

News release

FOR IMMEDIATE RELEASE

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Raytheon Agrees to Sell Raytheon Aircraft Company to GS Capital Partners and Onex Partners for \$3.3 Billion

WALTHAM, Mass., (December 21, 2006) – Raytheon Company (NYSE: RTN) announced today that it has signed a definitive agreement to sell its wholly owned subsidiary Raytheon Aircraft Company (RAC) to Hawker Beechcraft Corporation, a new company formed by GS Capital Partners, an affiliate of Goldman Sachs, and Onex Partners. The Company also announced that, subject to the closing of this transaction, its Board of Directors has approved further debt reduction and an increase in the Company's stock repurchase authorization.

"The sale of Raytheon Aircraft Company further demonstrates our commitment to deliver on the company's strategy of focusing on our core Government and Defense business and providing the best technology, solutions and Mission Support to our global customers," said William H. Swanson, Raytheon's Chairman and CEO.

The Company will sell RAC for approximately \$3.3 billion and expects net after-tax proceeds to be approximately \$2.5 billion.

The transaction includes Raytheon Aircraft facilities and other assets in Wichita and Salina, Kansas; Little Rock, Arkansas; Dallas, Texas; as well as its Fixed Based Operations (FBO) network across the United States, United Kingdom and Mexico.

The sale, which is subject to customary conditions and regulatory approvals, is expected to close in the first half of 2007.

Raytheon announced in July 2006 that it was reviewing strategic alternatives for Raytheon Aircraft Company, a world leading manufacturer of business and special-mission aircraft, providing a wide variety of aviation products and services for businesses, governments and individuals. RAC has more than 8,500 employees and has approximately 100 authorized service centers worldwide.

Subject to the closing of this transaction, the Raytheon Board of Directors has authorized the repurchase of up to an additional \$750 million of the Company's outstanding common stock, commencing in 2007. Also, subject to the closing of the RAC sale, the Board of Directors has authorized the early retirement of approximately \$1.0 billion of the Company's outstanding debentures. This is in addition to the \$685 million of scheduled debt maturities in 2007.

Raytheon will now report RAC as a discontinued operation, and has updated the Company's 2006 financial outlook. The Company has also updated its 2007 outlook to reflect the anticipated closing of this transaction, which is expected during the first half of 2007.

The transaction does not include Raytheon's ownership in either Flight Options, LLC or Raytheon Airline Aviation Services LLC, both of which are reported in the "Other" segment of the Company's financial statements.

Outlook

2006 Financial Outlook	Current	Prior *
Bookings (\$B)	21.5 - 22.5	23.0 - 24.0
Net Sales (\$B)	20.0 - 20.5	23.1 - 23.6
FAS/CAS Pension Expense (\$M)	362	378
Interest Expense, net (\$M)	200 - 210	200 - 210
Diluted Shares	449 - 451	449 - 451
EPS from Cont. Ops. (\$)	2.35 - 2.45	2.70 - 2.80
Net Debt (\$B)	1.9 - 2.2	2.0 - 2.2
Operating Cash Flow from Continuing Operations (\$B)	2.1 - 2.4	2.3 - 2.5
Total Operating Cash Flow (\$B)	2.3 - 2.6	2.3 - 2.5
ROIC (%)	8.4 - 8.8 ⁽¹⁾	8.4 - 8.8
(1) ROIC has been calculated using the Company's new ROIC definition as detailed in Attachment A, which excludes the net investment in RAC.		
* As of October 26, 2006		

2007 Financial Outlook	Current	Prior *
Bookings (\$B)	21.0 - 22.0	24.5 - 25.5
Net Sales (\$B)		
Government and Defense	22.2 - 22.7	22.2 - 22.7
Eliminations of Intercompany Sales	(1.7)	(1.7)
Government and Defense after Elims	20.5 - 21.0	20.5 - 21.0
Raytheon Aircraft	-	3.3
Other	0.8	0.8
Total Company	21.3 - 21.8	24.6 - 25.1
EPS from Cont. Ops. (\$)	2.75 - 2.90 ⁽¹⁾	2.95 - 3.05
Operating Cash Flow from Continuing Operations (\$B)	1.6 - 1.8	1.7 - 1.9
ROIC (%)	8.8 - 9.3 ⁽¹⁾⁽²⁾	9.0 - 9.4
(1) Current includes a charge of approximately \$0.10 per share (\$45M after tax) associated with early retirement of debt.		
(2) ROIC has been calculated using the Company's new ROIC definition as detailed in Attachment A, which excludes the net investment in RAC.		
Note: Current 2007 is subject to closing of the RAC transaction, which is expected to close in the first half of 2007.		
* As of October 26, 2006		

Charts containing additional information on the Company's 2006 and 2007 guidance are available on the Company's website at www.raytheon.com. See Attachment A for information regarding the Company's new definition of ROIC, a non-GAAP financial measure, and its calculation and use of such measure.

In connection with the transaction, Credit Suisse Securities (USA) LLC acted as the financial advisor and Kirkland & Ellis LLP acted as legal counsel to Raytheon.

The Company will host a conference call and audio webcast today, December 21, 2006 at 10:30 a.m. EST to discuss the transaction. The event and slides will be accessible through Raytheon's website at www.raytheon.com.

About Raytheon

Raytheon Company is an industry leader in defense and government electronics, space, information technology, technical services, and business and special mission aircraft. With headquarters in Waltham, Mass., Raytheon employs 80,000 people worldwide.

About GS Capital Partners

Founded in 1869, Goldman Sachs is one of the oldest and largest investment banking firms. Goldman Sachs is also a global leader in private corporate equity and mezzanine investing. Established in 1991, the GS Capital Partners Funds are part of the firm's Principal Investment Area in the Merchant Banking Division. Goldman Sachs' Principal Investment Area has formed 12 investment vehicles aggregating \$35 billion of capital to date.

About Onex

Onex is a diversified company with annual consolidated revenues of approximately C\$20 billion and consolidated assets of approximately C\$20 billion. Onex is one of Canada's largest companies with global operations in service, manufacturing and technology industries. Onex shares trade on the Toronto Stock Exchange under the stock symbol OCX.

Disclosure Regarding Forward-looking Statements

This release and the attachments contain forward-looking statements, including information regarding the anticipated sale of Raytheon Aircraft Company, future share and debenture repurchases and the Company's other potential uses of the proceeds from the RAC transaction, and the Company's 2006 and 2007 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 risks associated with the satisfaction of the closing conditions to the RAC transaction; risks associated with the Company's 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, aircraft manufacturing and other regulations; the impact of competition; the ability to develop products and technologies; 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; the potential impairment of the Company's goodwill; risks associated with the general aviation, commuter and fractional ownership aircraft markets; accidents involving the Company's aircraft; the outcome of contingencies and litigation matters, including government investigations; the ability to recruit and retain qualified personnel; risks associated with acquisitions, joint ventures and other business arrangements; the impact of changes in the Company's credit ratings; risks associated with the potential disruption to RAC's business during the

period prior to the closing of the transaction; and other factors as may be detailed from time to time in the Company's public announcements and Securities and Exchange Commission filings. In addition, these statements do not give effect to the potential impact of any acquisitions, divestitures or business combinations that may be announced or closed after the date hereof. 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.

Conference Call:

The dial-in number for today's 10:30 a.m. EST conference call will be (866) 800 - 8651.

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 urged 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.

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Attachment A

Raytheon Company
Non-GAAP Financial Measures

Return on Invested Capital

(In millions)

	Outlook 2006	Outlook 2007
Income from Continuing Operations		
Net Interest Expense, after-tax*	Combined	Combined
Lease Expense, after-tax*		
Return	<u>\$1,270-\$1,315</u>	<u>\$1,330-\$1,390</u>
Net Debt **		
Equity	Combined	Combined
Lease expense x 8, plus Financial Guarantees		
Less net investment in Discontinued Operations		
Invested Capital from Continuing Operations***	<u>\$15,200-\$15,020</u>	<u>\$15,175-\$14,975</u>
ROIC	<u>8.4% - 8.8%</u>	<u>8.8% - 9.3%</u>

* Effective Tax Rate

33.9%

34.4%

** 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

In anticipation of the sale of Raytheon Aircraft Company and the impact of such transaction on our ROIC, as previously defined, we have changed the definition of ROIC, particularly the calculation of invested capital to exclude our net investment in Discontinued Operations. We believe that the new ROIC definition provides investors with an accurate measure of the Company's operating performance. 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) and adding financial guarantees less net investment in Discontinued Operations. 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. The Company uses ROIC as a measure of the efficiency and effectiveness of its use of capital, and as an element of management compensation. Current outlook does not include the impact of FAS 158, Employers' Accounting for Defined Benefit Pension and Other Post Retirement Plans.