

NEWS RELEASE

Mike Brown
Raytheon Systems Limited
+44 (0)20 7569 5517

Raytheon awarded UK's ASTOR Programme Contract valued at £800 million (US \$1.3 billion)

Le Bourget, PARIS – June 15, 1999 - Raytheon Systems Limited (RSL), the UK subsidiary of Raytheon Company (NYSE: RTNA, RTNB) today was chosen as the preferred bidder for the United Kingdom Ministry of Defence Airborne Standoff Radar (ASTOR) programme. The £800 million (US \$ 1.3 billion) airborne radar surveillance programme provides day/night and all-weather imagery of the ground over a large area. The imagery can be analysed on board the aircraft and passed in near real-time to ground stations and other military systems.

“Raytheon is delighted to have been awarded this programme,” said RSL Managing Director Peter McKee. “Our solution will bring great benefits to UK industry as a result of the transfer of radar, communications and systems integration technologies,” McKee continued. “We believe that this first major defence procurement by this government demonstrates all the elements of its Smart Procurement methodology.”

“Our approach offers the most effective Airborne Stand-off Radar technology capability but at the lowest risk, and is an excellent example of how international partnerships can work in a competitive environment, to the benefit of the customer,” said Raytheon President and Chief Executive Officer Daniel P. Burnham.

Raytheon's winning proposal combines proven radar technology with a defined upgrade path, the best aircraft in the Bombardier Aerospace Global Express, and the ground station expertise of Motorola, providing the British Armed Forces with the most technologically advanced system in the world. With

the ASTOR programme decision, Raytheon can now also work toward marketing its system worldwide, including to the North Atlantic Treaty Organization (NATO) Alliance Ground Surveillance programme.

Raytheon is a leading provider of ground-to-air, and air-to-air surveillance systems. The ASTOR programme is evidence of Raytheon's capability in airborne ground surveillance systems.

The ASTOR programme win exemplifies the success with which Raytheon can provide the best value to the ultimate customer – the UK taxpayer. McKee said that approximately 2,500 jobs will be created or sustained in the UK under the RSL ASTOR programme, with a potential for an additional 4,000 jobs created or sustained as a result of potential export opportunities. Approximately 100 companies from throughout the UK, and particularly in Northern Ireland, Scotland and Wales, will participate in the programme. RSL currently has more than 2,000 employees.

“Our employees have worked hard over the past five years to win the ASTOR award, and I am grateful for their persistence in this winning effort. In addition, I am grateful to the tremendous support of our trade union representatives and our local Members of Parliament,” McKee said. “Together with our subcontractors and partners, the RSL team showed the greatest determination in producing the best technological and best value approach.”

In addition to the UK's ASTOR programme, Raytheon is competing for significant airborne surveillance procurements, such as Wedgetail, in Australia and a similar airborne early warning and control (AEW&C) system in Turkey, with additional international growth opportunities.

“We're creating value for our customers in these programmes, and we intend to market this capability elsewhere around the world,” Burnham said. “We will also continue to compete for programmes such as the UK's Beyond Visual Range Air-to-Air Missile (BVRAAM) and Successor Identification Friend or Foe (SIFF), in collaboration with our international partners.”

Raytheon's capability in this area, and its expertise in systems integration of key technologies, was made possible through Raytheon's acquisition strategy in which it built a portfolio of radar, intelligence, information and aircraft integration technologies.

Raytheon intends to further grow its business in the UK and throughout Europe on the strength of its product and technology portfolio, its expertise in systems integration, and through its continuing strategy of equity investments, strategic alliances, programme partnerships, and joint ventures with European companies.

Raytheon Company is a global technology leader that provides products and services in the areas of commercial and defence electronics, engineering and construction, and business and special mission aircraft. Raytheon has operations throughout the United States and serves customers in more than 80 countries around the world.

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