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We invite you to visit our website to learn more about Raytheon’s ongoing sustainability initiatives and discover how our best practices are making an impact.

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ON THE COVER:
Raytheon’s Sustainability initiative encompasses the company’s efforts to develop and follow best practices in the areas of sustainability, social responsibility and protection of the environment.

www.raytheon.com
Keyword: Corporate Responsibility
“Corporate responsibility” means different things to different people. At Raytheon, we look at corporate responsibility through the lens of history, which offers a unique and important perspective. After all, Raytheon was founded in 1922 and so we have generations of experience to draw upon in the way we engage our stakeholders.

In all times, and especially in these times, it is not enough to define corporate responsibility in the context of financial performance, though this is obviously important. We try to think about corporate responsibility more deeply, to go “above and beyond.” That’s why the theme of our Corporate Responsibility Report is, “Building on Our Commitment: Being Responsible in Everything We Do.”

We believe that corporate responsibility manifests itself in our strong and consistent Vision, Strategy, Goals and Values; in our sound and contemporary corporate governance framework; in our innovative ethics education initiatives such as our popular EthicSpace mini-series featuring dramatic vignettes delivered to employee desktops; and in engineering excellence, as reflected in the pivotal role we played in the successful intercept of a non-functioning satellite.

Our commitment to corporate responsibility is manifest in our focus on diversity competencies to promote an inclusive culture; in the implementation of wonderful safety and wellness programs and a fierce determination to achieve our ultimate goal of an injury-free workplace; in our commitment to sustainability, including protection of the environment and conservation of natural resources; in our proactive and collaborative efforts to prevent, detect and respond to cyber threats; and in our multifaceted, highly innovative approaches to help secure the technical talent pipeline and encourage students to develop and maintain an interest in math and science.

Last, but certainly not least, corporate responsibility is reflected in support for our service members, drawing on our long tradition of respect and admiration for our men and women in uniform.

All of these examples of corporate responsibility are discussed in the pages that follow. We will also share with you examples of the recognition our team has received. While we are gratified with this recognition, we know that today’s accomplishments must be the foundation for our progress tomorrow. This eagerness has energized our company since its founding 87 years — and many generations — ago, and it continues to do so today.

The 73,000 members of the Raytheon worldwide team want to thank you for your support as we continue our journey — and our best efforts — on behalf of all who depend on us.

As always, a proud member of the Raytheon team,

William H. Swanson
Chairman and Chief Executive Officer
Vision, Strategy, Goals and Values
One Company. One Vision.

Raytheon’s Vision, Strategy, Goals and Values are the foundation of our company. They focus and unify Raytheon’s 73,000 people across six businesses, a multitude of markets and more than 350 locations around the world. They influence our product development, inspire our employees and strengthen our relationships with customers, partners, shareholders and communities. They provide our roadmap for direction and our benchmarks for measuring performance.

VISION

To be the most admired defense and aerospace systems supplier through world-class people and technology.

STRATEGY
Focus on key strategic pursuits, Technology and Mission Assurance to protect and grow our position in our four core defense markets:
- Sensing: Expand beyond traditional RF/EO into adjacent markets;
- Effects: Expand beyond kinetic energy-based weapons;
- C3I: Grow market presence through increased footprint and expand knowledge management;
- Mission Support: Expand beyond product support and engineering services to include mission planning and training capabilities.

Leverage our domain knowledge in these core defense markets, as well as in Mission Systems Integration, Homeland Security and Information Operations/Information Assurance.

Expand international business by broadening focus and expanding into adjacent markets.

Continue to be a customer-focused company based on performance, relationships and solutions.

GOALS
- Customer
  - Be regarded as a customer-focused company known for its technology and innovation.
- Growth
  - Grow revenue faster than the market. Build on good performance in improving cash flow. Execute well and with predictability.
- People
  - Retain and attract world-class talent while providing superior opportunities for employee development. Treat all employees with respect. Leverage our diversity efforts as a competitive advantage, continuing Raytheon’s leadership in diversity.
- Productivity
  - Improve ROIC for Raytheon Company. Take Raytheon Six Sigma™ to the next level, further engaging customers and partners. Deliver greater value and predictability through the Integrated Product Development System (IPDS), Earned Value Management System (EVMS) and Capability Maturity Model Integration (CMMI®).

VALUES
- People
  - Treat people with respect and dignity.
  - Welcome diversity and diverse opinions.
  - Help our fellow employees improve their skills.
  - Recognize and reward accomplishment.
- Integrity
  - Be honest, forthright and trustworthy.
  - Use straight talk; no hidden agendas.
  - Respect ethics, law and regulation.
- Commitment
  - Honor commitments to customers, shareholders, the community and each other.
  - Accept personal responsibility to meet commitments; be accountable.
- Excellence
  - Improve performance continually.
  - Stress quality, productivity, growth, best practices and measurement.
  - Always strive to be the best.
As you will see in the pages that follow, Corporate Responsibility at Raytheon is a journey. It is a journey guided by a sense of stewardship — by a Vision that is compelling and Values that are clear — markers that help us navigate a course that is true.

Our Vision is “to be the most admired defense and aerospace systems supplier through world-class people and technology.” Our Values define who we are and what we stand for: People, Integrity, Commitment and Excellence.

Together with our Strategy and Goals, they provide us with the confidence and direction needed to embrace change, drive innovation, partner with stakeholders, and achieve our mission of customer success.

These are the threads that run through the pages that follow. The 73,000 people of Raytheon thank you for taking the time to read about all that we achieved in Corporate Responsibility, and all that we aspire to achieve as we continue our journey together.
In 2008, Raytheon adopted a number of governance enhancements to ensure the company continues to embrace progressive practices in the area of corporate governance. In recognition of its leadership on governance, Raytheon’s Board of Directors was named the 2008 “Board of the Year” by the New England Chapter of the National Association of Corporate Directors.
Governance
Ensuring Independence, Accountability and Transparency

Sound corporate governance provides the structure for overseeing the company’s business and operations, and also establishes a strong foundation for effective corporate citizenship. Raytheon entered 2008 with a contemporary governance framework emphasizing active and independent Board oversight, accountability to shareholders, highly transparent financial reports and disclosures, and vigilant compliance with complex and changing regulatory responsibilities. Building on this strong foundation, in the past year the company adopted a number of significant governance enhancements.

INDEPENDENCE
Under the company’s Governance Principles, independent directors must constitute a substantial majority of the Board. To be considered independent, directors must meet strict criteria demonstrating that they are free of any relationship with the company that might pose a conflict of interest. In addition, each of the Board’s four committees that meet regularly — the Audit Committee, the Governance and Nominating Committee, the Management Development and Compensation Committee (MDCC), and the Public Affairs Committee — is exclusively independent.

ACCOUNTABILITY
Raytheon has majority voting in uncontested director elections and requires the entire Board to stand for election each year. The company has eliminated its “poison pill” barrier to hostile takeover. And Raytheon’s guidelines for stock ownership, together with its pay-for-performance executive compensation program, provide further assurance that Raytheon directors and officers will identify with shareholder concerns and perspectives.

TRANSPARENCY
Raytheon is committed to transparent reporting at every level. The company has robust controls and processes emphasizing transparency to ensure that information required to be disclosed is appropriately documented, processed, summarized and reported in a timely manner. Raytheon’s Disclosure Committee assists senior management in helping to ensure that the company’s disclosures are accurate and complete, and fairly report Raytheon’s financial condition and results of operations in all material respects.

RECENT GOVERNANCE ENHANCEMENTS
In the past year, the company adopted a number of important governance enhancements. First, the Board amended the company’s Governance Principles to add a Restatement Clawback Policy. This policy gives the Board the right to recover incentive compensation or stock awards made to any elected officer, to the extent that such payments or awards were inflated due to erroneous financial reporting knowingly caused by the executive. This policy is designed to maximize the likelihood that the company will be successful in seeking to recover incentive compensation attributable to improperly inflated financial results. Second, the Board amended the company’s Governance Principles to establish a formal policy limiting the number of public company boards on which a director may serve. The limits adopted are five public company boards (including Raytheon) for any director who does not serve as a current CEO of a public company and three public company boards (including Raytheon) for any director who does currently serve as a CEO. This latter limitation applies to our Chairman and CEO.

Third, the MDCC adopted a formal policy to ensure that its compensation consultant meets robust independence requirements. This policy requires the MDCC to assess annually the independence of its compensation consultant. As part of this assessment, the MDCC reviews any services proposed to be provided by the consultant to the company, and considers whether the provision of such non-MDCC services might impair the consultant’s independence. Such non-MDCC services may be provided only with the MDCC’s pre-approval.

Finally, to achieve greater transparency, we instituted a new website disclosure of the company’s so-called “soft money” contributions — direct corporate contributions to political parties, state and local political candidates, and political organizations established under section 527 of the tax code.

In recognition of its leadership on governance, Raytheon’s Board was named the 2008 “Board of the Year” by the New England Chapter of the National Association of Corporate Directors.
Raytheon is committed to making ethics education an ongoing endeavor at every level of the organization. As part of that commitment, the company developed a program entitled “Take 5 for Ethical Leadership,” a series of seven brief learning modules that were delivered to users’ desktop computers. Through its engaging and informative format, “Take 5 for Ethical Leadership” helps reinforce the skills leaders use to promote a culture of integrity.
Our library of online compliance modules provides job-related information on topics ranging from conflicts of interest and workforce diversity to the Foreign Corrupt Practices Act. In 2008, employees completed more than 153,000 online compliance courses.

“Take 5” is a new ethical leadership program, started in 2008 and continuing in 2009. “Take 5” engages leaders with exercises and discussion of the skills employees look for when they describe ethical leadership.

Raytheon’s Ethics and Compliance education programs were featured as best practices in 2008 in both the Federal Ethics Report and Ethikos magazine.

COUNSELING AND INVESTIGATIONS

Employees who contact our ethics office may do so confidentially, without fear of retaliation and with the assurance that the company will review and respond to their concerns.

Over 3,000 total contacts in 2008

- 90% Seeking Advice
- 10% Alleged Misconduct

2008 HIGHLIGHTS

We offer a variety of educational experiences to help employees identify ethical issues and make appropriate decisions:

- Ethics reConnection was the 2008 version of our annual all-employee program of ethics awareness classes. The program used realistic video vignettes to stimulate reflection and discussion on how to resolve a series of ethical dilemmas.

- Our EthicSpace mini-series reinforces the classroom sessions by delivering dramatic vignettes to employee desktops several times a year. One EthicSpace program was accessed over 65,000 times.

In 2008, the office received more than 3,000 contacts, up 33 percent from 2007. Nearly 90 percent of the contacts were requests for advice. However, we also completed 301 investigations of alleged misconduct. In 74 percent of these cases, the misconduct alleged was substantiated, leading to 316 disciplinary actions up to and including termination.

EMPLOYEE FEEDBACK

In our 2008 Employee Opinion Survey, 80 percent of the respondents found our ethics education useful in guiding their conduct, up from 74 percent in 2005 and 78 percent in 2007. A broader measure, our Ethics Index, was also up two points over 2007.

Ethics and integrity are clearly important to Raytheon employees. Our proactive Ethics and Compliance program continues to underscore that importance.
Raytheon engineers develop innovative solutions to some of the world’s most demanding challenges across land, air, sea, space and cyberspace. Each year at the Excellence in Engineering and Technology Awards, Raytheon recognizes individuals and teams whose innovations, processes or products have a substantial impact on the success of our customers.
Excellence in Engineering
NoDoubt® Performance

Mission Assurance and NoDoubt performance, values essential to Raytheon’s operational and financial success, are also integral to our citizenship commitment. Our Engineering, Technology and Mission Assurance team works aggressively at every organizational level to improve our products and processes. We drive this approach with a broad range of proprietary tools and internal and external metrics, including:

RAYTHEON SIX SIGMA (R6σ®)
R6σ is our disciplined, knowledge-based approach designed to increase productivity, grow the business, enhance customer satisfaction and build a company culture that embraces all of these goals. Currently, we have more than 1,050 trained R6σ Experts and approximately 47,400 qualified R6σ Specialists.

CAPABILITY MATURITY MODEL INTEGRATION (CMMI®)
Raytheon continues to drive this nationally recognized process improvement measurement approach throughout the company. The CMMI model provides organizations with the essential elements of effective processes, as established by the Software Engineering Institute (SEI) for process maturity in hardware, systems and software engineering. In 2008, Raytheon’s Integrated Defense Systems business unit achieved CMMI’s highest rating, Level 5, joining Raytheon Network Centric Systems, which reached the milestone the previous year.

TECHNOLOGY SOLUTIONS
Raytheon’s success depends on technological innovation. Knowing this, we systematically cultivate a mindset of openness to new ideas, flexible collaboration, and continual pursuit of new and better ways to do things. The result has been a stream of large and small breakthroughs that have repeatedly enabled us to meet and exceed our customers’ expectations. Recent examples include:

Controlled Impact Rescue Tool
Under the headline, “A Concrete Smasher For Rescue Crews,” Popular Science® described Raytheon’s Controlled Impact Rescue Tool (CIRT) as a fast way to reach victims in a collapsed building. CIRT’s innovative design uses shock waves to pulverize concrete, enabling it to shatter a concrete wall in 13 minutes, compared with more than 30 minutes for conventional methods. In situations where every minute counts, this difference can save lives.

SM-3 Satellite Intercept
One example of Raytheon innovation captured worldwide attention in February 2008 as we played a pivotal role in the successful intercept of a non-functioning satellite. The company’s Standard Missile-3 intercepted the target 153 miles over the Pacific Ocean. Our Sea-Based X-band radar tracked the satellite prior to the missile engagement and performed the hit assessment afterward. Throughout the process, Raytheon engineers worked closely with our customers to ensure mission success.

Active Protection System
Raytheon’s Active Protection System (APS) ranked #8 among TIME® Magazine’s “50 Best Inventions of 2008.” TIME described APS as “Star Wars for soldiers,” noting that by protecting soldiers from short-range attack, it also enables the Army to develop vehicles requiring less armor. APS uses vertical launch technology to intercept rocket-propelled grenades or anti-tank guided missiles coming from any direction — “hitting bullets with bullets” through an innovative “pop and pitch” approach whereby the interceptor launches (pops up) vertically from the vehicle, pitches over, then intercepts and destroys the threat while blowing debris from the intercepted weapon downward toward the ground. TIME’s Best Inventions citation reflects our commitment to delivering the very best force protection technology to our men and women in uniform.

ET&MA
Engineering, Technology and Mission Assurance

Raytheon Certified Architect
The Raytheon Certified Architect Program (RCAP) focuses on providing our customers with the expertise needed to support their long-term transformational goals.
At Raytheon, diversity is both a core component and a catalyst to everything we do. It enables people with diverse backgrounds, experiences and opinions to share their thoughts in a welcoming and respectful environment. The results are innovative ideas that are as diverse and valuable as the people who develop them. At the 2008 Raytheon Diversity Summit, employees took part in breakout sessions where role playing, discussions and experiential learning activities provided opportunity to further explore how to apply diversity competencies.
Diversity at Raytheon is about inclusiveness — providing an atmosphere where everyone feels valued and empowered to perform at a peak level, regardless of the many ways people are different, including not limited to age, race, gender, sexual orientation, family history or physical ability. We believe that promoting an inclusive culture helps us attract, develop and retain the best talent.

We also believe that our inclusive culture is a source of competitive advantage, because there is a direct connection between diversity, inclusiveness and innovation. Our experience is that the most creative teams are those that encourage and tap into diverse perspectives and ideas. By welcoming diversity, we generate exciting ideas and drive innovation.

**DIVERSITY COMPETENCIES**

To promote a more inclusive culture, we guide our employees in developing specific diversity competencies that we hope will become “second nature.” Each competency is defined by a set of behaviors focused on respectful, inclusive leadership and management of people and teams. A person exhibiting these competencies:

- Creates opportunities for all people to participate, contribute and give feedback
- Builds diverse teams and organizations that value and include diverse perspectives
- Proactively resolves diversity-related conflict
- Actively encourages different ideas or viewpoints

- Demonstrates the ability to adapt personal style to accommodate differences
- Demonstrates commitment to improvement and continuous learning related to diversity and inclusion

**DIVERSITY LEADERSHIP**

Raytheon’s diversity initiatives are led by the company’s Executive Diversity Leadership Team, which reports directly to our CEO, in partnership with the Raytheon Diversity Council. Our progress has been substantial. In 1999, when we first surveyed employees about our commitment to diversity, they ranked us in the 50th percentile of companies across a range of industries. By 2005, we had climbed to the 84th percentile, and we reached the 96th percentile in the 2008 survey. In addition, our 2008 scores were up in all five areas of the Diversity Index: valuing diversity, seeking out diverse opinions, working together, achieving diversity in hiring and thought, and encouraging the free exchange of ideas.

Our annual Diversity Summit is a pinnacle event that focuses business leaders on developing actionable diversity plans for which they agree to be held accountable. At the same time, participants at all levels learn from each other and outside experts.

**SUPPLIER DIVERSITY**

Raytheon’s commitment to diversity and inclusion also extends to our suppliers. Small, minority-, women- and veteran-owned businesses bring valuable perspective to the work we do and the solutions included in our products and services. They enhance our supply chain and strengthen our mission of customer satisfaction. In 2008, over 35 percent of Raytheon’s procurements were from small businesses. In addition, Raytheon awarded over $470 million to small, disadvantaged businesses; $274 million to women-owned small businesses; $384 million to veteran-owned small businesses; and $120 million to services-disabled, veteran-owned small businesses.
Employee safety is critically important to everything we do as a company. Raytheon’s safety programs are driven by a strong commitment from top-level management, and safety practices are a core component of every business. From devising innovative solutions to help prevent injuries to providing the tools and training needed to keep workers informed, Raytheon is committed to safety excellence.
Safety and Wellness
For a Healthy, Productive Workforce

Nowhere is the strength of Raytheon’s commitment to corporate responsibility more evident than in our focus on ensuring our employees’ safety and wellness. The immediate goal of our wide array of programs in these areas is to protect our people and encourage them to make safe, healthy choices. Ultimately, we seek to improve the productivity of our workforce and the quality of life enjoyed by all members of the Raytheon community. Benchmark data, employee survey responses and external recognition all suggest that we are succeeding.

INJURY PREVENTION
In moving toward our ultimate goal of an injury-free workplace, Raytheon tracks two Occupational Safety and Health Administration (OSHA) performance measures: recordable injury rate and the lost workday injury rate. The recordable injury rate is the number of recordable injuries and illnesses per 100 employees. The lost workday rate is the number of recordable injuries and illnesses involving days away from work per 100 employees.

As the accompanying charts show, Raytheon has made significant progress by implementing best-in-class safety programs and processes. Since 1999, we have reduced our OSHA recordable injury rate by 62 percent and our lost workday injury rate by 50 percent. Since that time, over 7,100 fewer injuries took place than would have been expected if the baseline injury rates had continued. The 2008 injury rates are slightly higher than last year, but continue to demonstrate world-class performance. In 2008, our recordable injury rate increased 3 percent from 0.77 to 0.79 (from 564 injuries to 592 injuries) and our lost workday injury rate increased 4 percent from 0.22 to 0.23 (from 160 injuries to 173 injuries).

We are determined to continue to improve our safety performance. We proactively identify and mitigate safety risks in our workplace, using a series of targeting strategies and analytical tools, and are actively pursuing certification under the OSHA Voluntary Protection Program (VPP) for our major locations. We believe that our own risk mitigation and safety programs, as enhanced by the rigor of VPP, will further reduce employee injuries.

WORKERS’ COMPENSATION PROGRAM
Raytheon’s workers’ compensation program has been an industry leader for many years, as demonstrated by an 86 percent reduction in the annual costs incurred from 1988 to 2008. This dramatic reduction in costs is due to a number of factors, including: world-class safety programs and processes which reduced injuries; initiatives to manage the length of employee absence; aggressive claims management; and the transition to self-insured and self-administered operations in Massachusetts and Rhode Island.
Safety and Wellness

HAZARD RISK ASSESSMENTS
We completed more than 18,000 risk assessments in 2008, far exceeding our goal of 14,000 assessments. In 2008, we also set a goal to mitigate 90 percent of the risks we had identified in 2007. Our teams made tremendous progress, and by year-end, we had mitigated 91 percent of those risks. We completed over 1,700 Job Hazard Analyses using our Web-based, enterprisewide Job Hazard Analysis process. In addition, we partnered with Liberty Mutual to conduct Qualitative Risk Assessments (QRA) of selected chemical processes. More than 2,400 QRAs were completed through year-end 2008. We continue to resolve risks identified in assessments, and we track mitigation measures to completion with the oversight of senior management and the Board of Directors.

EMPLOYEE OPINION SURVEY
Our comprehensive employee survey helps us gauge the company’s commitment to safety. In 2008, 89 percent of all survey respondents agreed that safety is a priority at Raytheon, an increase of 2 percent from 2007. We are pleased with the results, but we continue to strive for further improvement.

OSHA VOLUNTARY PROTECTION PROGRAM (VPP)
OSHA’s VPP uses rigorous criteria to recognize worksites with exemplary safety programs. Of approximately nine million worksites in the United States, only 2,000 have achieved VPP certification. Raytheon’s comprehensive safety programs create a strong foundation for our operating locations to achieve VPP certification. In 2008, we achieved VPP Star Certification at the Missile Systems operation in Louisville, Kentucky, and the Integrated Defense Systems Seapower Capability Center in Portsmouth, Rhode Island. We now have five VPP Star-certified locations and three more that have been recommended for certification.

SAFETY AWARDS
EHS Today® magazine named Raytheon to its 2008 list of America’s Safest Companies. The Aerospace Industries Association (AIA) awarded Raytheon its 2008 Worker Safety Excellence Award in the Missiles and Space category.

ENVIRONMENTAL, HEALTH AND SAFETY AUDITS
Raytheon’s robust internal Environmental, Health and Safety (EHS) audit program performs an average of 25 audits per year to assess compliance with governmental and company EHS requirements. Major operating locations are typically audited every three to five years. Sites are assessed based on five established protocols: EHS Management Systems, Asset Protection, Industrial Hygiene, Environmental and Safety. Locations are prioritized for audits based upon risk and the complexity of their operations. A corporate staff member leads each audit team, which includes members from multiple operating locations. Audit results are reported up through the business presidents and to the CEO.

One measure of the effectiveness of our audit program is our compliance record with regulators. In 2008, federal, state and local regulatory agencies conducted 78 environmental and safety inspections of Raytheon operating locations. Six Notices of Violations (NOVs) were issued, four related to environmental management and two related to safety issues. Total fines for 2008 were $8,000 and related entirely to one environmental NOV. Corrective actions for all the NOVs have been completed. We perform a thorough root-cause analysis for each NOV and share “lessons learned” across the company to prevent recurrence.

MISSION:HEALTH
In 2008, Raytheon introduced Mission:Health — a health engagement program created to help employees “put their health on the radar.” The program was designed to:

■ Improve the lives of our people
■ Get employees and their families more involved in actively managing their health
■ Use data and consumer marketing tools in tandem to promote behavior change
■ Work closely with our health plan partners to develop a coordinated, far-reaching effort to engage employees and family members

Having healthy, productive employees is critical to business success, but employees and their families need to be motivated to
increase healthy behaviors and use support programs. Mission:Health helps provide both the motivation employees need and the appropriate support.

Through the Mission:Health program in 2008, employees and their dependents received targeted home mailings with appropriate prevention messages, on-site education and prevention programs, health plan home mailings, disease management information, and access to a wealth of easy-to-use online resources. Based on aggregated data provided by our health plans, our focus for 2008-2009 is on cardiovascular disease and cancer, specifically breast and colon cancer.

A healthy work environment encourages healthy employees. In 2008, we launched the Healthy Worksite Awards program to acknowledge and reward those Raytheon worksites that actively support and improve employee health. The program encourages site leadership in implementing Raytheon wellness initiatives, fostering a culture of health and well-being, and promoting employee participation. The first-year response was overwhelming, with 26 sites applying and all receiving either an award or an honorable mention. Top honors went to the Network Centric Systems site in Fort Wayne, Indiana, winner of the first Gold award.

RAYTHEON’S WORK/LIFE PROGRAM

Mission:Health encompasses both physical and mental health. Raytheon offers a variety of customized programs and services to help ease both everyday and out-of-the-ordinary stresses that can affect employee health and productivity. The Work/Life Program includes:

- Financial counseling services
- An enhanced eldercare program that provides in-home assessment, evaluation and recommendations for elder family members
- A group legal plan offering access to a nationwide network of attorneys who can help with a variety of legal matters
- Estate planning for special-needs dependents

In these and other ways, Raytheon seeks to promote a high-achieving workforce that successfully manages both personal and professional responsibilities.
The unveiling of new solar panels at Raytheon Integrated Defense Systems’ Andover, Mass., facility furthered the company’s commitment to utilizing energy sources that are cleaner, more efficient and more environmentally sustainable. The panels generate enough clean electricity to power over 8,000 homes. By embracing solar energy, Raytheon is employing a solution that helps the planet and results in substantial cost savings.
Raytheon is committed to sustainability, including protection of the environment and conservation of natural resources. We operate our facilities, and engineer our processes and products, with the goal of maximizing efficiency and reducing environmental impacts. We apply waste minimization strategies to eliminate, reuse and recycle our wastes. We work tirelessly to reduce energy consumption and greenhouse gas emissions. We strive to exceed regulatory compliance standards and to integrate energy efficiency and environmentally friendly processes into the daily practices of every Raytheon location.

**CLIMATE CHANGE AND GREENHOUSE GAS EMISSIONS**

Climate change and the effect of greenhouse gas emissions are important issues that have gained worldwide attention. Raytheon recognizes these pressing issues and is taking steps to reduce its greenhouse gas emissions. In 2002, Raytheon became a charter member of the Climate Leaders program created by the U.S. Environmental Protection Agency (EPA). Climate Leaders is a voluntary industry/government initiative that requires participating companies to set long-term greenhouse gas emission reduction goals, develop reduction strategies and annually report on their greenhouse gas emissions. In 2008, Raytheon's total U.S. greenhouse gas emissions were 610,018 metric tons of CO2 equivalents.

Raytheon achieved its seven-year greenhouse gas reduction goal one year ahead of schedule. By the end of 2008, the company had exceeded the original 33 percent goal by reducing its emissions 38 percent, normalized by revenue and adjusted for inflation. The company is proud of this significant accomplishment. Our emissions dropped from 50,073 metric tons of carbon dioxide equivalent (CO2e) emissions per billion dollars of revenue in 2002 to 30,997 metric tons per billion dollars of revenue in 2008. This reduction equates to 275,000 metric tons of greenhouse gas emissions avoided cumulatively between 2002 and 2008, which is equivalent to the emissions from the electricity use of 36,400 homes for a year. In 2008, Raytheon’s total U.S. greenhouse gas emissions were 610,018 metric tons of CO2 equivalents.

Raytheon is committed to further reducing its carbon footprint and is working with the EPA to set a new long-term greenhouse gas emission reduction goal.
ENERGY MANAGEMENT AT RAYTHEON

Approximately 90 percent of Raytheon’s greenhouse gas emissions result from energy consumption. Therefore, energy conservation and improved energy efficiency are key elements in Raytheon’s strategy to reduce greenhouse gas emissions. Raytheon has had a strong energy program for many years and continually seeks improvements.

Since 2002, energy consumption per dollar of revenue at Raytheon’s major locations has declined over 30 percent. Energy consumption is continually analyzed to identify reduction opportunities, and Raytheon has completed hundreds of energy conservation and efficiency projects. Metrics on energy consumption are collected and reported to company leaders on a regular basis.

The company has invested millions of dollars in its facility infrastructure in order to save energy and, thereby, reduce our greenhouse gas emissions. The projects have included high-efficiency lighting; variable speed drives for motors, pumps and fans; premium-efficiency motors; and state-of-the-art automated energy management and control systems. In 2008 alone, the company reduced its energy usage 9 percent, normalized for revenue, saving approximately $3 million in energy costs.

ENERGY STAR® PARTNERSHIP AND AWARDS

Raytheon has actively participated in the ENERGY STAR program since joining in 1999. ENERGY STAR is a joint program of the EPA and U.S. Department of Energy that offers a proven energy management strategy that helps in measuring current energy performance, setting goals, tracking savings and rewarding improvements. Raytheon received a 2009 ENERGY STAR Award for Sustained Excellence in Energy Management on March 31, 2009, at a ceremony in Washington, D.C. The award is the highest honor given to an ENERGY STAR partner. Raytheon was recognized for its successful strategies and programs to reduce energy consumption, improve energy efficiency and cut greenhouse gas emissions. This is the second consecutive year Raytheon has received a Sustained Excellence Award, and the fifth time in nine years that Raytheon has been recognized under the ENERGY STAR program.

RENEWABLE ENERGY

During 2008, Raytheon explored “greening” our energy portfolio through renewable energy sources such as solar, wind, fuel cells and geothermal heat pumps. Colorado and Indiana facilities purchased off-site green power in 2008, and the company is evaluating options for on-site renewable energy projects in five other states. In June of 2008, the Integrated Air Defense Center in Andover, Mass., installed a 100 kilowatt photovoltaic rooftop system.
POLLUTION PREVENTION

In our companywide effort to prevent pollution and preserve natural resources, we continue to work toward zero waste generation and the recycling or reuse of waste that has not been eliminated. Since 1998, Raytheon has reduced the amount of hazardous waste it generates by 87 percent per billion dollars of revenue. In 2008 alone, we reduced hazardous waste by 13 percent, to 39 tons per billion dollars of revenue. We generated approximately 990 tons of hazardous waste in total, of which 82 percent was recycled or otherwise diverted from a landfill.

RECYCLING PROGRAMS

Raytheon has a long history of effective recycling programs. During 2008, our operations collected more than 11,000 tons of recyclable material, including glass, wood, paper, scrap metal, electronic scrap, plastics, cardboard and organic materials. Since 1998, Raytheon has reduced the volume of solid waste generated per billion dollars of revenue by 55 percent, with a 10 percent reduction for the last year alone. In 2008, we generated 19,160 tons of solid waste, of which 59 percent was recycled.

ENVIRONMENTALLY RESPONSIBLE RESTORATION

Raytheon invests significant resources in the responsible cleanup of past environmental contamination. An established Remediation Leadership Team of company professionals continually evaluates remediation technologies to limit the risks to human health and the environment and to reduce program costs. Raytheon is involved in 44 active remediation sites, with a future combined cost estimate of $157 million (present value of $105 million before recovery). The 44 sites include 24 former and ten current operating locations, as well as ten third-party landfill and recycling locations. Nine of the 44 sites are classified as Federal Superfund sites (eight third-party landfill/recycling locations and one former operating location).

A recycled water system at Raytheon Space and Airborne Systems headquarters will conserve 27 million gallons of potable water annually, enough to meet the needs of 160 families.
Customers worldwide depend on Raytheon solutions to protect their critical systems from breach, fraud, theft and sabotage. This same level of security is equally important for our own systems, which is why Raytheon created the RTN Secure companywide initiative. RTN Secure increases employee awareness of threats, strengthens internal security controls, extends our leadership in information protection, and maximizes opportunities for our Information Assurance business.
As a provider of critical systems and solutions for our customers, Raytheon is committed to the development and deployment of leading-edge technologies that are not only efficient and reliable, but also secure from the full range of real and potential threats. In support of this commitment, since 2005 we have more than doubled our investment in information security capabilities and personnel. As a result, we have greatly enhanced our ability to prevent, detect and respond to cyber attacks, whether against customers or against our own systems and facilities. In the process, we have also assumed a leading role in the expanding cyber security partnership between the aerospace and defense industry and the United States government.

**CYBER SECURITY COLLABORATION**

Increasingly, industry and government are experiencing and addressing the same cyber threats on the same cyber battlefield — which means an attack seen by one company or government agency is often seen by many. Rapid information-sharing on threats and attacker tactics can be crucial to effective cyber defense. By quickly analyzing suspect computers, reverse-engineering suspect files and analyzing intelligence data, we are increasingly able to predict and prevent future attacks. Raytheon’s expanding collaboration with industry partners and the government is designed to advance this capability further. In 2008, we became one of the initial members of the Department of Defense’s Defense Industrial Base (DIB) Cyber Task Force. This groundbreaking initiative allows a free flow of information on cyber threat activity between government and key defense contractors while protecting the interests of all parties.

Raytheon is also a founding member of the Defense Security Information Exchange chartered under the Department of Homeland Security’s Critical Infrastructure Protection program. This highly successful forum complements the strategic collaboration of the DIB by facilitating the sharing of technical details and tactical information on cyber threats.

**OPERATION HOMELINK**

Raytheon is a primary supporter of Operation Homelink, a nonprofit organization that provides refurbished computers to the families of junior enlisted servicemen and women deployed in Afghanistan and Iraq. During 2008, our IT organization collected, prepared and delivered more than 600 computers to Operation Homelink, including numerous computers specially configured to meet the needs of amputees.

**GREEN IT**

Raytheon’s Green IT strategy aggressively examines and modifies IT practices to address energy, climate and environmental priorities. A key goal is to continually improve the energy efficiency of computing operations, both in our data centers and throughout the workplace. Our initial set of actionable Green IT projects resulted in more than $11 million in savings for 2008. Key to this accomplishment was our server virtualization initiative, which enabled us to avoid the cost of building a major new data center despite a 25 percent growth in capacity demand. Over the longer term, Green IT is laying a foundation for sustainable technology practices that promise to reduce Raytheon’s carbon footprint and help employees make greener decisions both at work and at home.
The MATHCOUNTS® national competition brings together students from every U.S. state and territory. Raytheon has been a sponsor of MATHCOUNTS since 1995 and is proud to serve as title sponsor for the organization’s 2009-2011 national competitions. We understand that through programs like MATHCOUNTS, today’s students not only excel in math, they are inspired to become tomorrow’s technologists.
Raytheon’s community relations and charitable giving program focuses on math and science education, support for our men and women in uniform, and good citizenship in the communities where we live and work.

MATH AND SCIENCE EDUCATION
Raytheon believes that to inspire tomorrow’s technologists and innovators, we need to engage them when they are young, support them during the critical middle school years, and continue to build on that support throughout their academic lives.

From the engaging www.mathmovesu.com website to scholarships, sponsorships and other events, the company’s MathMovesU™ program nurtures the interests and ambitions of thousands of students, while strengthening our future workforce.

In 2008, MathMovesU supported and participated in more than 100 events, including:

- **MATHCOUNTS**, a math enrichment and coaching program that promotes middle school mathematics achievement. Raytheon is the title sponsor for the 2009-2011 National Competitions.

- **Sponsorship of National Engineers Week** events including discussions on NASCAR racing technology, designing hovercrafts and fuel cell vehicles and participating in robotics demonstrations.

- **The FIRST Robotics competition** which challenges young people to build a robot and discover how rewarding engineering can be.

- **The Hall at Patriot Place presented by Raytheon™**, which promotes math and science education through football. Patriot Place is the official home of the New England Patriots® Hall of Fame.

- **Key sponsorship of NASA Future Forums**, which bring together experts from a variety of perspectives to discuss how space exploration helps to advance science, technology and the economy.

- **The Sum of All Thrills™**, opening in fall 2009 at Epcot® at the Walt Disney World® Resort. The math-based interactive exhibit will engage children through a fun experience and help instill a lifelong passion for math, science and technology.

ARMED SERVICES SUPPORT
Raytheon’s support for service members draws on our long tradition of respect and admiration for our men and women in uniform. In 2008, the company and its employees continued to support all branches of the military through the Fund in Support of Our Troops, a fund that benefits nonprofits supporting the armed services.

Specific initiatives included coordinating enterprisewide package collections for the “AnySoldier.com™” campaign; supporting the Run for the Wall Veterans appreciation event in El Segundo, California; welcoming home troops in Dallas/Fort Worth, Texas; and sponsoring the Armed Services YMCA “Christmas You Missed” event for returning troops in San Diego, California. We also made grants to organizations such as the Marine Corps Scholarship Foundation; the Congressional Medal of Honor Foundation; and the Fisher House.

OTHER COMMUNITY INITIATIVES
At the local level, our corporate citizenship included a combination of grants and employee volunteering around the world. Highlights included the company’s ongoing support of the American Red Cross, the Walk for Hunger, Special Olympics, the Heart Walk and school supply drives.

At Raytheon, stewardship means building on our commitment to being responsible in everything we do.

Stewardship is the responsibility of each and every employee, working together to secure our company’s future by creating a welcoming, inclusive environment where people do their best work.

Whether we are conserving energy and natural resources, ensuring a safe and healthy workplace, or working with our customers, partners and communities to develop sustainable practices, we strive to be good corporate citizens who practice stewardship at every level.

It is our ongoing achievements, reflected in the many awards and recognitions we receive, that speak best for our commitment to building a culture of integrity. While we take great pride in our accomplishments, each award and accolade is also a reminder of our responsibility to our customers and to the communities where we work and live. With a history of innovation spanning 87 years, we are committed to ensuring that our work today will help prepare us for the missions of tomorrow.

Raytheon was joined by Commander Mark Leavitt of the United States Navy and his family to officially open the Family Technology Center at Shades of Green® at the Walt Disney World® Resort.

The Human Rights Campaign (HRC) Foundation® named Raytheon as one of America’s “Best Places to Work,” reflecting its perfect score on the HRC Corporate Equality Index.

Raytheon earned the #8 position on DiversityBusiness.com’s list of top 50 organizations for multicultural business opportunities.

The Gould Education & Workforce Development Award was presented to Raytheon in recognition of its MathMovesU initiative aimed at helping middle school students become more interested in math and science.

William H. Swanson was joined by Commander Mark Leavitt of the United States Navy and his family to officially open the Family Technology Center at Shades of Green® at the Walt Disney World® Resort.

Raytheon is an equal opportunity employer.

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We invite you to visit our website to learn more about Raytheon’s ongoing sustainability initiatives and discover how our best practices are making an impact.