

**U.S. House of Representatives
Committee on Ways and Means
Manufacturing Working Group
April 15, 2013**

On behalf of Raytheon Company, I applaud the formation of bipartisan working groups to thoroughly examine comprehensive tax reform. Raytheon strongly supports tax reform that significantly reduces the corporate tax rate, provides incentives for research and innovation within the United States, simplifies the Tax Code, and aligns the U.S. corporate tax system with the major industrialized economies around the world.

Raytheon is a technology and innovation leader with 68,000 employees specializing in defense, homeland security and other government markets throughout the world. With 8,000 programs and over 15,000 contracts, we are proud to provide world class products and services to the U.S. defense and civil markets as well as many of America's strategic allies and partners.

As a domestic manufacturer with 26 percent of our revenue derived from global exports, we welcome a significant reduction in the corporate tax rate. In the 1980's, the U.S. had one of the lowest corporate tax rates of Organization for Economic Cooperation and Development (OECD) countries. Today, the top U.S. corporate tax rate of 35 percent is 10 percent higher than the OECD average. As such, we strongly encourage a reduction in the corporate tax rate to 25 percent. Such a reduction will make the U.S. more competitive globally, create jobs, and spur significant investment.

In addition to a significantly lower corporate tax rate, we believe that a reformed U.S. tax system should include a robust research and development (R&D) tax credit that keeps and attracts high-skilled research jobs. We understand that getting a reduced corporate rate will require some difficult choices. When making these choices, we respectfully request that the Ways and Means Committee carefully consider that our major foreign competitors enjoy the combination of both significantly lower corporate tax rates and more generous R&D tax incentives.

We strongly recommend the adoption of a permanent, strengthened R&D tax credit. As a leading technology company, Raytheon employs nearly 50,000 engineers and scientists in the U.S. and spends approximately \$700 million annually on R&D, over 90 percent of which stays in the U.S. Furthermore, the R&D efforts of Raytheon and its peers support a large group of suppliers and related industries. The R&D tax credit is needed to keep and to expand the high-skilled research jobs (and the directly associated manufacturing jobs) that drive this economic growth, as well as to incentivize companies to conduct even more R&D. Comprehensive tax reform should also be used as an opportunity to examine the administration of the R&D tax credit, which is unduly burdensome.

Raytheon thanks the Ways and Means Committee for your continued work on tax reform and appreciates the opportunity to submit comments. We hope that you will consider us a resource in this important endeavor moving forward.

Respectfully,



Mark W. March
Raytheon Company
Vice President, Tax