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RAYTHEON CO/  
Form 8-K  
January 30, 2003

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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
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FORM 8-K

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of Report (date of earliest event reported): January 30, 2003

RAYTHEON COMPANY  
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(Exact name of registrant as specified in its charter)

|                          |                          |   |
|--------------------------|--------------------------|---|
| Delaware<br>-----        | 1-13699<br>-----         | 95-1778500<br>-----                     |
| (State of Incorporation) | (Commission File Number) | (IRS Employer<br>Identification Number) |

|  |                |
|--|----------------|
| 141 Spring Street<br>Lexington, Massachusetts<br>----- | 02421<br>----- |
| (Address of principal executive offices)               | (Zip Code)     |

Registrant's telephone number, including area code: (781) 862-6600

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Item 9. Regulation FD Disclosure

We are filing this Form 8-K to disclose changes in the way we will report our segment results beginning in the first quarter of 2003. On August 30, 2002, we announced that we would realign our government and defense businesses into six segments. In addition, on December 19, 2002, we announced that our Commercial Electronics businesses would be reassigned to the new government and defense businesses. Raytheon Aircraft Company will continue to be reported separately. Accordingly, beginning in the first quarter of 2003, we will report our financial results in the following segments:

- o Integrated Defense Systems (IDS)
- o Intelligence and Information Systems (IIS)
- o Missile Systems (MS)

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- o Network Centric Systems (NCS)
- o Space and Airborne Systems (SAS)
- o Technical Services (TS)
- o Aircraft (RAC)

Also beginning in the first quarter of 2003, we will change the way we report pension expense or income in our segment results. Statement of Financial Accounting Standards (SFAS) No. 87, Employers' Accounting for Pensions, outlines the methodology used to determine pension expense or income for financial reporting purposes, which is not necessarily indicative of the funding requirements of pension plans, which are determined by other factors. A major factor for determining pension funding requirements are Cost Accounting Standards (CAS) that proscribe the allocation to and recovery of pension costs on U.S. government contracts. We will report the difference between our SFAS No. 87 (FAS) pension expense or income and our CAS pension expense as a separate line item in our segment results called FAS/CAS Income Adjustment. Our individual segment results will now only include pension expense as determined under CAS, which can generally be recovered through the pricing of products and services to the U.S. government. Previously, our individual segment results included FAS pension expense or income, which consisted of CAS pension expense and an adjustment to reconcile CAS pension expense to FAS pension expense or income.

The following information reflects our segment results during 2001 and 2002 as though we had operated our business in the realigned structure consisting of IDS, IIS, MS, NCS, SAS, TS and RAC during those periods. In addition, the individual segment results below include pension expense as determined under CAS. Also included below is information relating to 2001 operating income in the realigned segment structure excluding goodwill amortization, which was discontinued January 1, 2002, in accordance with SFAS No. 142, Goodwill and Other Intangible Assets.

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### 2002 Segment Results

#### Net Sales

| (In millions)                        | Q1           | Q2           | Q3           | Q4           | Total         |
|--------------------------------------|--------------|--------------|--------------|--------------|---------------|
| Integrated Defense Systems           | 591          | 598          | 542          | 635          | 2,366         |
| Intelligence and Information Systems | 417          | 457          | 485          | 528          | 1,887         |
| Missile Systems                      | 727          | 729          | 792          | 790          | 3,038         |
| Network Centric Systems              | 748          | 760          | 759          | 824          | 3,091         |
| Space and Airborne Systems           | 707          | 798          | 803          | 935          | 3,243         |
| Technical Services                   | 528          | 505          | 556          | 544          | 2,133         |
| Aircraft                             | 494          | 526          | 451          | 687          | 2,158         |
| Corporate and Eliminations           | (301)        | (278)        | (296)        | (281)        | (1,156)       |
| <b>Total</b>                         | <b>3,911</b> | <b>4,095</b> | <b>4,092</b> | <b>4,662</b> | <b>16,760</b> |

#### Operating Income

| (In millions)                        | Q1 | Q2 | Q3 | Q4 | Total |
|--------------------------------------|----|----|----|----|-------|
| Integrated Defense Systems           | 71 | 72 | 69 | 77 | 289   |
| Intelligence and Information Systems | 37 | 42 | 45 | 56 | 180   |
| Missile Systems                      | 94 | 92 | 96 | 92 | 374   |

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|                            |      |     |      |      |       |
|----------------------------|------|-----|------|------|-------|
| Network Centric Systems    | 73   | 58  | 63   | 84   | 278   |
| Space and Airborne Systems | 85   | 108 | 109  | 126  | 428   |
| Technical Services         | 35   | 6   | 36   | 39   | 116   |
| Aircraft                   | (53) | 11  | (11) | 2    | (51)  |
| FAS/CAS Income Adjustment  | 52   | 52  | 53   | 53   | 210   |
| Corporate and Eliminations | (41) | 13  | (5)  | (37) | (70)  |
| -----                      |      |     |      |      |       |
| Total                      | 353  | 454 | 455  | 492  | 1,754 |
| =====                      |      |     |      |      |       |

Operating Cash Flow

|                                      |       |      |      |     |       |
|--------------------------------------|-------|------|------|-----|-------|
| (In millions)                        | Q1    | Q2   | Q3   | Q4  | Total |
| -----                                |       |      |      |     |       |
| Integrated Defense Systems           | (123) | 58   | 56   | 203 | 194   |
| Intelligence and Information Systems | (47)  | 11   | 46   | 111 | 121   |
| Missile Systems                      | (101) | 2    | 37   | 238 | 176   |
| Network Centric Systems              | (128) | 44   | 49   | 123 | 88    |
| Space and Airborne Systems           | (77)  | 125  | 111  | (6) | 153   |
| Technical Services                   | 22    | 82   | 27   | 43  | 174   |
| Aircraft                             | 34    | (70) | (81) | 68  | (49)  |
| Corporate                            | 214   | 175  | 156  | 218 | 763   |
| -----                                |       |      |      |     |       |
| Total                                | (206) | 427  | 401  | 998 | 1,620 |
| =====                                |       |      |      |     |       |

Capital Expenditures

|                                      |    |     |    |     |       |
|--------------------------------------|----|-----|----|-----|-------|
| (In millions)                        | Q1 | Q2  | Q3 | Q4  | Total |
| -----                                |    |     |    |     |       |
| Integrated Defense Systems           | 19 | 15  | 15 | 26  | 75    |
| Intelligence and Information Systems | 7  | 6   | 5  | 12  | 30    |
| Missile Systems                      | 8  | 9   | 13 | 16  | 46    |
| Network Centric Systems              | 12 | 26  | 11 | 30  | 79    |
| Space and Airborne Systems           | 22 | 31  | 18 | 51  | 122   |
| Technical Services                   | 1  | 4   | 6  | 10  | 21    |
| Aircraft                             | 16 | 14  | 28 | 27  | 85    |
| -----                                |    |     |    |     |       |
| Total                                | 85 | 105 | 96 | 172 | 458   |
| =====                                |    |     |    |     |       |

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Depreciation and Amortization

|                                      |    |    |    |    |       |
|--------------------------------------|----|----|----|----|-------|
| (In millions)                        | Q1 | Q2 | Q3 | Q4 | Total |
| -----                                |    |    |    |    |       |
| Integrated Defense Systems           | 10 | 11 | 10 | 13 | 44    |
| Intelligence and Information Systems | 6  | 7  | 8  | 7  | 28    |
| Missile Systems                      | 11 | 12 | 12 | 11 | 46    |
| Network Centric Systems              | 15 | 13 | 15 | 17 | 60    |
| Space and Airborne Systems           | 14 | 16 | 18 | 21 | 69    |
| Technical Services                   | 3  | 3  | 3  | 3  | 12    |
| Aircraft                             | 29 | 25 | 26 | 25 | 105   |
| -----                                |    |    |    |    |       |
| Total                                | 88 | 87 | 92 | 97 | 364   |
| =====                                |    |    |    |    |       |

Identifiable Assets

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| (In millions)                        | Q1            | Q2            | Q3            | Q4            |
|--------------------------------------|---------------|---------------|---------------|---------------|
| Integrated Defense Systems           | 1,821         | 1,813         | 1,792         | 1,612         |
| Intelligence and Information Systems | 1,942         | 1,977         | 1,999         | 1,926         |
| Missile Systems                      | 4,570         | 4,634         | 4,640         | 4,429         |
| Network Centric Systems              | 3,986         | 3,931         | 3,921         | 3,914         |
| Space and Airborne Systems           | 3,889         | 3,871         | 3,814         | 3,875         |
| Technical Services                   | 1,472         | 1,405         | 1,392         | 1,372         |
| Aircraft                             | 3,183         | 2,987         | 2,967         | 3,891         |
| Corporate                            | 4,780         | 5,072         | 4,004         | 2,333         |
| <b>Total</b>                         | <b>25,643</b> | <b>25,690</b> | <b>24,529</b> | <b>23,352</b> |

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2001 Segment Results

| (In millions)                        | Q1           | Q2           | Q3           | Q4           | Total         |
|--------------------------------------|--------------|--------------|--------------|--------------|---------------|
| Integrated Defense Systems           | 568          | 584          | 539          | 574          | 2,265         |
| Intelligence and Information Systems | 391          | 421          | 430          | 494          | 1,736         |
| Missile Systems                      | 704          | 718          | 741          | 738          | 2,901         |
| Network Centric Systems              | 671          | 723          | 696          | 775          | 2,865         |
| Space and Airborne Systems           | 568          | 686          | 672          | 812          | 2,738         |
| Technical Services                   | 483          | 499          | 524          | 549          | 2,055         |
| Aircraft                             | 638          | 768          | 449          | 717          | 2,572         |
| Corporate and Eliminations           | (251)        | (302)        | (296)        | (266)        | (1,115)       |
| <b>Total</b>                         | <b>3,772</b> | <b>4,097</b> | <b>3,755</b> | <b>4,393</b> | <b>16,017</b> |

Operating Income

| (In millions)                        | Q1         | Q2         | Q3           | Q4         | Total      |
|--------------------------------------|------------|------------|--------------|------------|------------|
| Integrated Defense Systems           | 46         | 56         | 59           | 77         | 238        |
| Intelligence and Information Systems | 25         | 33         | 31           | 50         | 139        |
| Missile Systems                      | 57         | 65         | 63           | 72         | 257        |
| Network Centric Systems              | 58         | 62         | 47           | 79         | 246        |
| Space and Airborne Systems           | 66         | 73         | 98           | 102        | 339        |
| Technical Services                   | 27         | 31         | 30           | 35         | 123        |
| Aircraft                             | (14)       | 12         | (774)        | (46)       | (822)      |
| FAS/CAS Income Adjustment            | 97         | 99         | 94           | 96         | 386        |
| Corporate and Eliminations           | (48)       | (36)       | (12)         | (44)       | (140)      |
| <b>Total</b>                         | <b>314</b> | <b>395</b> | <b>(364)</b> | <b>421</b> | <b>766</b> |

Operating Cash Flow

| (In millions)                | Q1   | Q2 | Q3 | Q4 | Total |
|------------------------------|------|----|----|----|-------|
| Integrated Defense Systems   | 19   | 14 | 22 | 72 | 127   |
| Intelligence and Information | (86) | 22 | 31 | 76 | 43    |

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| Systems                    |       |      |       |      |       |
|----------------------------|-------|------|-------|------|-------|
| Missile Systems            | 37    | (21) | (4)   | 281  | 293   |
| Network Centric Systems    | (57)  | 16   | 13    | 87   | 59    |
| Space and Airborne Systems | 2     | 60   | 82    | 71   | 215   |
| Technical Services         | (29)  | 2    | 13    | (43) | (57)  |
| Aircraft                   | (242) | (74) | (260) | 118  | (458) |
| Corporate                  | (70)  | 67   | (10)  | (71) | (84)  |
| -----                      |       |      |       |      |       |
| Total                      | (426) | 86   | (113) | 591  | 138   |
| =====                      |       |      |       |      |       |

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Capital Expenditures

| =====                                |    |    |     |     |       |
|--------------------------------------|----|----|-----|-----|-------|
| (In millions)                        | Q1 | Q2 | Q3  | Q4  | Total |
| -----                                |    |    |     |     |       |
| Integrated Defense Systems           | 20 | 19 | 21  | 29  | 89    |
| Intelligence and Information Systems | 10 | 13 | 10  | 16  | 49    |
| Missile Systems                      | 4  | 3  | 7   | 23  | 37    |
| Network Centric Systems              | 20 | 19 | 8   | 26  | 73    |
| Space and Airborne Systems           | 14 | 17 | 26  | 50  | 107   |
| Technical Services                   | 1  | 0  | 1   | 1   | 3     |
| Aircraft                             | 26 | 21 | 32  | 24  | 103   |
| -----                                |    |    |     |     |       |
| Total                                | 95 | 92 | 105 | 169 | 461   |
| =====                                |    |    |     |     |       |

Depreciation and Amortization

| =====                                |     |     |     |     |       |
|--------------------------------------|-----|-----|-----|-----|-------|
| (In millions)                        | Q1  | Q2  | Q3  | Q4  | Total |
| -----                                |     |     |     |     |       |
| Integrated Defense Systems           | 18  | 15  | 19  | 10  | 62    |
| Intelligence and Information Systems | 15  | 16  | 17  | 16  | 64    |
| Missile Systems                      | 36  | 36  | 36  | 35  | 143   |
| Network Centric Systems              | 29  | 30  | 31  | 32  | 122   |
| Space and Airborne Systems           | 26  | 30  | 27  | 39  | 122   |
| Technical Services                   | 8   | 8   | 8   | 7   | 31    |
| Aircraft                             | 32  | 34  | 32  | 35  | 133   |
| -----                                |     |     |     |     |       |
| Total                                | 164 | 169 | 170 | 174 | 677   |
| =====                                |     |     |     |     |       |

Identifiable Assets

| =====                                |        |        |        |        |
|--------------------------------------|--------|--------|--------|--------|
| (In millions)                        | Q1     | Q2     | Q3     | Q4     |
| -----                                |        |        |        |        |
| Integrated Defense Systems           | 1,786  | 1,765  | 1,714  | 1,706  |
| Intelligence and Information Systems | 2,001  | 2,017  | 1,976  | 1,916  |
| Missile Systems                      | 4,755  | 4,842  | 4,728  | 4,412  |
| Network Centric Systems              | 4,041  | 4,155  | 3,939  | 3,904  |
| Space and Airborne Systems           | 4,128  | 4,037  | 3,861  | 3,848  |
| Technical Services                   | 1,487  | 1,473  | 1,401  | 1,503  |
| Aircraft                             | 3,377  | 3,404  | 3,181  | 3,126  |
| Corporate                            | 3,350  | 3,526  | 4,411  | 4,727  |
| -----                                |        |        |        |        |
| Total                                | 24,925 | 25,219 | 25,211 | 25,142 |

2001 Segment Results

Operating Income excluding  
Goodwill Amortization

| (In millions)                           | Q1         | Q2         | Q3           | Q4         | Total        |
|---|------------|------------|--------------|------------|--------------|
| Integrated Defense Systems              | 51         | 60         | 64           | 81         | 256          |
| Intelligence and Information<br>Systems | 35         | 43         | 41           | 59         | 178          |
| Missile Systems                         | 81         | 90         | 88           | 97         | 356          |
| Network Centric Systems                 | 75         | 79         | 64           | 95         | 313          |
| Space and Airborne Systems              | 86         | 92         | 117          | 121        | 416          |
| Technical Services                      | 34         | 37         | 36           | 41         | 148          |
| Aircraft                                | (12)       | 14         | (772) (1)    | (44)       | (814) (1)    |
| FAS/CAS Income Adjustment               | 97         | 100        | 94           | 96         | 387          |
| Corporate and Eliminations              | (48)       | (36)       | (11)         | (45)       | (140)        |
| <b>Total</b>                            | <b>399</b> | <b>479</b> | <b>(279)</b> | <b>501</b> | <b>1,100</b> |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: January 30, 2003

RAYTHEON COMPANY

By: /s/ John W. Kapples  
John W. Kapples  
Vice President and Secretary