

Participation

1. Who is eligible to enroll in the Raytheon Dividend Reinvestment Plan?

Any Raytheon shareholder registered in his/her own name on the records of our transfer agent, American Stock Transfer & Trust Company (AST), may enroll in the plan.

If your stock is registered in a name other than your own (e.g., in the name of a broker or bank nominee) and you want to enroll, you may either make appropriate arrangements for your nominee to do so; or you may become a shareholder of record by having a part or all of your shares transferred to your own name. Any fees or charges assessed by the broker or bank nominee will not be paid by Raytheon Company; therefore, you should consult your bank or broker concerning any costs you might incur from them.

Dividends will be reinvested for all shares once you enter the Plan (no partial reinvestment is permitted).

2. How does an eligible shareholder enroll?

As a shareholder of record, you may enroll in the Plan by calling the Plan agent at 1-800-360-4519 or by completing the Enrollment Authorization card and returning it in the enclosed pre-addressed envelope. You will need to check the appropriate box noting your participation election and sign the Enrollment Authorization Card.

When stock is registered in more than one name (e.g., joint tenants, trustees, etc.), all registered shareholders must sign the Enrollment Authorization Card.

3. When may a shareholder join the Plan?

Eligible shareholders may participate in the Plan at any time. Your participation will begin with the next dividend payable after enrollment provided that your request is received prior to the record date for that dividend.

Dividend Reinvestment

4. When will dividends be reinvested toward the purchase of additional shares?

Dividends on Raytheon's common stock are customarily payable four times a year: at the end of January, April, July and October. However, there can be no assurance as to the declaration of future dividends since they necessarily depend upon the Company's future earnings, its financial requirements and other factors. The reinvestment of dividends will generally begin on the dividend payable date and may extend over a period of days until all dividends are reinvested.

Stock Split/Dividend

5. How will my account be credited if Raytheon declares a stock split or stock dividend?

Your account will be credited with the appropriate number of shares on the payment date. Raytheon will automatically distribute shares electronically (book-entry). If you prefer to receive a certificate, you may do so by notifying the transfer agent.

Optional Cash Payments

6. How do I make optional cash payments?

You may purchase additional shares of Raytheon common stock by sending the Plan Administrator a check or money order in U.S. currency made payable to "Raytheon Dividend Reinvestment". **Do not send cash.**

There is a \$25 service charge imposed for any check returned unpaid. If the check is returned, the investment will be considered "void", and a portion of the shares will be sold to recover the returned check. Additional shares may also need to be sold if the shares from the purchase are insufficient to cover the returned check due to fluctuations in market price.

7. In what amounts may optional cash payments be made?

Each optional cash payment may not be less than \$25, and the total of all such payments may not exceed \$25,000 in any calendar quarter. Payments may be made at any time after you have enrolled in the Plan, either on a regular basis or only periodically.

8. When will optional cash payments be invested toward the purchase of additional shares?

Optional cash payments will be invested by the Plan Agent as promptly as possible on or after each Investment Date. The "Investment Date" is: (a) the dividend payment date for any month during which a dividend is payable; or (b) the 15th day of any month in which a dividend is not payable.

9. What happens if optional cash payments are not received sufficiently in advance of the Investment Date?

Funds received less than five (5) business days before any Investment Date will be invested the following month. No interest will be paid on funds being held for investment; therefore, participants are strongly urged to submit their optional cash payments so that they are received as close as possible, but at least five (5) business days prior, to the Investment Date for that month.

10. How does a participant request a refund of optional cash payments?

A participant may obtain a refund of any optional cash payment received, but not yet invested, upon request to the Plan Agent provided such request is received no later than five (5) business days prior to the Investment Date. You may request a refund either by calling the transfer agent at 1-800-360-4519 or by writing to the address below:

Raytheon Company
c/o American Stock Transfer & Trust Co.
Wall Street Station, P.O. Box 922
New York, NY 10269-0560

11. Where should optional cash payments be mailed?

Optional cash payments, made by check or money order in U.S. currency, and payable to "Raytheon Dividend Reinvestment" should be mailed to:

Raytheon Company
c/o American Stock Transfer & Trust Co.
Wall Street Station, P.O. Box 922
New York, NY 10269-0560

Please indicate your Raytheon account number on your check or money order.

Share Purchases

12. What is the source of Raytheon common stock to be purchased under the Plan?

Shares purchased under the Plan will be purchased by the Plan Agent for Plan participants in the "open market" (on any securities exchange where Raytheon's common stock is traded, in the over-the-counter market or by negotiated transaction), and are subject to such terms with respect to price, delivery and other matters as to which the Plan Agent may agree.

13. When will shares be purchased?

Share purchases in the open market by the Plan Agent will be made as promptly as possible on or after each Investment Date and may extend over a period of days until such purchases are completed.

14. What is the price of shares purchased under the Plan?

The price of shares purchased will be the average price of all shares purchased for the Plan over the period of days during the month such purchases are made in the open market. A participant's funds may be commingled with other participant's funds when conducting transactions through the Plan.

15. How many shares will be purchased for participants?

The number of shares to be purchased for a participant will depend on the amount of the participant's dividend or optional cash payments, or both, and the purchase price of the shares. Each participant's account will be credited with the number of shares (including fractions to three decimal places) equal to the participant's total funds available for investment divided by the purchase price. Whole and fractional shares that accumulate in the Plan will earn dividends, and these dividends also will be automatically reinvested.

Costs

16. What costs are associated with investments in the Plan?

There are no service charges associated with reinvesting dividends or making optional cash payments. In addition, Raytheon incurs all brokerage commissions on shares purchased through the Plan. The brokerage commissions attributable to share purchases will be treated as additional dividend income to the Plan participant.

17. What are the costs associated with selling shares held in the Plan?

Participants enrolled in the Plan will be charged a \$0.10 per share brokerage commission and a flat service charge of \$15 when selling shares.

Custodial Service

18. How does the custodial service work?

All shares of Raytheon common stock purchased through the Plan are held in the name of the Plan agent (or its nominee) and the shares are added to your plan balance. You also have the option of sending your Raytheon common stock certificated to the Plan agent and the shares will be included in your balance in the Plan and held in the same manner as noted above.

19. How may I have my Raytheon stock certificates deposited with the Plan agent?

Any Raytheon stock certificates that you wish to deposit with the Plan Agent should be sent to the address indicated below with written instructions that these shares are to be included in your Plan balance. The stock certificates should not be endorsed. It is recommended that the certificates be sent via registered mail, return receipt requested, and properly insured, to:

Raytheon Company
c/o American Stock Transfer & Trust Co.
Wall Street Station, P.O. Box 922
New York, NY 10269-0560
Tel: 1-800-360-4519

If you wish to send by overnight mail, please send to:

Raytheon Company
c/o American Stock Transfer & Trust Co.
6201 Fifteenth Avenue
Brooklyn, NY 11219

The Plan Agent will add the shares to your Plan balance. If you request a stock certificate for any or all of the shares that are being held for you or when you terminate your participation in the Plan, a new stock certificate will be issued and sent to you.

Sale of Book-Entry Shares

20. Can book-entry shares be sold through the Plan Agent?

Yes, any shareholder of Raytheon common stock shares held in book-entry (whether or not the shares are Plan shares) can sell those shares by notifying the Plan Agent.

If the dollar value of the sale is expected to be less than \$50,000 and the proceeds are to be payable as the account is registered, you may simply call the Plan Agent toll free at 1-800-360-4519 with your request.

If (a) the dollar value of the sale is expected to exceed \$50,000 or (b) the proceeds of the sale are to be made payable to or sent to a name or address

different from the current registration on your account, you must submit this request to the Plan Agent in writing. Your signature must be guaranteed by a financial institution (such as a commercial bank, credit union, brokerage firm) that participates in a "medallion" signature program. This medallion guarantee should appear at the bottom of your letter.

The Plan Agent will sell the shares at market rates for your account as promptly as practicable after the receipt of properly documented instructions. Raytheon Company can not guarantee sale price. Shares that are to be sold may be combined with those other participants, in which case each participant will receive their proportionate share of proceeds. A check for the proceeds of the sale, less a \$0.10 per share brokerage commission and a service charge of \$15 will be sent directly to you.

Issuance of Stock Certificates

21. Will stock certificates be issued for shares purchased?

Stock certificates will not be issued unless a request is made to the Plan Agent. The number of shares you hold in book-entry will be shown on your regular quarterly account statement.

22. How does a participant request a stock certificate be issued?

You may request, without charges, a stock certificate for any or all whole shares held for you in book-entry by contacting the Plan Agent either by calling 1-800-360-4519 or by writing to the address below:

Raytheon Company
c/o American Stock Transfer & Trust Co.
Wall Street Station
P.O. Box 922
New York, NY 10269-0560

Termination of Plan Participation

23. How do I terminate my participation in the Plan?

Participation in the Plan may be terminated at any time by written notice to the Plan Agent.

Alternatively, you may simply call the Plan Agent at 1-800-360-4519 and request to end your participation in the Plan over the phone. After receipt of such notice, whether in writing or by phone, dividends will be sent to you in the usual manner. No optional cash payments may be made after participation in the Plan is terminated.

24. When will a termination notice be effective?

A termination notice will be effective upon receipt by the Plan Agent, provided that such notice is received in sufficient time for processing before the next dividend record date. Otherwise, such notice shall not be effective until after purchases from any dividends paid have been completed and the shares credited to participants.

25. How are shares distributed upon termination?

Upon termination, a certificate for all whole shares held by a participant under the Plan will be issued. Alternately, a participant may specify in the termination notice that some or all of the whole shares be sold (see Question #20). Any fractional shares held in the Plan at the time of termination will be converted to cash and the participant will receive a check for the net proceeds.

26. Can my participation in the Plan be automatically terminated?

Raytheon may terminate any participant's participation in the Plan upon written notice mailed to the participant at his/her address appearing on the Plan Agent's records.

Tax Consequences

27. What are the federal income tax consequences of participation in the Plan?

In general, Raytheon believes that the federal income tax consequences for Plan participation are as follows:

- Dividends reinvested under the Plan are treated for federal income tax purposes as having been received in cash on the dividend payment date even though they are used to purchase additional shares. Brokerage commissions paid by Raytheon on share purchases under the Plan are treated as additional dividend income.

- A participant's holding period for shares acquired pursuant to the Plan will begin on the day after shares are allocated to the participant's account

- The tax basis per share of shares purchased on the open market with reinvested dividends and/or optional cash payments will be the average cost incurred to purchase the shares plus the amount of brokerage commission paid by Raytheon that is attributable to the shares. The average cost will be determined by dividing the cost of all shares purchased with reinvested dividends and/or optional cash payments during the investment period by the total number of shares purchased.

- Taxable gain or loss will be realized upon the disposition of shares and not when the participant receives certificates for whole shares held by the Plan Agent under the Plan. This applies to certificates issued as a result of a participant's request for certificates for those shares or upon termination of participation in or termination of the Plan.

All participants are urged to consult their own tax advisors to determine the particular tax consequences which may result from their participation in the Plan and the subsequent disposition of shares purchased pursuant to the Plan.

Income tax consequences for participants who do not reside in the United States may vary from jurisdiction to jurisdiction.

28. How are federal income tax withholding provisions applied to shareholders who participate in the Plan?

If you fail to provide certain federal income tax certifications in the manner required by law, the Plan Agent must withhold 31% from the amount of any dividends on shares of common stock and from proceeds of the sale of any shares held for your account. Certain stockholders may be exempt from the above withholding requirements.

If you are a foreign stockholder whose dividends are subject to U.S. income tax withholding, the appropriate amount will be withheld and any balance, less the service charge and brokerage commissions, will be used to purchase additional shares.

Plan Administration

29. How will the Plan be administered?

The Plan Agent, American Stock Transfer & Trust Company (or a successor selected by Raytheon) will administer the Plan for participants; keep records, send statements of account to participants, answer participant questions and perform other administrative duties related to the Plan.

30. Who should participants contact for answers to questions regarding the Plan?

Raytheon Company
c/o American Stock Transfer & Trust Co,
Wall Street Station
P.O. Box 922
New York, NY 10269-0560

31. What reports will be sent to participants in the Plan?

As soon as practicable after each purchase, an account statement will be mailed to you by the Plan Agent. These statements are your continuing record of current activity and should be retained for tax purposes. As a participant, you will receive a quarterly statement summarizing your account balance in the Plan.

Additional Information

32. Can shares held in the Plan be pledged or assigned?

Shares held in the Plan may not be pledged or assigned and any attempted pledge or assignment shall be void. If you wish to pledge or assign shares, you must first request that a stock certificate for such shares be issued in your name. Stock certificates for fractional shares will not be issued under any circumstances.

33. How will shares held by the Plan Agent be voted?

Shares held for you by the Plan Agent will be voted as you direct. Each participant will receive a separate proxy card for each Raytheon Plan account. You will receive a separate proxy card(s) for any Raytheon common stock held outside of the Plan.

34. What are the liabilities of Raytheon and the Plan Agent under the Plan?

Neither Raytheon nor the Plan Agent shall be liable for any act done in good faith or for any good faith omission to act, including, without limitation, any claims or liability: (a) with respect to the prices at which shares are purchased or sold for a participant's account and the times when such purchases or sales are made; (b) for any fluctuation in the market value after purchases or sales of shares; or (c) for continuation of a participant's account until receipt by the Plan Agent of notice in writing of such participant's death.

35. May the Plan be changed or discontinued?

Notwithstanding any other provision of the Plan, the Board of Directors of Raytheon Company or a designated committee thereof reserves the right to amend, modify, suspend or terminate the Plan at any time, including the period between a record date and a dividend payment date. Notice of any material amendment or modification, or of any suspension or termination, will be mailed to all participants.

Upon termination of the Plan, any uninvested optional cash payments will be returned, a certificate for whole shares credited to your dividend reinvestment account will be issued, and a cash payment will be made for any fraction of a share credited to your account.

36. How may shareholders obtain answers to other questions regarding the Plan?

Any additional questions should be addressed to:

Raytheon Company
c/o American Stock Transfer & Trust Co.
Wall Street Station
P.O. Box 922
New York, NY 10269-0560

Or call toll free at 1-800-360-4519

The terms and conditions of the Plan shall be governed by the laws of The Commonwealth of Massachusetts.

Automatic Dividend Reinvestment and Stock Purchase Plan



Automatic Dividend Reinvestment and Stock Purchase Plan

Dear Shareholder:

Raytheon Company is pleased to send you this brochure describing our Automatic Dividend Reinvestment and Stock Purchase Plan (the "Plan"). This Plan offers all Raytheon shareholders of record a simple and convenient method of investing cash dividends and making optional cash payments toward the purchase of additional shares of Raytheon common stock.

This Plan has been revised to enable shares of Raytheon common stock to be issued in book-entry form.

This plan is an easy way of increasing your investment in Raytheon Company. We invite you to take advantage of this opportunity.

If you elect to participate in Raytheon's plan, you will enjoy the following advantages:

- You may acquire additional shares of Raytheon common stock easily by reinvesting cash dividends.
- You may also purchase shares by making optional cash payments. Optional cash payments must be at least \$25 and cannot total more than \$25,000 per calendar quarter.
- You may request a physical certificate for shares held in book-entry (including Plan shares) at any time without charge.
- You may deposit your share certificates with the Plan Agent for safekeeping at not cost.
- You will receive periodic statements providing a complete record of your account(s) under the Plan.
- The following pages of this brochure give the complete terms and conditions of the Plan in simple question and answer form. You are urged to read this brochure carefully, since it should answer most questions you may have about the Plan.

For your convenience, an Enrollment Authorization Card is included in this brochure, along with a pre-addressed envelope, should you elect to participate in the Plan.

Raytheon Company
September 2003