

Raytheon to Sell Its Engineering and Construction Unit to Morrison Knudsen

LEXINGTON, Mass., April 17 /PRNewswire/ -- Raytheon Company (NYSE: RTNA, RTNB) today announced it has signed a definitive agreement to sell its Raytheon Engineers & Constructors (RE&C) subsidiary to Morrison Knudsen Corporation (NYSE: MK).

The sale is subject to certain regulatory approvals, including Hart-Scott-Rodino antitrust review. The companies expect to finalize the transaction by May 31. Raytheon estimates the total value realized to be in the range of \$800-\$820 million, consisting of \$10 million in cash at closing and retention of \$250 million of cash collected during the first quarter; \$185 million of billed receivables; \$50 million of other working capital and net pension assets of \$320 million. As part of the agreement, Raytheon also retains the responsibility for four large, fixed-price international turnkey projects that are close to completion, and will partially indemnify Morrison Knudsen on the completion of one other existing project. The company expects to record a pretax loss on the disposal of this business of \$250-\$300 million in its first quarter 2000 results. The transaction will not have a significant impact on Raytheon's net debt.

RE&C had sales of \$2.7 billion in 1999. With approximately 7,600 employees at operations worldwide, RE&C provides a full range of engineering and construction services. It is organized into six product lines: power; infrastructure; operations and maintenance; government; industrial products and petroleum & chemicals. Divesting RE&C will enable Raytheon to focus on core businesses.

Morrison Knudsen has more than 22,000 employees at work in more than 35 countries serving the energy; environmental; government; heavy-civil; industrial; mining; operations and maintenance; process; transportation and water resources markets as an engineer, constructor and program manager.

Raytheon Company is a global technology leader that provides products and services in the areas of commercial and defense electronics and business and special mission aircraft. Raytheon has operations throughout the United States and serves customers in more than 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 and expected performance.

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 actual results may differ materially. Closing of the sale is subject to regulatory approvals and satisfaction of various closing conditions, including no material adverse change in the business prior to closing and placement of the buyer's financing. Accordingly, there can be no assurance that the sale will be consummated.

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