
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

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

DATE OF REPORT: FEBRUARY 25, 2000

Raytheon Company
(Exact name of registrant as specified in its charter)

Delaware
(State or other
jurisdiction of
incorporation)

1-13699
(Commission File No.)

95-1778500
(IRS Employer
Identification No.)

141 Spring Street
Lexington, Massachusetts
(Address of principal
executive offices)

02421
(Zip Code)

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

Item 5. Other Events.

On January 25, 2000, the Registrant announced financial results for its fiscal year ended December 31, 1999. In connection with this announcement, the Registrant issued a press release, a copy of which is incorporated herein by reference.

Item 7. Financial Statements, Pro Forma Financial Statements and Exhibits

(c) The following exhibits are filed as part of this report:

99.1 Press release dated January 25, 2000.

SIGNATURE

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

RAYTHEON COMPANY

/s/ John W. Kapples

John W. Kapples
Vice President and Secretary

Dated: February 25, 2000

Raytheon reports 1999 full year and fourth quarter results; Company ends year with record backlog of \$28.4 billion

[Raytheon Logo Appears Here]

Raytheon Company
Corporate Communications
141 Spring Street
Lexington, Massachusetts
02421 USA

News release

FOR IMMEDIATE RELEASE

Contact:
David Polk
781.860.2386
www.raytheon.com

Raytheon reports 1999 full year and fourth quarter results; Company ends year with record backlog of \$28.4 billion

LEXINGTON, Mass., (Jan. 25, 2000) - Raytheon Company (NYSE: RTNA, RTNB) today reported 1999 revenue of \$19.8 billion, up 2 percent from the year earlier, and diluted earnings per share of \$1.19, in line with the estimate provided by the company on January 18, and down from 1998 diluted earnings per share of \$2.47. Revenue was up slightly due to increased sales in missile defense systems and some improvement in the power business of Raytheon Engineers & Constructors (RE&C). The decline in earnings was due to contract-related adjustments, pricing pressures, and the cumulative effect of two internal accounting changes consistent with SOP 98-5 and SAB 101. Results for 1998 also included gains from divestitures.

Total bookings for the year were \$24.8 billion, compared with \$22.2 billion in bookings for 1998, resulting in record backlog of \$28.4 billion, up 18 percent over December 1998.

Fourth quarter 1999 revenue was \$4.8 billion, down 8 percent from the previous year. Diluted earnings per share in the quarter were \$0.21, compared with \$1.00 in the fourth quarter of 1998. The revenue decline in the quarter is due primarily to lower missile shipments; certain non-recurring events from the 1998 fourth quarter in the electronics businesses; aircraft shipments and accounting adjustments at Raytheon Aircraft Company (RAC); and the divestiture of Cedarapids, Inc. These factors, along with contract adjustments in the electronics businesses and cost performance at both RAC and RE&C, contributed to lower earnings for the quarter.

On December 6, 1999, the SEC issued Staff Accounting Bulletin (SAB) 101, which clarified conditions for recognizing revenue on bill and hold transactions. As previously announced, the company recently completed a review of revenue recognition practices at RAC. Based on that evaluation, Raytheon has now restated its financial results consistent with SAB 101. This restatement resulted in a negative effect of \$0.11 per share on fourth quarter earnings.

Operating cash flow during the fourth quarter was \$778 million, resulting in net debt of \$9.5 billion at year-end, compared with \$8.6 billion at the end of 1998.

"Despite all the challenges Raytheon faced in 1999, we are moving forward with some of the best technology in the industry, talented people and strong customer relationships," said Daniel P. Burnham, Raytheon chairman and chief executive officer. "We intend to take all of the steps necessary to improve execution in every area of the business and generate free cash flow for debt reduction."

Electronics Businesses

Raytheon's electronics businesses reported fourth quarter operating income of \$360 million on revenue of \$3.5 billion. Operating income for the fourth quarter of 1998 was \$658 million on revenue of \$3.8 billion. The decline in revenue was due primarily to lower missile shipments, the divestiture of Cedarapids, Inc., and lower sales at Training and Services due to the discontinuance of Raytheon Data Systems. Contributing to lower operating profit were estimate-at-completion (EAC) adjustments due to higher overhead rates at Sensors and Electronic Systems (SES); contract cost adjustments on the Boeing Business Jet program at Aircraft Integration Systems; and year-end balance sheet and contract reviews at Command, Control, Communication and Information Systems. These were offset by \$65 million of favorable adjustments to restructuring-related reserves. Events in the 1998 fourth quarter, including claim settlements and contract closeouts at SES, contributed to higher revenue and operating profit in the 1998 period.

Operational highlights included:

- . The signing of a \$1.3 billion ((Pound Sign)800 million) contract for the UK Ministry of Defence's Airborne Stand Off Radar (ASTOR) program. ASTOR is a radar surveillance system that provides day/night and all-weather imagery of the ground over a large area.
- . Selection by the Boeing Company to develop an Active Electronically Scanned Array (AESA) radar for the F/A-18F Super Hornet. Under an Advance Agreement between Boeing and the U.S. Navy, Raytheon will develop an integrated AESA radar prototype. The next step would be a Navy contract award, expected in early 2001, for engineering and manufacturing development. If the contract is awarded, delivery of radars would begin in 2004.
- . A \$1.1 billion contract award by the National Science Foundation (NSF) to provide science, operations and maintenance support services for the U.S. Antarctic Program. Under the contract, Raytheon will provide everything needed to sustain year-round research programs at three research stations and on two research vessels on and around the continent of Antarctica.

The electronics businesses had backlog of \$20.8 billion at the end of the fourth quarter, compared with \$17.6 billion at the end of 1998.

Raytheon Engineers & Constructors

RE&C reported operating income of \$5 million on revenue of \$656 million in the 1999 fourth quarter, compared with operating income of \$22 million on revenue of \$658 million for the same period in 1998. Cost growth and project delays, particularly in one international program, continued to erode operating margins at RE&C. Also material to the quarter were losses related to the settlement of two claims.

During the quarter, RE&C won an award for \$1.1 billion in new work for two power projects in Massachusetts. Under the contract, awarded by Sithe Energies, Inc., RE&C will be the turnkey

contractor for two gas-fired power plants, providing complete project management, engineering, equipment procurement, construction and startup services.

RE&C had backlog of \$3.4 billion at the end of the quarter, compared with \$3.9 billion at the end of 1998.

Raytheon Aircraft Company

RAC recorded an operating loss of \$38 million on revenue of \$632 million in the 1999 fourth quarter, compared with operating income of \$40 million on revenue of \$788 million in the fourth quarter of 1998. RAC shipped 10 fewer aircraft in the 1999 fourth quarter than it did in the 1998 period, and 19 fewer aircraft than forecast due to production and shipment delays. All of the delayed 19 aircraft are expected to ship in the first half of 2000. Also contributing to lower operating profit were cost performance on existing and new product lines and the impact of the bill and hold restatement of \$57 million in the fourth quarter versus \$41 million in the comparable period last year.

Raytheon Travel Air, RAC's fractional aircraft ownership division, reported a record fourth quarter with revenue of \$82 million, bringing 1999 revenue to \$230 million. Both revenue and fractional share ownership grew in excess of 75 percent during 1999, and Travel Air was ranked No. 1 in customer satisfaction and program reliability based on a survey by Aviation Research Group/U.S. Respondents.

RAC had backlog of \$4.3 billion at the end of the quarter, compared with \$2.5 billion at the end of 1998.

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

This news release contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act concerning the company's financial results, future plans, objectives, expected performance and potential new business awards. Specifically, statements in this release that are not historical facts, including statements accompanied by words such as "believe," "expect," "anticipate," "estimate," "intend," or "plan" are intended to identify forward-looking statements and convey the uncertainty of future events or outcomes. The company cautions readers that any such forward-looking statements are based on assumptions that the company believes are reasonable, but are subject to a wide-range of risks, and, there is no assurance that actual results may not differ materially. Important factors that could cause actual results to differ include but are not limited to: differences in anticipated and actual program results, the ability to realize anticipated cost efficiencies, the ability to contain cost growth, particularly at RAC and RE&C, the ability to finance ongoing operations at attractive rates, the effect of market conditions, the impact of competitive products and pricing, and the integration of acquisitions, among other things. Further information regarding the factors that could cause actual results to differ from projected results can be found in the company's reports filed with the SEC, including "Item 1 - Business" in Raytheon's most recent Form 10-K, and this press release should be read in conjunction with cautionary statements contained therein.

C-2536

Attachment A

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Raytheon Company
Financial Information
Fourth Quarter 1999

(In millions, except per share amounts)	Three Months Ended		Twelve Months Ended	
	31-Dec-99	31-Dec-98	31-Dec-99	31-Dec-98
Net sales	\$ 4,830	\$ 5,258	\$ 19,841	\$ 19,419
Cost of sales	3,938	3,930	16,256	15,167
Administrative and selling expenses	418	458	1,550	1,664
Research and development expenses	147	150	508	582
Total operating expenses	4,503	4,538	18,314	17,413
Operating income	327	720	1,527	2,006
Interest expense, net	180	178	713	711
Other income, net	(12)	(33)	(14)	(142)
Non-operating expense, net	168	145	699	569
Income before taxes	159	575	828	1,437
Federal and foreign income tax provision	87	234	371	593
Income before accounting change	72	341	457	844
Cumulative effect of change in accounting principle, net of tax	--	--	53	--
Net income	\$ 72	\$ 341	\$ 404	\$ 844
Earnings per common share before accounting change:				
Basic	\$ 0.21	\$ 1.01	\$ 1.35	\$ 2.50
Diluted	\$ 0.21	\$ 1.00	\$ 1.34	\$ 2.47
Earnings per common share:				
Basic	\$ 0.21	\$ 1.01	\$ 1.20	\$ 2.50
Diluted	\$ 0.21	\$ 1.00	\$ 1.19	\$ 2.47
Average common shares outstanding:				
Basic	338.3	337.0	337.4	337.9
Diluted	338.8	341.2	340.8	341.9

Attachment B

Raytheon Company
Segment Information
Fourth Quarter 1999

(In millions)	Net Sales		Operating Income (Loss)		Operating Income (Loss)	
	Three Months Ended		Three Months Ended		As a Percent of Sales	
	31-Dec-99	31-Dec-98	31-Dec-99	31-Dec-98	31-Dec-99	31-Dec-98
Defense Systems	\$1,315	\$1,346	\$ 269	\$259	20.5%	19.2%
Sensors and Electronic Systems	589	709	59	197	10.0%	27.8%
Command, Control, Communication and Information Systems	921	916	71	131	7.7%	14.3%
Aircraft Integration Systems, Training and Services, Commercial Electronics and Other	717	841	(39)	71	-5.4%	8.4%
Total Electronics	3,542	3,812	360	658	10.2%	17.3%
Engineering and Construction	656	658	5	22	0.8%	3.3%
Aircraft	632	788	(38)	40	-6.0%	5.1%
Total	\$4,830	\$5,258	\$ 327	\$720	6.8%	13.7%

(In millions)	Net Sales		Operating Income (Loss)		Operating Income (Loss)	
	Three Months Ended		Three Months Ended		As a Percent of Sales	
	31-Dec-99	31-Dec-98	31-Dec-99	31-Dec-98	31-Dec-99	31-Dec-98
Defense Systems	\$ 5,215	\$ 4,941	\$ 785	\$ 880	15.1%	17.8%
Sensors and Electronic Systems	2,695	2,934	332	556	12.3%	19.0%
Command, Control, Communication and Information Systems	3,576	3,529	301	371	8.4%	10.5%
Aircraft Integration Systems, Training and Services, Commercial Electronics and Other	3,003	3,418	8	225	0.3%	6.6%
Total Electronics	14,489	14,822	1,426	2,032	9.8%	13.7%
Engineering and Construction	2,656	2,065	(61)	(253)	-2.3%	12.3%
Aircraft	2,696	2,532	162	227	6.0%	9.0%
Total	\$19,841	\$19,419	\$1,527	\$2,006	7.7%	10.3%

Note: Certain prior year amounts were reclassified to conform to the current year presentation.

Attachment C

Raytheon Company
Other Information
Fourth Quarter 1999

(In millions, except total employees and aircraft shipments)

	Backlog	

	31-Dec-99	31-Dec-98
Electronics	\$ 20,783	\$ 17,648
Engineering and Construction	3,355	3,888
Aircraft	4,282	2,509
Total backlog	\$ 28,420	\$ 24,045
U.S. government backlog included above	\$ 16,107	\$ 14,622
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	Total Employees	

	31-Dec-99	31-Dec-98
Total employees	105,300	108,200
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	Aircraft Shipments (Units)	

	Three Months Ended	

	31-Dec-99	31-Dec-98
Hawker	11	18
Beechjet (Commercial)	12	14
King Air	38	37
1900D Commuter	1	14
Pistons	49	38
T-6A	--	--
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Total aircraft shipments	111	121
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Attachment D

Raytheon Company
Preliminary Financial Information
Fourth Quarter 1999

(In millions)

Balance sheets

	31-Dec-99	03-Oct-99	31-Dec-98
Assets			
Cash and cash equivalents	\$ 230	\$ 113	\$ 421
Accounts receivable	851	785	618
Contracts in process	5,215	5,537	4,859
Inventories	1,950	2,003	1,991
Deferred federal and foreign income taxes	490	667	840
Prepaid expenses and other current assets	195	290	236
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Total current assets	8,931	9,395	8,965
Property, plant and equipment, net	2,417	2,311	2,275
Goodwill, net	14,034	14,115	14,396
Other assets, net	2,728	2,863	2,596
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Total assets	\$28,110	\$28,684	\$28,232
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Liabilities and Stockholders' Equity			
Notes payable and current portion of long-term debt	\$ 2,472	\$ 3,112	\$ 827
Advance payments, less contracts in process	1,599	1,033	1,251
Accounts payable	1,561	1,571	2,071
Accrued salaries and wages	549	675	703
Other accrued expenses	1,705	1,679	2,180
	-----	-----	-----
Total current liabilities	7,886	8,070	7,032
Accrued retiree benefits and other long-term liabilities	1,414	1,724	1,679
Deferred federal and foreign income taxes	553	624	561
Long-term debt	7,298	7,296	8,163
Stockholders' equity	10,959	10,970	10,797
	-----	-----	-----
Total liabilities and stockholders' equity	\$28,110	\$28,684	\$28,232
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Debt-to-capital ratio

	31-Dec-99	03-Oct-99	31-Dec-98
Total debt	\$ 9,770	\$10,408	\$ 8,990
Total capital	20,729	21,378	19,787
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Debt-to-capital ratio	47.1%	48.7%	45.4%
	-----	-----	-----

Cash flow information

	Three Months Ended	
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	31-Dec-99	31-Dec-98
Net income	\$ 72	\$ 341
Depreciation	83	76
Amortization	119	97
Working capital	959	1,033
Capital spending	(240)	(135)
Other	(215)	(394)
	-----	-----
Subtotal - operating cash flow	778	1,018
Net activity in financing receivables	173	322
Acquisitions and divestitures	23	251
Dividends	(68)	--
Share repurchase	--	(61)
Other	(151)	(109)
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Change in net debt	\$ 755	\$1,353
Restructuring amounts included in operating cash flow above	\$ 168	\$ 213
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Contact

Corporate Communications
corpcom@raytheon.com

For public inquiries, please call 781-862-6600