

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

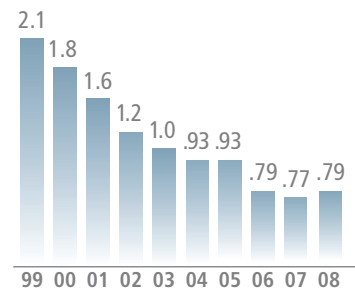
have been expected if the baseline injury rates had continued. The 2008 injury rates are slightly higher than last year, but continue to demonstrate world-class performance. In 2008, our recordable injury rate increased 3 percent from 0.77 to 0.79 (from 564 injuries to 592 injuries) and our lost workday 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.

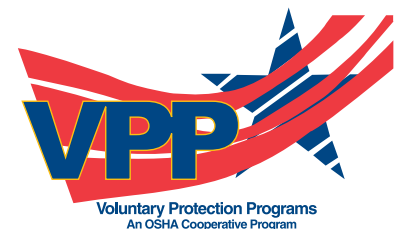
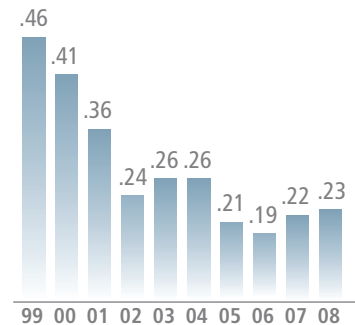
WORKERS' COMPENSATION PROGRAM

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.

OSHA RECORDABLE INJURY RATE



LOST WORKDAY INJURY RATE



Raytheon's safety program includes the pursuit of OSHA VPP certification. Management and employees proactively work with OSHA to establish and implement comprehensive safety and health management systems at various locations.

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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.

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.

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.

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



MISSION:HEALTH

PUT YOUR HEALTH ON THE RADAR.

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:

- *A backup care program that provides child and adult care to employees when their usual care arrangements are unavailable*
- *Flexible work arrangements to maximize work/life effectiveness for employees*

- *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.