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News release

FOR IMMEDIATE RELEASE

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Raytheon awarded contract potentially valued at \$1 billion for SM-3 production

TUCSON, Ariz., (Feb. 15, 2008) – Raytheon Company (NYSE: RTN) has been awarded a contract modification from the U.S. Navy and the Missile Defense Agency (MDA) for the production of Standard Missile-3 (SM-3) Block 1A missiles to be used for sea-based missile defense.

The contract modification, in the amount of \$480 million, brings the immediate value of the contract to \$621 million, and includes the production of 51 SM-3 Block 1A missiles for the United States and 18 SM-3 Block 1A missiles for Foreign Military Sale (FMS) to Japan. The contract includes options for additional missiles which, if exercised, would bring the total contract value to greater than \$1 billion. The SM-3 is the first U.S. missile defense system to be procured and test-fired by an allied navy; since 2002, the system has had a total of 11 successful test firings.

Work on the SM-3 order will occur primarily at Raytheon Missile Systems' Tucson facility, with a portion of the work being performed by subcontractors, including Alliant Techsystems, Aerojet, Honeywell, Goodrich Aerospace and The Boeing Company. All work is expected to be completed by February 2012. Fiscal 2007 research and development funds and Japanese FMS funds will be used for the initial funding. The contract is incrementally funded, and the total amount currently obligated is \$230 million.

SM-3 was developed as part of the MDA's sea-based Aegis Ballistic Missile Defense System for U.S. and allied navies. The missiles will be deployed on Aegis

cruisers and destroyers to defend against short-to-intermediate range ballistic missile threats in the midcourse phase of flight.

Raytheon's Missile Systems business in Tucson, Ariz., produces SM-3 and leads the integrated team effort. Manufacturing of the kinetic warhead seeker and final integration occur in Raytheon's state-of-the-art kill vehicle space manufacturing facility in Tucson, alongside the Exoatmospheric Kill Vehicle (EKV), an element of the Ground-based Midcourse Defense program. Raytheon is the only manufacturer of the EKV.

Raytheon Company, with 2007 sales of \$21.3 billion, is a technology leader specializing in defense, homeland security and other government markets throughout the world. With a history of innovation spanning more than 85 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 72,000 people worldwide.

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Note to Editors:

Raytheon's missile defense hit-to-kill successes:

Standard Missile-3

Jan. 25, 2002
June 13, 2002
Nov. 21, 2002
Dec. 11, 2003
Feb. 24, 2005
Nov. 17, 2005
June 22, 2006
April 26, 2007
June 22, 2007
Nov. 6, 2007
Dec. 17, 2007

Exoatmospheric Kill Vehicle

Oct. 2, 1999
July 13, 2001
Dec. 3, 2001
March 15, 2002
Oct. 14, 2002
Sept. 1, 2006
Sept. 28, 2007