23,174</td>
<td>$21,301</td>
<td>$19,707</td>
<td>$18,491</td>
</tr>
<tr>
<td>Operating expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of sales</td>
<td>18,489</td>
<td>17,011</td>
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<td>15,205</td>
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<td>Administrative and selling</td>
<td>1,548</td>
<td>1,434</td>
<td>1,322</td>
<td>1,228</td>
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<tr>
<td>expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Research and development</td>
<td>517</td>
<td>502</td>
<td>464</td>
<td>430</td>
</tr>
<tr>
<td>expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>20,554</td>
<td>18,947</td>
<td>17,741</td>
<td>16,863</td>
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<td>Operating income</td>
<td>2,620</td>
<td>2,354</td>
<td>1,966</td>
<td>1,628</td>
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<tr>
<td>Interest expense</td>
<td>129</td>
<td>196</td>
<td>272</td>
<td>305</td>
</tr>
<tr>
<td>Interest income</td>
<td>(64)</td>
<td>(163)</td>
<td>(75)</td>
<td>(39)</td>
</tr>
<tr>
<td>Other expense (income), net</td>
<td>33</td>
<td>70</td>
<td>(44)</td>
<td>(13)</td>
</tr>
<tr>
<td>Non-operating expense, net</td>
<td>98</td>
<td>103</td>
<td>153</td>
<td>253</td>
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<tr>
<td>Income from continuing operations before taxes</td>
<td>2,522</td>
<td>2,251</td>
<td>1,813</td>
<td>1,375</td>
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<tr>
<td>Federal and foreign income taxes</td>
<td>824</td>
<td>532</td>
<td>604</td>
<td>468</td>
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<tr>
<td>Income from continuing operations</td>
<td>1,698</td>
<td>1,719</td>
<td>1,209</td>
<td>907</td>
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<tr>
<td>Operating (loss) income from discontinued operations, net of tax</td>
<td>(2)</td>
<td>(57)</td>
<td>96</td>
<td>(27)</td>
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<tr>
<td>Net gain on sales of discontinued operations, net of tax</td>
<td>-</td>
<td>942</td>
<td>-</td>
<td>-</td>
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<tr>
<td>(Loss) income from discontinued operations, net of tax</td>
<td>(2)</td>
<td>885</td>
<td>96</td>
<td>(27)</td>
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<td>Net income</td>
<td>1,696</td>
<td>2,604</td>
<td>1,305</td>
<td>880</td>
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<td>Less: Net income attributable to noncontrolling interests</td>
<td>24</td>
<td>26</td>
<td>22</td>
<td>9</td>
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<tr>
<td>Net income attributable to Raytheon Company</td>
<td>$1,672</td>
<td>$2,578</td>
<td>$1,283</td>
<td>$871</td>
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<tr>
<td>Basic earnings (loss) per share attributable to Raytheon Company common stockholders:</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Income from continuing operations</td>
<td>4.01</td>
<td>3.86</td>
<td>2.66</td>
<td>1.99</td>
</tr>
<tr>
<td>Discontinued operations</td>
<td>(0.01)</td>
<td>2.02</td>
<td>0.21</td>
<td>(0.06)</td>
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<tr>
<td>Net income</td>
<td>4.01</td>
<td>5.88</td>
<td>2.87</td>
<td>1.93</td>
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<tr>
<td>Diluted earnings (loss) per share attributable to Raytheon Company common stockholders:</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Income from continuing operations</td>
<td>3.93</td>
<td>3.78</td>
<td>2.62</td>
<td>1.97</td>
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<tr>
<td>Discontinued operations</td>
<td>(0.01)</td>
<td>1.97</td>
<td>0.21</td>
<td>(0.06)</td>
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<td>Net income</td>
<td>3.92</td>
<td>5.75</td>
<td>2.83</td>
<td>1.91</td>
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<tr>
<td>Amounts attributable to Raytheon Company common stockholders:</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Income from continuing operations</td>
<td>$1,674</td>
<td>$1,693</td>
<td>$1,187</td>
<td>$898</td>
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<tr>
<td>Discontinued operations</td>
<td>(2)</td>
<td>885</td>
<td>96</td>
<td>(27)</td>
</tr>
<tr>
<td>Net income</td>
<td>$1,672</td>
<td>$2,578</td>
<td>$1,283</td>
<td>$871</td>
</tr>
<tr>
<td>Average shares outstanding</td>
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<td></td>
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<tr>
<td>Basic</td>
<td>417.2</td>
<td>438.6</td>
<td>447.2</td>
<td>451.0</td>
</tr>
<tr>
<td>Diluted</td>
<td>426.5</td>
<td>448.4</td>
<td>453.9</td>
<td>455.9</td>
</tr>
</tbody>
</table>

* On January 1, 2009, we adopted Statement of Financial Accounting Standards No. 160, Noncontrolling Interests, and Financial Accounting Standards Board’s Emerging Issues Task Force No. 03-6-1, Determining Whether Instruments Granted in Share-Based Payment Transactions are Participating Securities. This Pro Forma Statement of Operations Information has been prepared to reflect the adoption of these standards.
### Net Sales

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended</th>
<th>Operating Income</th>
<th>Operating Income As a Percent of Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>29-Mar-09 30-Mar-08</td>
<td>29-Mar-09 30-Mar-08</td>
<td>29-Mar-09 30-Mar-08</td>
</tr>
<tr>
<td><strong>Integrated Defense Systems</strong></td>
<td>$1,262 $1,192</td>
<td>$188 $211</td>
<td>14.9% 17.7%</td>
</tr>
<tr>
<td><strong>Intelligence and Information Systems</strong></td>
<td>784 692</td>
<td>61 52</td>
<td>7.8% 7.5%</td>
</tr>
<tr>
<td><strong>Missile Systems</strong></td>
<td>1,368 1,319</td>
<td>158 139</td>
<td>11.5% 10.5%</td>
</tr>
<tr>
<td><strong>Network Centric Systems</strong></td>
<td>1,154 1,067</td>
<td>163 124</td>
<td>14.1% 11.6%</td>
</tr>
<tr>
<td><strong>Space and Airborne Systems</strong></td>
<td>1,046 977</td>
<td>139 117</td>
<td>13.3% 12.0%</td>
</tr>
<tr>
<td><strong>Technical Services</strong></td>
<td>696 521</td>
<td>44 35</td>
<td>6.3% 6.7%</td>
</tr>
<tr>
<td><strong>FAS/CAS Pension Adjustment</strong></td>
<td>(426) (414)</td>
<td>(52) (36)</td>
<td></td>
</tr>
<tr>
<td><strong>Corporate and Eliminations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$5,884 $5,354</td>
<td>$712 $609</td>
<td>12.1% 11.4%</td>
</tr>
</tbody>
</table>

* This Preliminary Segment Information was prepared on the same basis as our annual consolidated financial statements, except for the adoption of Statement of Financial Accounting Standards No. 160, Noncontrolling Interest, and the reorganization of a U.K. manufacturing facility from Space and Airborne Systems to Missile Systems. These changes became effective on January 1, 2009.
## Pro Forma Segment Information *

Quarters 2008 and Full Year 2006 through 2008

(In millions, except percentages)

<table>
<thead>
<tr>
<th>Segment</th>
<th>30-Mar-08</th>
<th>29-Jun-08</th>
<th>28-Sep-08</th>
<th>31-Dec-08</th>
<th>31-Dec-08</th>
<th>31-Dec-07</th>
<th>31-Dec-06</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrated Defense Systems</td>
<td>$1,192</td>
<td>$1,257</td>
<td>$1,276</td>
<td>$1,423</td>
<td>$5,148</td>
<td>$4,695</td>
<td>$4,220</td>
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<tr>
<td>Intelligence and Information Systems</td>
<td>692</td>
<td>629</td>
<td>601</td>
<td>810</td>
<td>3,132</td>
<td>2,742</td>
<td>2,560</td>
</tr>
<tr>
<td>Missile Systems</td>
<td>1,319</td>
<td>1,363</td>
<td>1,360</td>
<td>1,366</td>
<td>5,408</td>
<td>5,026</td>
<td>4,535</td>
</tr>
<tr>
<td>Network Centric Systems</td>
<td>1,067</td>
<td>1,173</td>
<td>1,145</td>
<td>1,125</td>
<td>4,510</td>
<td>4,164</td>
<td>3,561</td>
</tr>
<tr>
<td>Space and Airborne Systems</td>
<td>977</td>
<td>1,072</td>
<td>1,065</td>
<td>1,166</td>
<td>4,280</td>
<td>4,202</td>
<td>4,224</td>
</tr>
<tr>
<td>Technical Services</td>
<td>521</td>
<td>647</td>
<td>689</td>
<td>744</td>
<td>2,601</td>
<td>2,174</td>
<td>2,153</td>
</tr>
<tr>
<td>Corporate and Eliminations</td>
<td>(414)</td>
<td>(471)</td>
<td>(472)</td>
<td>(548)</td>
<td>(1,905)</td>
<td>(1,702)</td>
<td>(1,546)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$5,354</strong></td>
<td><strong>$5,870</strong></td>
<td><strong>$5,864</strong></td>
<td><strong>$6,086</strong></td>
<td><strong>$23,174</strong></td>
<td><strong>$21,301</strong></td>
<td><strong>$19,707</strong></td>
</tr>
</tbody>
</table>

### Operating Income

<table>
<thead>
<tr>
<th>Segment</th>
<th>30-Mar-08</th>
<th>29-Jun-08</th>
<th>28-Sep-08</th>
<th>31-Dec-08</th>
<th>31-Dec-08</th>
<th>31-Dec-07</th>
<th>31-Dec-06</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrated Defense Systems</td>
<td>$211</td>
<td>$209</td>
<td>$206</td>
<td>$244</td>
<td>$870</td>
<td>$828</td>
<td>$691</td>
</tr>
<tr>
<td>Intelligence and Information Systems</td>
<td>52</td>
<td>67</td>
<td>67</td>
<td>67</td>
<td>253</td>
<td>248</td>
<td>234</td>
</tr>
<tr>
<td>Missile Systems</td>
<td>139</td>
<td>158</td>
<td>145</td>
<td>142</td>
<td>584</td>
<td>543</td>
<td>483</td>
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<tr>
<td>Network Centric Systems</td>
<td>124</td>
<td>151</td>
<td>152</td>
<td>148</td>
<td>575</td>
<td>532</td>
<td>401</td>
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<tr>
<td>Space and Airborne Systems</td>
<td>117</td>
<td>141</td>
<td>144</td>
<td>167</td>
<td>569</td>
<td>556</td>
<td>599</td>
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<tr>
<td>Technical Services</td>
<td>35</td>
<td>45</td>
<td>45</td>
<td>49</td>
<td>174</td>
<td>139</td>
<td>153</td>
</tr>
<tr>
<td>FAS/CAS Pension Adjustment</td>
<td>(33)</td>
<td>(34)</td>
<td>(26)</td>
<td>(30)</td>
<td>(123)</td>
<td>(259)</td>
<td>(362)</td>
</tr>
<tr>
<td>Corporate and Eliminations</td>
<td>(36)</td>
<td>(69)</td>
<td>(43)</td>
<td>(134)</td>
<td>(282)</td>
<td>(233)</td>
<td>(233)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$609</strong></td>
<td><strong>$668</strong></td>
<td><strong>$690</strong></td>
<td><strong>$653</strong></td>
<td><strong>$2,620</strong></td>
<td><strong>$2,354</strong></td>
<td><strong>$1,966</strong></td>
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</tbody>
</table>

### Operating Income as a Percentage of Sales

<table>
<thead>
<tr>
<th>Segment</th>
<th>30-Mar-08</th>
<th>29-Jun-08</th>
<th>28-Sep-08</th>
<th>31-Dec-08</th>
<th>31-Dec-08</th>
<th>31-Dec-07</th>
<th>31-Dec-06</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrated Defense Systems</td>
<td>17.7%</td>
<td>16.6%</td>
<td>16.1%</td>
<td>17.1%</td>
<td>16.9%</td>
<td>17.6%</td>
<td>16.4%</td>
</tr>
<tr>
<td>Intelligence and Information Systems</td>
<td>7.5%</td>
<td>8.1%</td>
<td>8.4%</td>
<td>8.3%</td>
<td>8.1%</td>
<td>9.0%</td>
<td>9.1%</td>
</tr>
<tr>
<td>Missile Systems</td>
<td>10.5%</td>
<td>11.6%</td>
<td>10.7%</td>
<td>10.4%</td>
<td>10.8%</td>
<td>10.8%</td>
<td>10.7%</td>
</tr>
<tr>
<td>Network Centric Systems</td>
<td>11.6%</td>
<td>12.9%</td>
<td>13.3%</td>
<td>13.2%</td>
<td>12.7%</td>
<td>12.6%</td>
<td>11.3%</td>
</tr>
<tr>
<td>Space and Airborne Systems</td>
<td>12.0%</td>
<td>13.2%</td>
<td>13.5%</td>
<td>14.3%</td>
<td>13.3%</td>
<td>13.2%</td>
<td>14.2%</td>
</tr>
<tr>
<td>Technical Services</td>
<td>6.7%</td>
<td>7.0%</td>
<td>6.5%</td>
<td>8.6%</td>
<td>6.7%</td>
<td>6.4%</td>
<td>7.1%</td>
</tr>
<tr>
<td>FAS/CAS Pension Adjustment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(33)</td>
<td>(259)</td>
<td>(362)</td>
</tr>
<tr>
<td>Corporate and Eliminations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(36)</td>
<td>(233)</td>
<td>(233)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>11.4%</td>
<td>11.4%</td>
<td>11.8%</td>
<td>10.7%</td>
<td>11.3%</td>
<td>11.1%</td>
<td>10.0%</td>
</tr>
</tbody>
</table>

* On January 1, 2009, we adopted Statement of Financial Accounting Standards No. 160, Noncontrolling Interests. Additionally, the composition of Space and Airborne Systems was changed to exclude a U.K. manufacturing facility, which now reports directly to Missile Systems. This Pro Forma Segment Information has been prepared to reflect these changes.
# Other Preliminary Information*

**First Quarter 2009**

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>Funded Backlog</th>
<th>Total Backlog</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>29-Mar-09</td>
<td>31-Dec-08</td>
</tr>
<tr>
<td>Integrated Defense Systems</td>
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<td>$4,802</td>
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<td>Intelligence and Information Systems</td>
<td>1,761</td>
<td>1,890</td>
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<tr>
<td>Missile Systems</td>
<td>5,605</td>
<td>6,082</td>
</tr>
<tr>
<td>Network Centric Systems</td>
<td>4,816</td>
<td>4,593</td>
</tr>
<tr>
<td>Space and Airborne Systems</td>
<td>3,284</td>
<td>2,731</td>
</tr>
<tr>
<td>Technical Services</td>
<td>1,821</td>
<td>1,888</td>
</tr>
<tr>
<td>Total</td>
<td>$23,022</td>
<td>$21,986</td>
</tr>
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</table>

**Bookings**

<table>
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<th>Three Months Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>29-Mar-09</td>
</tr>
<tr>
<td>Total Bookings</td>
</tr>
</tbody>
</table>

*This Other Preliminary Information was prepared on the same basis as our annual consolidated financial statements, except for the reorganization of a U.K. manufacturing facility from Space and Airborne Systems to Missile Systems.
<table>
<thead>
<tr>
<th></th>
<th>31-Dec-08</th>
<th>31-Dec-07</th>
<th>31-Dec-06</th>
<th>31-Dec-08</th>
<th>31-Dec-07</th>
<th>31-Dec-06</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrated Defense Systems</td>
<td>$4,802</td>
<td>$4,781</td>
<td>$4,088</td>
<td>$9,883</td>
<td>$9,296</td>
<td>$7,934</td>
</tr>
<tr>
<td>Intelligence and Information Systems</td>
<td>1,890</td>
<td>2,325</td>
<td>893</td>
<td>5,137</td>
<td>5,636</td>
<td>3,935</td>
</tr>
<tr>
<td>Missile Systems</td>
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<td>5,216</td>
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<td>9,456</td>
<td>9,585</td>
</tr>
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<td>Network Centric Systems</td>
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<td>4,037</td>
<td>5,733</td>
<td>5,102</td>
<td>5,059</td>
</tr>
<tr>
<td>Space and Airborne Systems</td>
<td>2,731</td>
<td>2,960</td>
<td>2,689</td>
<td>5,442</td>
<td>5,199</td>
<td>5,510</td>
</tr>
<tr>
<td>Technical Services</td>
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<td>1,200</td>
<td>1,263</td>
<td>2,752</td>
<td>1,925</td>
<td>1,815</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$21,986</strong></td>
<td><strong>$20,518</strong></td>
<td><strong>$18,186</strong></td>
<td><strong>$38,884</strong></td>
<td><strong>$36,614</strong></td>
<td><strong>$33,838</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>31-Dec-08</th>
<th>31-Dec-07</th>
<th>31-Dec-06</th>
<th>30-Mar-08</th>
<th>29-Jun-08</th>
<th>28-Sep-08</th>
<th>31-Dec-08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrated Defense Systems</td>
<td>$5,933</td>
<td>$6,066</td>
<td>$4,118</td>
<td>$1,106</td>
<td>$981</td>
<td>$516</td>
<td>$3,330</td>
</tr>
<tr>
<td>Intelligence and Information Systems</td>
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<td>4,900</td>
<td>2,701</td>
<td>1,019</td>
<td>776</td>
<td>698</td>
<td>711</td>
</tr>
<tr>
<td>Missile Systems</td>
<td>6,043</td>
<td>4,954</td>
<td>6,050</td>
<td>1,642</td>
<td>1,941</td>
<td>1,102</td>
<td>1,358</td>
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<td>Network Centric Systems</td>
<td>4,938</td>
<td>3,904</td>
<td>4,037</td>
<td>1,592</td>
<td>895</td>
<td>1,090</td>
<td>1,361</td>
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<tr>
<td>Space and Airborne Systems</td>
<td>3,927</td>
<td>3,968</td>
<td>3,992</td>
<td>728</td>
<td>809</td>
<td>1,067</td>
<td>1,303</td>
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<tr>
<td>Technical Services</td>
<td>2,753</td>
<td>1,610</td>
<td>1,418</td>
<td>418</td>
<td>595</td>
<td>1,273</td>
<td>467</td>
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<tr>
<td>Corporate</td>
<td>22</td>
<td>96</td>
<td>101</td>
<td>11</td>
<td>11</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$26,820</strong></td>
<td><strong>$25,498</strong></td>
<td><strong>$22,417</strong></td>
<td><strong>$6,516</strong></td>
<td><strong>$6,008</strong></td>
<td><strong>$5,766</strong></td>
<td><strong>$8,530</strong></td>
</tr>
</tbody>
</table>

* On January 1, 2009, the composition of Space and Airborne Systems was changed to exclude a U.K. manufacturing facility, which now reports directly to Missile Systems. This Other Pro Forma Information has been prepared to reflect this change.
## Raytheon Company Preliminary Balance Sheet Information*

### First Quarter 2009

(In millions)

<table>
<thead>
<tr>
<th></th>
<th>29-Mar-09</th>
<th>31-Dec-08</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
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<tr>
<td>Cash and cash equivalents</td>
<td>$2,210</td>
<td>$2,259</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>106</td>
<td>105</td>
</tr>
<tr>
<td>Contracts in process</td>
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<td>3,793</td>
</tr>
<tr>
<td>Inventories</td>
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<td>325</td>
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<tr>
<td>Current tax asset</td>
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<td>441</td>
</tr>
<tr>
<td>Deferred taxes</td>
<td>390</td>
<td>395</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>88</td>
<td>99</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>7,339</td>
<td>7,417</td>
</tr>
<tr>
<td>Property, plant and equipment, net</td>
<td>1,981</td>
<td>2,024</td>
</tr>
<tr>
<td>Deferred taxes</td>
<td>704</td>
<td>735</td>
</tr>
<tr>
<td>Prepaid retiree benefits</td>
<td>64</td>
<td>56</td>
</tr>
<tr>
<td>Goodwill</td>
<td>11,661</td>
<td>11,662</td>
</tr>
<tr>
<td>Other assets, net</td>
<td>1,130</td>
<td>1,240</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$22,079</td>
<td>$23,134</td>
</tr>
</tbody>
</table>

|                              |           |           |
| **Liabilities and Equity**   |           |           |
| Current liabilities          |           |           |
| Advance payments and billings in excess of costs incurred | $1,794 | $1,970 |
| Accounts payable             | 1,209     | 1,201     |
| Accrued employee compensation| 567       | 913       |
| Other accrued expenses       | 1,098     | 1,065     |
| **Total current liabilities**| 4,668     | 5,149     |
| Accrued retiree benefits and other long-term liabilities | 6,614 | 6,488 |
| Long-term debt               | 2,297     | 2,309     |
| **Equity**                   |           |           |
| Raytheon Company stockholders' equity |           |           |
| Common stock                 | 4         | 4         |
| Additional paid-in capital   | 10,866    | 10,873    |
| Accumulated other comprehensive loss | (5,132) | (5,182) |
| Treasury stock, at cost      | (4,523)   | (4,254)   |
| Retained earnings            | 7,976     | 7,646     |
| **Total Raytheon Company stockholders' equity** | 9,191 | 9,087 |
| Noncontrolling interest in subsidiaries | 109 | 101 |
| **Total equity**             | 9,300     | 9,188     |
| **Total liabilities and equity** | $22,079 | $23,134 |

*This Preliminary Balance Sheet Information has been prepared on the same basis as our annual consolidated financial statements, except for the adoption of the Statements of Accounting Standards No. 160, Noncontrolling Interests effective January 1, 2009.*
<table>
<thead>
<tr>
<th></th>
<th>31-Dec-08</th>
<th>31-Dec-07</th>
<th>31-Dec-06</th>
<th>31-Dec-05</th>
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<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Cash and cash equivalents</td>
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<td>$2,655</td>
<td>$2,460</td>
<td>$1,202</td>
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<tr>
<td>Accounts receivable, net</td>
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<td>126</td>
<td>141</td>
<td>142</td>
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<td>Contracts in process</td>
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<td>3,821</td>
<td>3,600</td>
<td>3,441</td>
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<tr>
<td>Inventories</td>
<td>325</td>
<td>386</td>
<td>376</td>
<td>420</td>
</tr>
<tr>
<td>Current tax asset</td>
<td>441</td>
<td>98</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Deferred taxes</td>
<td>395</td>
<td>432</td>
<td>257</td>
<td>355</td>
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<tr>
<td>Prepaid expenses and other current assets</td>
<td>99</td>
<td>98</td>
<td>108</td>
<td>131</td>
</tr>
<tr>
<td>Assets held for sale</td>
<td>-</td>
<td>-</td>
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<td>3,079</td>
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<td><strong>Total current assets</strong></td>
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<td>$8,770</td>
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<tr>
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<td>2,025</td>
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<tr>
<td>Deferred taxes</td>
<td>735</td>
<td>-</td>
<td>170</td>
<td>(27)</td>
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<tr>
<td>Prepaid retiree benefits</td>
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<td>617</td>
<td>527</td>
<td>710</td>
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<tr>
<td>Goodwill</td>
<td>11,662</td>
<td>11,627</td>
<td>11,461</td>
<td>11,421</td>
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<tr>
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<td>-</td>
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<td>-</td>
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<tr>
<td>Other assets, net</td>
<td>1,240</td>
<td>1,234</td>
<td>1,322</td>
<td>1,455</td>
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<tr>
<td><strong>Total assets</strong></td>
<td>$23,134</td>
<td>$23,152</td>
<td>$25,396</td>
<td>$24,326</td>
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<tr>
<td><strong>Liabilities and Equity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes payable and current portion of long-term debt</td>
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<td>$-</td>
<td>$687</td>
<td>$54</td>
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<td>Subordinated notes payable</td>
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<td>-</td>
<td>-</td>
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<td>Advance payments and billings in excess of costs incurred</td>
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<td>789</td>
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<td>Accrued employee compensation</td>
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<td>902</td>
<td>937</td>
<td>931</td>
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<tr>
<td>Other accrued expenses</td>
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<td>900</td>
<td>1,043</td>
<td>1,054</td>
</tr>
<tr>
<td>Liabilities held for sale</td>
<td>1,253</td>
<td>1,322</td>
<td>1,455</td>
<td>-</td>
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<td>4,788</td>
<td>6,715</td>
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<td>Accrued retiree benefits and other long-term liabilities</td>
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<td>3,016</td>
<td>4,053</td>
<td>3,190</td>
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<tr>
<td>Deferred taxes</td>
<td>-</td>
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<td>-</td>
<td>59</td>
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<td>Long-term debt</td>
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<td>3,278</td>
<td>3,969</td>
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<tr>
<td>Liabilities held for sale</td>
<td>-</td>
<td>-</td>
<td>179</td>
<td>-</td>
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<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Raytheon Company stockholders' equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Common stock</td>
<td>4</td>
<td>4</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
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<td>10,544</td>
<td>10,097</td>
<td>9,722</td>
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<tr>
<td>Accumulated other comprehensive loss</td>
<td>(5,182)</td>
<td>(1,956)</td>
<td>(2,514)</td>
<td>(2,039)</td>
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<td>Treasury stock, at cost</td>
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<td>(2,502)</td>
<td>(816)</td>
<td>(454)</td>
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<td>Retained earnings</td>
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<td>3,475</td>
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<td><strong>Total Raytheon Company stockholders' equity</strong></td>
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<td>12,542</td>
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<td>12,629</td>
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<td>10,773</td>
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<td><strong>Total liabilities and equity</strong></td>
<td>$23,134</td>
<td>$23,152</td>
<td>$25,396</td>
<td>$24,326</td>
</tr>
</tbody>
</table>

* On January 1, 2009, we adopted Statement of Accounting Standards No. 160, Noncontrolling Interests. This Pro Forma Balance Sheet Information has been prepared to reflect the adoption of this standard.
<table>
<thead>
<tr>
<th>(In millions)</th>
<th>Three Months Ended</th>
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<td></td>
<td>29-Mar-09</td>
</tr>
<tr>
<td>Net income</td>
<td>$460</td>
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<tr>
<td>(Income) loss from discontinued operations, net of tax</td>
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<td>Income from continuing operations</td>
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<tr>
<td>Depreciation</td>
<td>71</td>
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<tr>
<td>Amortization</td>
<td>26</td>
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<tr>
<td>Net income attributable to noncontrolling interest</td>
<td>(8)</td>
</tr>
<tr>
<td>Working capital (excluding pension and taxes)**</td>
<td>(938)</td>
</tr>
<tr>
<td>Discontinued operations</td>
<td>(6)</td>
</tr>
<tr>
<td>Net activity in financing receivables</td>
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</tr>
<tr>
<td>Other</td>
<td>794</td>
</tr>
<tr>
<td>Net operating cash flow</td>
<td>405</td>
</tr>
<tr>
<td>Capital spending</td>
<td>(33)</td>
</tr>
<tr>
<td>Internal use software spending</td>
<td>(13)</td>
</tr>
<tr>
<td>Dividends</td>
<td>(112)</td>
</tr>
<tr>
<td>Repurchases of common stock</td>
<td>(300)</td>
</tr>
<tr>
<td>Other</td>
<td>4</td>
</tr>
<tr>
<td>Total cash flow</td>
<td>$ (49)</td>
</tr>
</tbody>
</table>

* This Preliminary Cash Flow Information has been prepared on the same basis as our annual consolidated financial statements, except for the adoption of Statement of Accounting Standards No. 160, Noncontrolling Interests.

** 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.
Pro Forma Cash Flow Information *
Quarters 2008 and Full Year 2006 through 2008

<table>
<thead>
<tr>
<th></th>
<th>31-Dec-08</th>
<th>31-Dec-07</th>
<th>31-Dec-06</th>
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</thead>
<tbody>
<tr>
<td>Net income</td>
<td>$1,696</td>
<td>$2,604</td>
<td>$1,305</td>
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<td>Loss (income) from discontinued operations, net of tax</td>
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<td>(885)</td>
<td>(96)</td>
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<td>Income from continuing operations</td>
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<td>1,719</td>
<td>1,209</td>
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<tr>
<td>Depreciation</td>
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<td>288</td>
<td>285</td>
</tr>
<tr>
<td>Amortization</td>
<td>98</td>
<td>84</td>
<td>76</td>
</tr>
<tr>
<td>Net income attributable to noncontrolling interests</td>
<td>(24)</td>
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<td>(22)</td>
</tr>
<tr>
<td>Discontinued operations</td>
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<td>(85)</td>
<td>377</td>
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<tr>
<td>Net activity in financing receivables</td>
<td>68</td>
<td>88</td>
<td>168</td>
</tr>
<tr>
<td>Other</td>
<td>(343)</td>
<td>(819)</td>
<td>384</td>
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<tr>
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<tr>
<td>Capital spending</td>
<td>(304)</td>
<td>(313)</td>
<td>(294)</td>
</tr>
<tr>
<td>Internal use software spending</td>
<td>(74)</td>
<td>(85)</td>
<td>(77)</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>(54)</td>
<td>(211)</td>
<td>(87)</td>
</tr>
<tr>
<td>Investment activity and divestitures</td>
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<td>3,143</td>
<td>53</td>
</tr>
<tr>
<td>Dividends</td>
<td>(460)</td>
<td>(440)</td>
<td>(420)</td>
</tr>
<tr>
<td>Repurchase of common stock</td>
<td>(1,700)</td>
<td>(1,642)</td>
<td>(352)</td>
</tr>
<tr>
<td>Debt repayments</td>
<td>-</td>
<td>(1,724)</td>
<td>(437)</td>
</tr>
<tr>
<td>Discontinued operations</td>
<td>-</td>
<td>(29)</td>
<td>(73)</td>
</tr>
<tr>
<td>Other</td>
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<td>298</td>
<td>202</td>
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<tr>
<td><strong>Total cash flow</strong></td>
<td>$ (396)</td>
<td>$195</td>
<td>$1,258</td>
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</table>

<table>
<thead>
<tr>
<th></th>
<th>30-Mar-08</th>
<th>29-Jun-08</th>
<th>28-Sep-08</th>
<th>31-Dec-08</th>
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<td>$399</td>
<td>$432</td>
<td>$437</td>
<td>$428</td>
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<tr>
<td>Loss (income) from discontinued operations, net of tax</td>
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<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Income from continuing operations</td>
<td>401</td>
<td>432</td>
<td>437</td>
<td>428</td>
</tr>
<tr>
<td>Depreciation</td>
<td>69</td>
<td>73</td>
<td>75</td>
<td>75</td>
</tr>
<tr>
<td>Amortization</td>
<td>23</td>
<td>24</td>
<td>24</td>
<td>27</td>
</tr>
<tr>
<td>Net income attributable to noncontrolling interests</td>
<td>(1)</td>
<td>(6)</td>
<td>(10)</td>
<td>(7)</td>
</tr>
<tr>
<td>Discontinued operations</td>
<td>(10)</td>
<td>(6)</td>
<td>(5)</td>
<td>-</td>
</tr>
<tr>
<td>Net activity in financing receivables</td>
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<td>5</td>
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<td>22</td>
</tr>
<tr>
<td>Other</td>
<td>258</td>
<td>(79)</td>
<td>208</td>
<td>(730)</td>
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<tr>
<td><strong>Net operating cash flow</strong></td>
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<td>761</td>
<td>753</td>
<td>444</td>
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<tr>
<td>Capital spending</td>
<td>(43)</td>
<td>(56)</td>
<td>(68)</td>
<td>(137)</td>
</tr>
<tr>
<td>Internal use software spending</td>
<td>(17)</td>
<td>(13)</td>
<td>(28)</td>
<td>(16)</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>-</td>
<td>(33)</td>
<td>(20)</td>
<td>-</td>
</tr>
<tr>
<td>Investment activity and divestitures</td>
<td>-</td>
<td>9</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dividends</td>
<td>(109)</td>
<td>(118)</td>
<td>(117)</td>
<td>(116)</td>
</tr>
<tr>
<td>Repurchase of common stock</td>
<td>(340)</td>
<td>(340)</td>
<td>(340)</td>
<td>(680)</td>
</tr>
<tr>
<td>Other</td>
<td>84</td>
<td>57</td>
<td>27</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total cash flow</strong></td>
<td>$ (368)</td>
<td>$267</td>
<td>$267</td>
<td>$502</td>
</tr>
</tbody>
</table>

* On January 1, 2009, we adopted Statement of Financial Accounting Standards No. 160, Noncontrolling Interests. This Pro Forma Cash Flow Information has been prepared to reflect the adoption of this standard.

** 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.
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 Statement of Financial Accounting Standards No. 158, Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans (SFAS No. 158). 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)

<table>
<thead>
<tr>
<th></th>
<th>2009 Current Guidance</th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Low end of range</td>
<td>High end of range</td>
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</tr>
<tr>
<td>Income from continuing operations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net interest expense, after-tax*</td>
<td>Combined</td>
<td>Combined</td>
<td></td>
</tr>
<tr>
<td>Lease expense, after-tax*</td>
<td></td>
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<td></td>
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<tr>
<td>Return</td>
<td>$1,970</td>
<td>$2,030</td>
<td></td>
</tr>
<tr>
<td>Net debt **</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity less investment in discontinued operations</td>
<td>Combined</td>
<td>Combined</td>
<td></td>
</tr>
<tr>
<td>Lease expense x 8, plus financial guarantees SFAS No. 158 impact</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested capital from continuing operations***</td>
<td>$17,700</td>
<td>$17,500</td>
<td></td>
</tr>
<tr>
<td>ROIC</td>
<td>11.1%</td>
<td>11.6%</td>
<td></td>
</tr>
</tbody>
</table>

* Effective 2009 tax rate: 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