Raytheon

MULTINATIONAL BUSINESS

PRESENTATION TO:

25th Annual National Logistics Conference & Exhibition Multinational Logistics: A Rapidly Evolving, Complex Capability

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AGENDA

- Foreign Military Sales (FMS)
- Disclosure Boards / Licensing
- Issues and Challenges

FMS PROCESS: TIMES ARE GOALS

CUSTOMER COUNTRY SENDS LOR TO MIL SVC

MIL SVC WITH PM VALIDATES LOR (5 DAYS) DISRUPTIVE PROCESS

MIL SVC CONDUCTS PRELIMINARY DISCLOSURE REVIEW (1 TO 5 DAYS) IF NOT RELEASABLE, MIL SVC MAY PURSUE NEW RELEASE POLICY, THEN LO/CLO, THEN NDPC (1 - 2 YEARS)

MIL SVC WRITES LOA DRAFT WITHOUT FINAL SCOPE, COST AND SCHED (2 DAYS) PGIN OFFICE COORDINATES
WITH CONTRACTOR AND
PROVIDES FINAL SCOPE,
COST AND SCHED

ATES PGM OFFICE
AND SECURITY OFFICE
DPE, CERTIFIES DEFENSE
ITEM IS RELEASEABLE
(14 TO 60 DAYS) TO CUSTOMER

IF MAJOR DEFENSE EQUIPMENT (MDE) \geq \$14M * MIL SENDS 36B TO CONGRESS VIA DSCA (30 TO 90 DAYS)

* or defense articles or services \$50M or more; design and construction services \$200M or more.

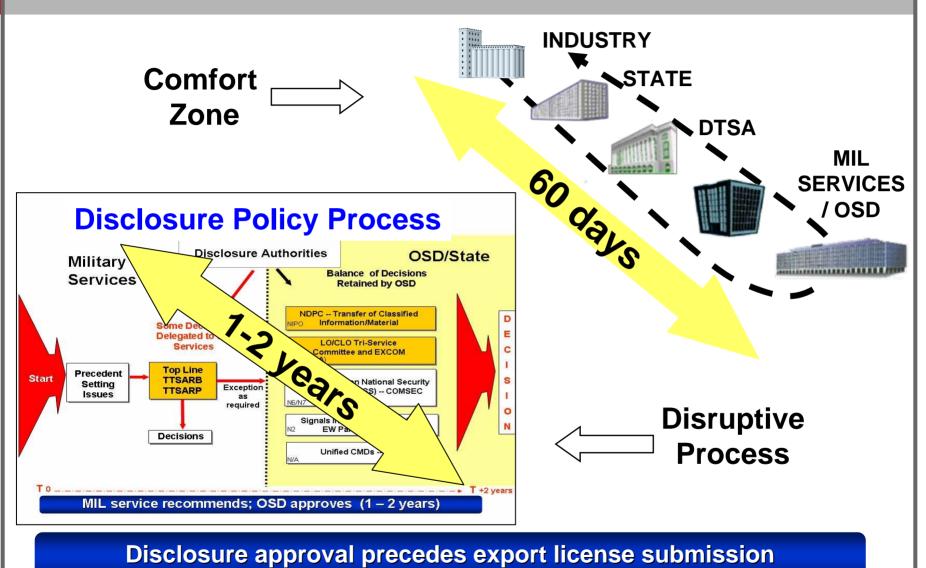
> LOA DRAFT PACKAGE SENT TO DSCA CASE WRITING DIV (CWD) "MILAP" (18 DAYS)

MILITARY DEPT SIGNS (MILSIGN) & DSCA COUNTER-SIGNS (9 DAYS) US SIGNED LOA SENT TO CUSTOMER COUNTRY

LOA SIGNED BY CUSTOMER COUNTRY PGM OFFICE NEGOTIATES & AWARDS CONTRACTS EQIPMENT AND/OR SERVICES ARE DELIVERED

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EXPORT LICENSE PROCESS VS. DISCLOSURE PROCESS



KNOWLEDGE BASED SOLUTION

Key Considerations / Players

Operational Capability being Transferred Technology being Transferred Impact on Service Impact on Coalition Warfare Risk of Proliferation or Compromise Like Capability in the Region **Precedent Anti-Tamper Plans Options provided by Variants** Impact on Regional Stability **Impact on Industrial Base Requirement of Recipient Country**

MIL Service Program Managers /
Program Executive Officers

US Embassy MIL Group Country Team
Component Commanders

Requirement / Warfighter

MIL Service / OSD International
Program Offices

MIL Service / OSD Secretaries / Chiefs

We must understand the USG issues and know the players

ISSUES AND CHALLENGES

- Complex, sequential Disclosure Process hampers FMS and consequently the ability to support COCOMS across the spectrum of MIL Operations
- Interoperability with our allies greatly affected
- MIL SVC, OSD dis-incentivized
- International community driven to seek products and services elsewhere
- US Industry, Foreign Industry Partnerships difficult, potentially affecting industrial base

ISSUES AND CHALLENGES (cont'd.)

- New administration and Congress have promised significant change
- Industry associations must champion a revamping of the Disclosure Process:
 - Streamlining
 - Transparency
 - Time Lines
 - Appeal Process
 - Etc.