



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.

Ethics

Fundamental to Our Values

Raytheon's Ethics and Compliance program promotes a company culture that aligns integrity with our special mission as a leader in the defense industry. Ethical business conduct and scrupulous compliance are fundamental to our values and continuously reinforced through the program's key elements of education, counseling and accountability.

Our ethics program has a proud history. In 1986, Raytheon became a charter member of the Defense Industry Initiative (DII), a major industry collaboration to promote ethical business conduct. We remain a leader in DII and work continuously to live up to the highest standards of integrity. Our compliance in this area is one of the most important benchmarks by which we measure our performance.

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.

- *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.

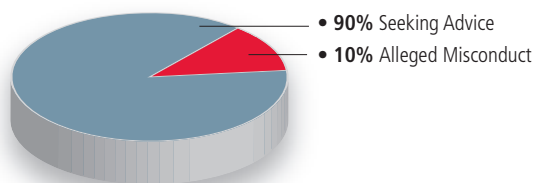
In 2008, the office received more than 3,000 contacts, up 33 percent from 2007. Nearly 90 percent of the contacts were requests for advice. However, we also completed 301 investigations of alleged misconduct. In 74 percent of these cases, the misconduct alleged was substantiated, leading to 316 disciplinary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

OVER 3,000 TOTAL CONTACTS IN 2008



EthicSpace