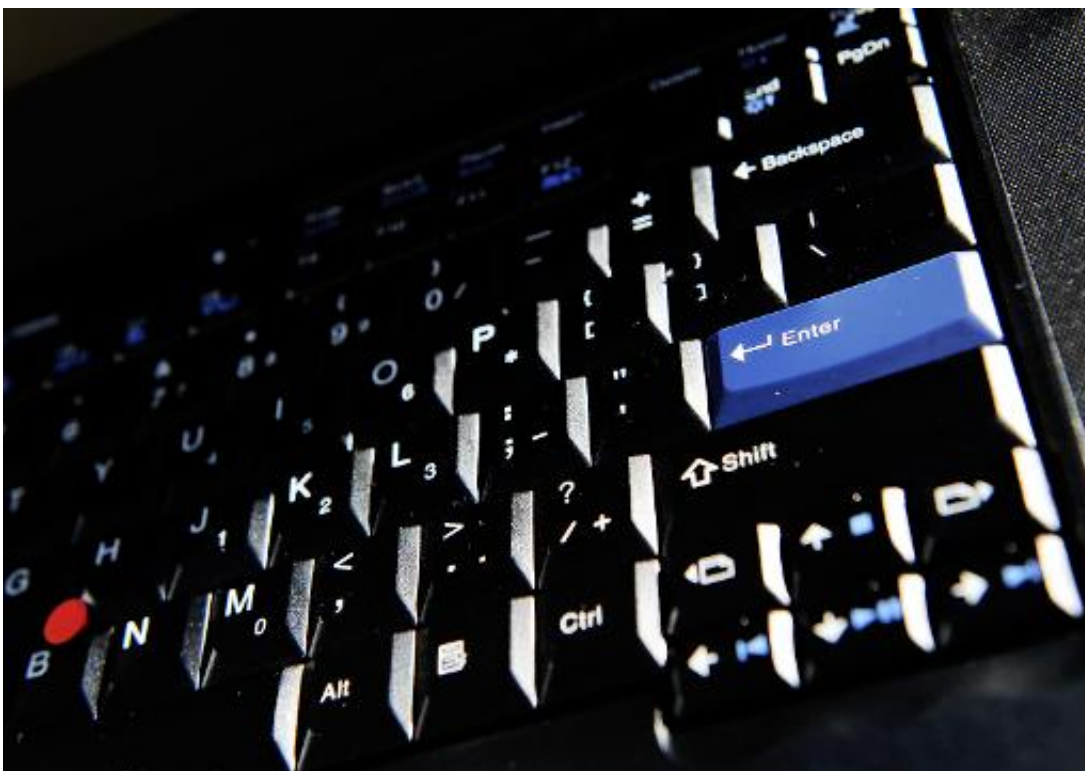


# Raytheon buys cybersecurity firm in \$1.9 bn deal

April 20 2015

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US defense contractor Raytheon announced Monday it is investing \$1.9 billion to create a cybersecurity firm to combat growing threats in the business sector.

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"The market for advanced cyber solutions that protect and defend global industry and infrastructure is rapidly growing due to the sophisticated threats posed by well-funded, nation-state adversaries and criminal networks," said Thomas Kennedy, Raytheon chairman and chief executive, in a statement.

"The new company will leverage Raytheon's advanced cybersecurity technologies and Websense's industry-leading TRITON platform to provide a new level of defense-grade cybersecurity to combat the evolving cyber threat environment."

The deal comes amid an epidemic of [cyber attacks](#) in the United States, including a devastating assault against Sony Pictures, and data breaches that stole credit card or health data on tens of millions of Americans.

In early April, President Barack Obama ordered a new sanctions program that can block the assets of US and foreign hackers and of companies that seek to profit from cyber attacks.

Raytheon said it would invest \$1.57 billion in cash to acquire 80.3 percent ownership of Websense, and provide a \$600 million loan to the joint venture. Austin, Texas-based Websense serve more than 21,000 organizations across 155 countries.

Raytheon also will contribute \$400 million in value for Raytheon Cyber Products to the deal, according to the pre-market announcement from the Waltham, Massachusetts-based company.

In total, it said, the offer results in a joint venture valued at \$2.3 billion, with capitalization of \$1.7 billion.

Vista Equity subsequently is to invest about \$335 million for a 19.7 percent equity stake in the new company.

The companies expected the transaction would close in the current second quarter ending in June, subject to regulatory approvals.

The new company would be a separately reported Raytheon business segment, with John McCormack, CEO of Websense, staying on as the new CEO.

Raytheon shares were down 0.7 percent at \$107.00 in opening trade on the New York Stock Exchange.

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