



2009 Corporate Responsibility Report

**Raytheon**

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

[www.raytheon.com](http://www.raytheon.com)

keyword: corporate responsibility

“... the Raytheon team continued to make significant progress in corporate responsibility in 2009 — progress we have measured to gauge our success in meeting the high standards we set for ourselves. Our guiding principle is that we have a responsibility to make our company and our world better for those who follow us.”

## Dear Raytheon Stakeholders,

As you will see in the pages that follow, the Raytheon team continued to make significant progress in corporate responsibility in 2009 — progress we have measured to gauge our success in meeting the high standards we set for ourselves. Our guiding principle is that we have a responsibility to make our company and our world better for those who follow us. In this context, here are the headlines of the stories we will share with you in this report:

Raytheon has built a strong foundation in contemporary governance practices and has sought to achieve continuous improvement in our vigorous ethics and compliance program, including our innovative ethics education initiatives.

We have continued to build upon our reputation for world-class excellence in engineering, technology and mission assurance.

We have moved forward as an inclusive company, earning recognition from our employees and organizations that follow our progress.

We've implemented world-class safety and wellness programs which support the health and well-being of all our employees.

We have achieved measurable progress in sustainability, including respect for the external environment — and we will strive to continue to achieve tangible improvement.

We have used our information technology expertise to provide solutions to business needs, to reach out to families of our servicemen and women, and to support our culture of sustainability.

Raytheon has demonstrated active, sustained and strategic community involvement, especially through innovative initiatives in math and science education and in support of the armed services and military families.

Everything we are as a company, and everything we do, starts with our Vision, Strategy, Goals and Values — as reflected in our commitment to our men and women in uniform and all of our customers and stakeholders around the world.

We feel a responsibility to make our company and our world better for those who follow us because, as a company founded 88 years ago, we know we have been entrusted with something important and enduring. I am very proud of the 75,000 members of our team, and when you have read this report, I hope you will feel the same way.

As always, a proud member of the Raytheon team,

A handwritten signature in black ink, appearing to read "William H. Swanson".

William H. Swanson  
Chairman and Chief Executive Officer



## Vision, Strategy, Goals and Values

One Company. One Vision.

Raytheon's commitment to corporate responsibility is integral to the vision and values that define us as a company. At Raytheon, being successful means being responsible in every aspect of everything we do, from technological innovation to business practices, personal relationships and corporate citizenship. With 75,000 employees in 80 countries, our impact is substantial. Every day we seek new ways to make it more positive than ever. And each year we report on our progress, so you can measure our achievements against our goals. In 2009 we made advances in areas as diverse as governance, safety, environmental performance and employee volunteerism while delivering more value for our customers and shareholders.

 **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 to new growth focus areas;
- Effects: Expand beyond kinetic energy-based weapons;
- C3I: Grow market presence through our world-class solutions, technology and products; expand knowledge management;
- Mission Support: Expand beyond product support, engineering services and training.

Leverage our domain knowledge in these core defense markets, as well as in Homeland Security and Cybersecurity.

Expand international business by broadening focus and expanding in growth markets.

Continue to be a Customer Focused company based on performance, relationships and solutions.

### Goals

#### Customer

Be regarded as a Customer Focused company.

#### 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.
- Foster teamwork and collaboration.

#### Integrity

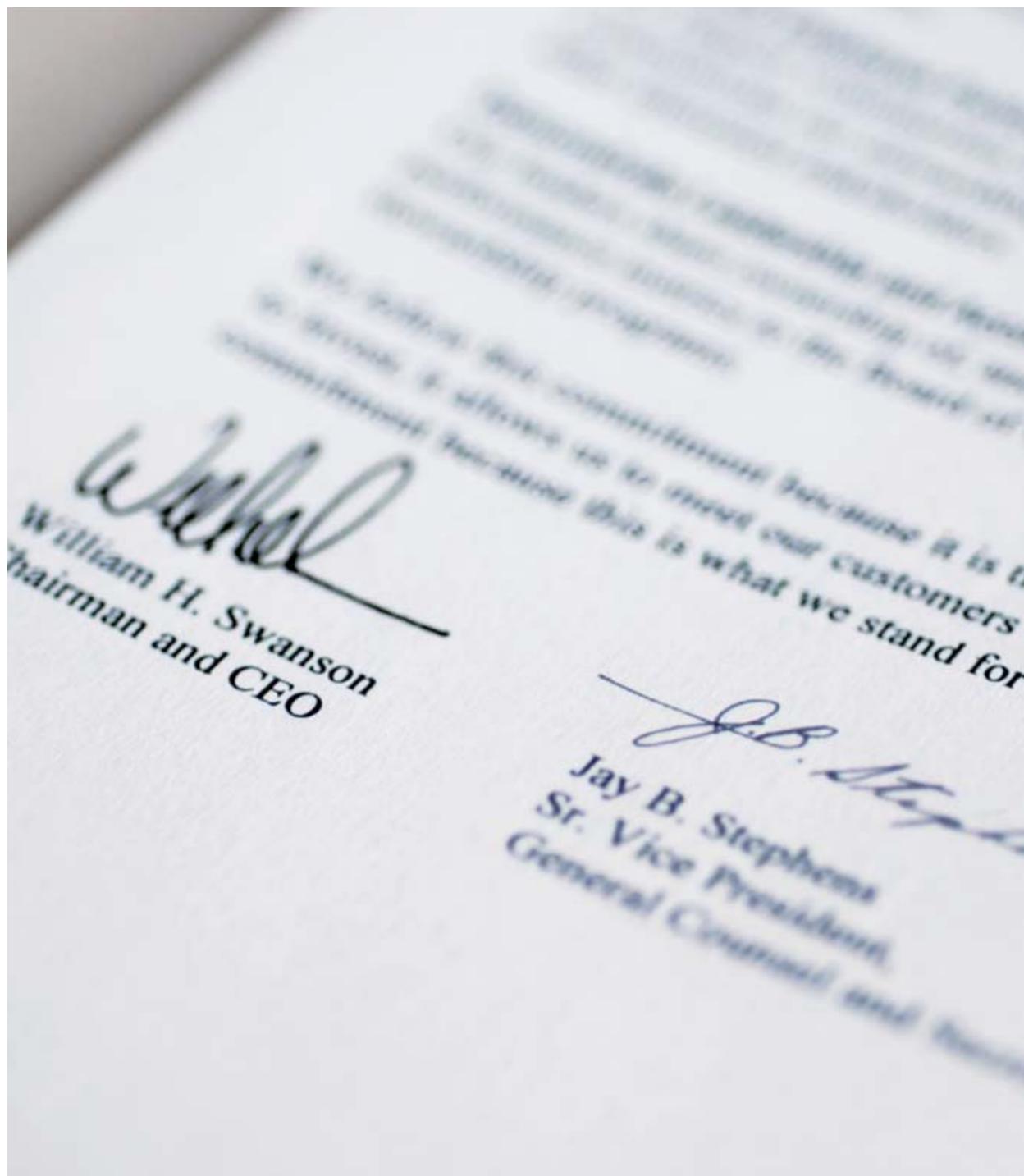
- Be honest, forthright and trustworthy.
- Use straight talk; no hidden agendas.
- Respect ethics, law and regulation.

#### Commitment

- Honor commitments to customers, shareholders, the community and each other.
- Accept personal responsibility to meet commitments; be accountable.

#### Excellence

- Improve performance continually.
- Achieve innovation in all that we do.
- Stress quality, productivity, growth, best practices and measurement.
- Always strive to be the best.



Through our governance model, we maintain our commitments to shareholders and other constituents, including employees and our communities. Raytheon's commitment to sustainability is a reflection of our Vision, Strategy, Goals and Values. The company regularly reports performance metrics to our Board of Directors, employees and other stakeholders. Our leaders share ownership of, and accountability for, our sustainability programs and in 2009, signed the EHS commitment letter.

## Governance

### Independence, Accountability, Transparency

At Raytheon, we believe that good corporate citizenship starts with strong governance. Through our governance model, we maintain our commitments to shareholders and other constituents, including employees and our communities. Over the past several years, we have built a strong foundation in contemporary governance practices; we operate with independent Board oversight, provide highly transparent financial reports and disclosures, maintain vigilant ethics and compliance programs, and focus on accountability to shareholders in all that we do. In 2009, Raytheon took additional steps to build on this solid foundation.

#### Independent Oversight

Our Governance Principles require that a substantial majority of the Board is independent, following strict criteria that meet or exceed regulatory requirements. To be considered independent, directors must demonstrate that they are free of relationships with the company that might pose a conflict of interest with their role as a Board member and fiduciary. There are four active committees of our Board—the Audit Committee, Governance and Nominating Committee, Public Affairs Committee and Management Development and Compensation Committee—each of which is made up entirely of independent members. Additionally, the Board has elected a lead independent director to bolster strong, independent oversight of the company.

#### Accountability to Shareholders

Our continual focus on corporate governance practices reflects our commitment to shareholder accountability. With this focus, we have revised our governance practices in recent years to elect directors annually, establish an independent lead director role, institute majority voting, eliminate “poison pill” anti-take over protections, allow the “clawback” of compensation to executives in cases of certain misconduct, and have provided increased political contributions disclosure. In 2009, we amended our Stock Ownership Guidelines for officers and directors to codify existing company practice under which executive officers and directors are not permitted to dispose of stock until ownership thresholds are met and are thereafter required to retain specified ownership levels. These

guidelines implement the fundamental belief that directors and executive officers should have a financial stake in the company to ensure alignment with shareholder interests. We also created a new Special Activities Committee of the Board to oversee the company's classified business activities.

Our Board of Directors is subject to Raytheon's Code of Business Ethics and Conduct and the company's Conflicts of Interest Policy. The Board engages in regular review of our ethics and compliance programs and undertakes ethics education to reinforce and demonstrate a commitment to good governance. More information on business ethics and compliance can be found at [www.raytheon.com](http://www.raytheon.com) under the heading Investor Relations/Corporate Governance.

#### Transparency

We remain 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. Our Disclosure Committee actively engages with the businesses and senior leadership to ensure that Raytheon's disclosures are accurate, complete and robust, and fully compliant with all applicable laws and regulations.

#### Shareholder Outreach

In furtherance of our efforts to demonstrate accountability to shareholders, and to act transparently in our corporate governance processes, we actively seek engagement with our shareholders. Senior management meets with shareholders on a regular basis to dialogue about company performance, governance and other issues of shareholder concern. Among his other responsibilities, our lead director also serves as a liaison for consultation and communication with shareholders. Contacts can be made to the lead director or the Audit Committee through the company's corporate governance Web site at [www.raytheon.com](http://www.raytheon.com) under the heading Investor Relations/Corporate Governance/Contact the Board. We welcome communication from our shareholders and strive to respond meaningfully to the diverse points of view that are raised through these communications.



EthicSpace is a popular and engaging video vignette series that dramatizes workplace dilemmas and encourages employees to bring forward ethical concerns. In 2009, we were honored with a Silver Telly Award for our “Best Solution” vignette, and a Bronze Telly Award as well as a New York Film Festival Award for our “Speaking Up” vignette.



## Ethics

### Fundamental to Our Values

Raytheon’s vigorous ethics and compliance program ensures continuous reinforcement of an ethical business culture and highlights our core value of integrity. The program provides ethics education, gives guidance to employees, and investigates reports of suspected misconduct.

#### Ethics Education

We communicate our ethics and compliance initiatives to our employees in a number of ways. All Raytheon employees attend ethics sessions annually. In 2009, we introduced the “Ethics Checkpoint” decision-making tool to help employees pause and take an “ethics check” before proceeding with an action.

Employees also have access to online compliance modules to learn about a wide range of topics, laws and regulations affecting our business. In 2009, employees completed more than 145,000 compliance modules. Finally, our innovative “EthicSpace” series provide short video clips that tell stories about ethical concerns faced by our employees. “EthicSpace” is popular and provocative, and keeps employees engaged, as the story unfolds in a series of episodes delivered to all employees’ desktop computers. We were honored with a Silver Telly Award for our “Best Solution” vignette, and a Bronze Telly Award as well as a New York Film Festival Award for excellence for our “Speaking Up” vignette.

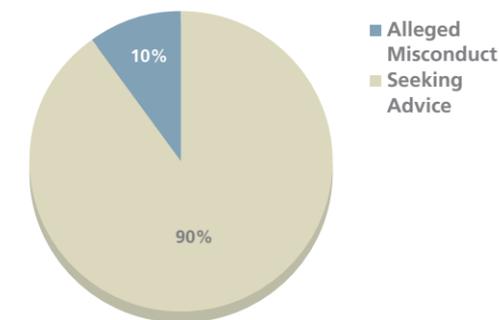
#### Performance Measures

We closely track metrics to measure the impact of our ethics and compliance program. 88% of employee communications with our ethics office involve proactively surveying employees about potential conflicts of interest, and providing advice to employees on a wide range of topics including company policy and regulatory compliance. In 2009, more than 3,000 contacts were made, with only 10% involving reports of alleged misconduct that were investigated by the ethics office.

We also include a number of ethics-related questions in our Employee Opinion Survey. In 2009, our “Ethics



**Ethics Checkpoint** is a decision-making tool to encourage employees to pause and take an “ethics check” before proceeding with an action.



Over 3,000 total contacts in 2009

Index” survey score increased to a 75% favorability rating, two points over the 2007 survey. Usefulness of our ethics education received an 80% favorability rating, three points over the 2007 score. 91% percent of respondents find ethics education vignettes interesting and engaging, and 83% say they learn more about the company’s ethics expectations by participating.

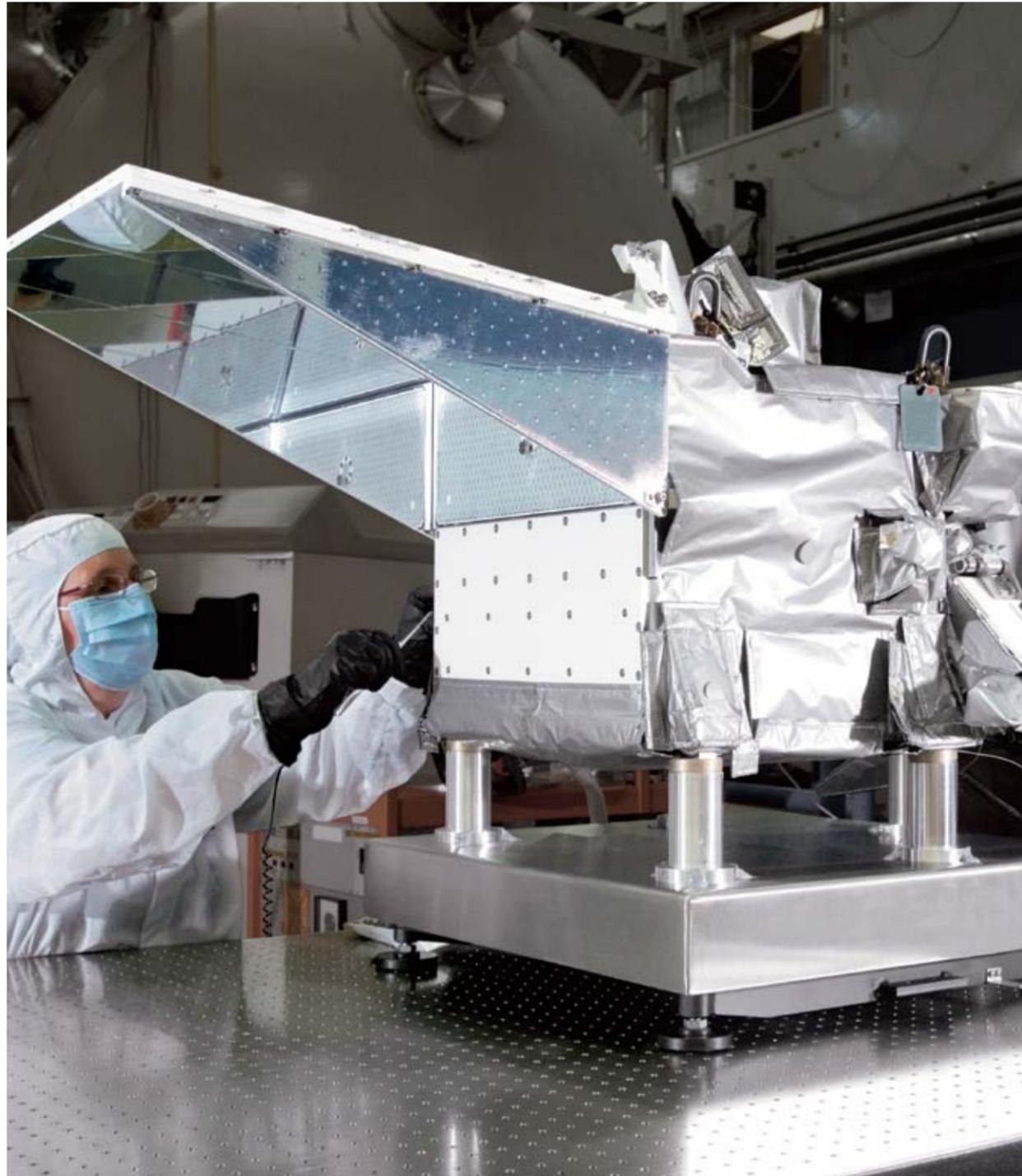
#### International Initiatives

In support of Raytheon’s international growth goals, we are increasing our focus on international ethics and compliance initiatives. All of Raytheon’s businesses, including operations in Australia and the U.K., have assigned ethics officers. Recently, ethics officers visited company locations in Korea, Russia, Ukraine, Germany, United Arab Emirates, Kuwait, Saudi Arabia and Egypt to provide ethics education to employees and customers at those sites.

In 2009, we participated in a joint initiative between the U.S.-based Aerospace Industries Association (AIA) and the Aerospace and Defence Industries Association of Europe (ASD) to develop a set of global principles for ethical business conduct in our industry. The first phase of this project produced an agreement on principles dealing with corruption, proprietary information and conflicts of interest. Going forward, Raytheon will promote these principles and exchange best practices at a number of forums.



**EthicSpace** is Raytheon’s values-based mini-series that dramatizes what happens when employees face workplace dilemmas, and core company values are put to the test.



Raytheon's Aerosol Polarimetry Sensor was designed to collect global aerosol data for climate scientists during NASA's Glory mission. The three-year mission aims to ascertain the ratios of different species of short-lived aerosols in earth's atmosphere to further understand their role in global and regional climate change. This new information will also enable policy makers to formulate responses to climate change based on a more complete understanding of the global processes that contribute to it.

## Engineering, Technology and Mission Assurance

Ensuring Customer Success

Raytheon's Engineering, Technology and Mission Assurance (ET&MA) organization acts as an engine of innovation and an enabler of value creation and Mission Assurance. It provides the framework to support program excellence, business and customer success. Among its goals is to push the technology boundary and to provide the most innovative solutions for our customers and our communities. Its commitment to excellence is demonstrated across a wide spectrum of technology solutions for diverse problems facing our warfighters and our communities at home.

### Global Broadcast Service

The Global Broadcast Service (GBS) provides high-speed, multimedia broadcasts of mission-essential information to military and government decision makers, while also helping our nation's warfighters stay in touch with the events at home during their mission. Developed and operated by Raytheon, GBS delivers intelligence and situational-awareness data to military forces, whether they are in the mountains of Afghanistan, on warships in the Pacific or in submarines hundreds of feet below the surface. Using our system, thousands of U.S. troops, including those deployed to the most remote and rugged locations, also were able to take a break from their duties to watch the presidential inauguration and Super Bowl XLIII.

### Security Systems

To provide enhanced security and situational awareness during the largest single-day sporting event in the world—the Indianapolis 500—a Raytheon-deployed system was used to augment security operations and communications. It consisted of a 17-meter aerostat equipped with a sensor package that relayed real-time information to the command center within the speedway.

### Tempwave™ System

As part of our strategy to apply defense technologies to address sustainability issues, Raytheon is taking the "fight to the frost" with a new system using radio frequency

technology adapted from the company's legendary radar systems. Raytheon's Tempwave radiant heating system offers a more efficient way to warm crops and avoid the adverse effects of frost on the growing season. The Tempwave system uses radio frequency waves to deliver energy directly to the crop without heating the air. It works to prevent freeze damage, uses no water, emits no smoke and is silent in operation.

### Environmental Solutions

Raytheon's environmental solutions leverage 40 years of proven performance to keep customers one step ahead of weather, water and climate forces. With domain knowledge in complex systems-of-systems problems, we help customers define climate issues, provide actionable information, and develop tools to measure outcomes. Our innovative sensing, communications, processing and visualization technologies quickly and reliably enable decision makers to understand the world around us—on land, in the air, at sea, under the sea and in space.

We have delivered innovative environmental solutions from the deepest reaches of the Amazon to the depths of outer space, successfully partnering with government, academia and industry along the way. Raytheon capabilities and programs during 2009 in this area include:

- The Advanced Weather Interactive Processing System used by the National Oceanic and Atmospheric Administration/National Weather Service to analyze and disseminate operational weather data, including time-sensitive, high-impact warnings.
- Raytheon's Aerosol Polarimetry Sensor will increase our understanding of the impact of aerosols on global climate change when delivered into space during an upcoming launch for NASA's three-year Glory mission.



The **Raytheon Certified Architect** program focuses on providing our customers with the expertise needed to support their long-term transformational goals.



To expand the reach of our annual enterprise diversity summit model, in 2009 Raytheon held a series of regional diversity summits in which more than 2,000 employees from across the company participated. At the summits, employees took part in breakout sessions where discussions and experiential learning activities provided opportunity to further explore diversity competencies.

## Diversity

### Fostering an Inclusive Culture

Raytheon's diversity vision is to create an inclusive culture that fully engages all employees and stakeholders to deliver superior business performance.

#### Building Diversity Competencies

Diversity awareness is not enough to create an inclusive environment. Fully implementing concepts of diversity and inclusion requires us to embrace change and develop skills to work across differences. Raytheon's diversity competencies are a collection of knowledge, skills, attitudes and behaviors that will allow us to excel in inclusiveness and capture the strength of our differences. An employee exhibiting our diversity competencies:

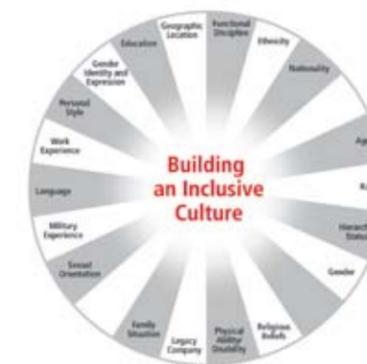
- Creates opportunity for all people to participate, contribute and give feedback;
- Builds diverse teams and organizations that value and include diverse perspectives;
- Proactively resolves diversity-related conflict;
- Actively encourages different ideas or viewpoints;
- Demonstrates the ability to adapt personal style to accommodate differences; and
- Demonstrates commitment to improvement and continuous learning related to diversity and inclusion.

#### Regional Summits

Raytheon's enterprise diversity summit model, established in 2005, has effectively increased the momentum of our diversity initiatives through impactful experiential learning and leadership commitment. To expand the reach of our diversity programs, in 2009 we held a series of regional summits in which 2,400 employees from across the company participated. Following each event, attendees, diversity champions and game changers committed to take action by communicating, educating and engaging other Raytheon employees around our diversity competencies and embedding them in our daily interactions.

#### Improving Our Workforce Diversity

Raytheon is committed to building an inclusive culture in the workplace that recognizes, respects and accepts individual differences. We recognize the importance of retaining, attracting and developing a diverse range of world-class talent in our employee ranks to maximize the potential of the company, and to bring the most value to our shareholders.



The **Diversity Wheel** is used to symbolize the breadth of qualities that make our culture vibrant and distinctive.

#### 2009 EOS Survey

Our 2009 Employee Opinion Survey gave Raytheon a 97% favorability rating for diversity versus the national average of 67%. Ratings for all questions in this category improved significantly over our 2007 survey, reflecting our progress in embedding diversity awareness in our culture.

#### Supplier Diversity

Raytheon's supplier diversity policies and practices are an integral part of building a world-class supply chain. Small, minority-, women- and veteran-owned businesses make up a significant number of Raytheon's supplier excellence awardees. In 2009, a supplier nominated by Raytheon was named the National Subcontractor of the Year by the U.S. Small Business Administration. Raytheon was also named Corporate Advocate of the Year by the National Center for American Indian Enterprise Development and the National Minority Supplier Development Council®.

In 2009, Raytheon spent \$2.3 billion with small businesses; \$390 million with small, disadvantaged businesses; \$304 million with women-owned small businesses; and \$381 million with veteran-owned businesses.



The **Raytheon Diversity** insignia reflects our commitment to diversity while providing a unifying device to help the company leverage the efforts of our many employees.



OSHA's Voluntary Protection Program (VPP) uses rigorous criteria to recognize worksites with exemplary safety programs. Raytheon's comprehensive EHS audit program provides a strong foundation for our operating locations to receive VPP certification. In 2009, six Raytheon sites achieved VPP certification. At recent certification ceremonies, OSHA coordinators visited our Sudbury, Mass. facility and Lemmon Avenue facility in Dallas, Texas. Raytheon now has 10 VPP Star certified locations.

## Safety and Wellness

For a Healthy, Productive Workforce

Raytheon's focus on employee safety and wellness demonstrates our strong commitment to corporate responsibility. The immediate goal of our safety and wellness programs is to protect our people. Ultimately, we seek to improve the quality of life enjoyed by all members of the Raytheon community. Benchmark data, performance metrics, and external recognition all indicate that we are succeeding.

### OSHA Voluntary Protection Program

In 2008, we established the long-term sustainability goal of attaining OSHA Voluntary Protection Program (VPP) certification at our major domestic sites by 2013. OSHA's VPP uses rigorous criteria to recognize worksites with exemplary safety programs. Only 2,314 of approximately nine million worksites in the U.S. have achieved VPP certification. Our safety programs and comprehensive Environmental, Health and Safety (EHS) audit program create a strong foundation for Raytheon's operating locations to achieve VPP certification. In 2009, we achieved OSHA VPP certification at six sites: Andover, Mass.; Sudbury, Mass.; Tewksbury, Mass.; White Sands Missile Range, New Mexico; Lemmon Avenue in Dallas, Texas; and Norfolk, Va. We now have 10 VPP Star certified locations.

### Injury Prevention

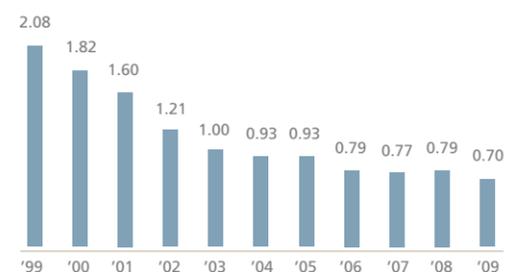
Achieving an injury-free workplace is a priority at all levels of the company. During 2009, Raytheon Chairman and CEO William H. Swanson convened a Strategic Safety Dialogue that was attended by 50 leaders representing each of Raytheon's six businesses. The group shared best practices and had an open, constructive dialogue to develop ideas to improve our safety performance.

In moving toward our ultimate goal of an injury-free workplace, Raytheon tracks three OSHA performance measures: recordable injury rate; lost workday case rate; and Days Away/Restricted or Transferred Rate (DART). Raytheon has made significant progress by implementing best-in-class safety programs and processes. The 2009 injury rates were the lowest ever achieved at Raytheon. In 2009, our recordable injury rate decreased 11% from 0.79 to 0.70 (from 592 injuries to 537 injuries) and our lost workday injury rate decreased 17% from 0.23 to 0.19 (from 173 injuries to 142 injuries). Beginning in 2009, we reported our DART Rate. Our 2009 DART Rate was 0.33, representing 256 DART cases. Since 1999, Raytheon has reduced its OSHA recordable injury rate by 66% and its lost workday injury rate by 59%.

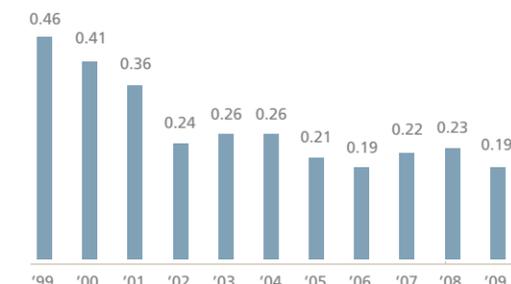
### Workers' Compensation Program

Raytheon continues to be an industry leader in workers' compensation programs, utilizing many innovative tools effectively to manage and minimize the cost of employee absence. As we strive to reach an injury-free workplace, the proactive Raytheon Loss Prevention program continues to be a key component in all aspects of our business. When an injury occurs, Raytheon consistently seeks the best possible treatment for its employees. We prioritize an early and safe return to a productive work setting whenever possible. Raytheon consistently exceeds industry benchmarks relative to workers' compensation metrics. Most recently, our average workers' compensation claims cost per employee was approximately \$64.00, against an industry average of \$403.00.

**OSHA RECORDABLE INJURY RATE**  
(PER 100 EMPLOYEES)



**LOST WORKDAY INJURY RATE**  
(PER 100 EMPLOYEES)



### Leading Injury Causes

The two leading causes of injury continue to be ergonomics and slips, trips and falls. We define ergonomic injuries broadly to include not only repetitive motion injuries, but any injuries that involve pushing, pulling, lifting or lowering. Material handling injuries are one of the most common types of ergonomic injuries. In 2009, we developed and deployed two Web-based learning modules to address lifting risks and slips, trips and falls. The modules are now being deployed to our focus area of touch labor employees. We are also working with our unionized workforce to address and reduce injuries more prevalent within this part of our employee base. Across the company, we continue to resolve risks identified in assessments and are tracking mitigation measures to completion with the oversight of senior management and the Board of Directors.

### Safety Awards

Raytheon Chairman and CEO William H. Swanson was recognized by the National Safety Council® as one of the CEOs Who ‘Get It’ for his outstanding safety leadership. The Aerospace Industries Association (AIA) awarded Raytheon its 2009 Worker Safety Excellence Award in the Missiles and Space category based upon having the lowest injury rate and an exemplary safety program. OSHA awarded Raytheon its Region 1 Administrator’s Award for extraordinary contribution to the success of the Voluntary Protection Program (VPP).

### Environmental, Health & Safety Audits

Raytheon’s robust Environmental, Health & Safety (EHS) internal audit program performs an average of 25 audits per year to assess compliance with governmental and company requirements. Sites are assessed on five established protocols: safety; industrial hygiene; environmental; asset protection; and EHS management systems. Locations are prioritized for audits based upon risk and

the complexity of their operations. Audit results are reported up through the business presidents and to the CEO.

### Ensuring Compliance

One indicator we use to measure the effectiveness of our audit program is our compliance record with regulators. Our responsibility is to ensure full compliance with all environmental, health and safety laws and regulations, as well as internal Raytheon policies and standards. In 2009, federal, state and local regulatory agencies conducted 128 environmental and safety inspections of Raytheon operating locations. Nine notices of violations (NOVs) were issued — three related to environmental issues and six to safety issues. Two resulted in fines totaling \$1,600 related to powered industrial truck safety and a hazardous material business plan. We perform a thorough root-cause analysis for each NOV and share “lessons learned” across the company to prevent recurrence.

### Mission:Health

Through *Mission:Health*, Raytheon’s health engagement strategy, the company offers comprehensive health and wellness programs, services and resources to employees and their families, encouraging them to adopt and maintain healthy lifestyles. We strive to provide a culture that supports employee health through fitness programs, healthy eating choices, health screenings, and preventive health programs and resources.

In 2009, employee health screenings were added to the wellness program offerings. The screenings included blood pressure, cholesterol, blood sugar, height, weight, body mass index and health coaching. Through this program, employees identified as being at high-risk received coaching on how to improve their health, and many were referred to the disease management programs provided by their health plan for additional support in improving their health.



Running clubs are an example of the many recreational, educational and physical activities that we support through our health and wellness programs. In March 2010, the Raytheon Men’s Running Team captured third place in the annual JPMorgan Chase & Co. Corporate Challenge® Championship in Johannesburg, South Africa.

Wellness programs are also offered internationally. A tobacco cessation program, an online health management tool provided by WebMD® and associated programs, became available to our international employees and their families. We also established a companywide Pandemic Task Force to protect the health of our employees and ensure business continuity in the face of pandemic outbreaks such as the H1N1 virus.

Raytheon was honored in 2009 by the National Business Group on Health with a Best Employers for Healthy Lifestyles Gold Award, recognizing our efforts to help employees and their families make better choices about their health and well-being.

Our global responsibility is to ensure full compliance with all environmental, health and safety laws and regulations, as well as internal Raytheon policies and standards.

### Work/Life Program

Raytheon provides a number of customized programs and services to help employees and their families cope with the everyday and out-of-the ordinary stresses that can affect health and productivity.

The Work/Life Program is designed to meet the needs of a diverse workforce. In 2009, Raytheon introduced a series of podcasts as an alternate communication vehicle, designed to educate employees about the many work/life services and programs available to them including:

- Integrated Employee Assistance Program and resource and referral programs;
- Back-Up Care Advantage Program, providing child and adult care to employees when their usual care arrangements are unavailable;
- Enhanced eldercare program that provides in-home assessment, evaluation and recommendations for elder family members;
- Flexible work arrangements to maximize work/life effectiveness for employees;
- Financial counseling services;
- Group legal plan offering access to a nationwide network of attorneys who can help with a variety of legal matters; and
- Estate planning for special needs dependents.

Raytheon’s Integrated Disability Programs, Global Health Resources and EHS joined forces in 2009 to introduce a series of webinars and safety resources focused on keeping employees and their families safe outside of work, as well as on the job. The first webinar educated employees about ladder safety. Fractures are the number one injury within our population, with one-third of all short-term disability claims related to musculoskeletal injuries such as fractures, sprains and dislocations. By educating employees on the simple steps they can take to stay safe off the job, we’re helping them to stay on the job, and stay healthy.



Raytheon EHS pursues the highest standards for the safe operation of company facilities and the preservation of natural resources.



## Energy and the Environment

### Reducing Consumption and Waste



The U.S. Environmental Protection Agency/Department of Energy awarded Raytheon the 2010 ENERGY STAR Award for Sustained Excellence in energy management — the highest honor given to an ENERGY STAR partner — for our successful strategies and programs to reduce energy consumption, improve energy efficiency and cut greenhouse gas emissions. This is the third consecutive year Raytheon has received the Sustained Excellence Award.

At Raytheon, sustainability starts in the workplace but extends far beyond. We exercise corporate responsibility by showing respect for our external environment — minimizing pollution and waste, conserving natural resources, maximizing reuse and recycling, and working steadily to reduce our carbon footprint. Raytheon has a well-defined process for establishing annual EHS performance goals, tracking progress toward those goals, and providing quarterly reports to our leadership and the Board of Directors. In 2009, we began to report our progress toward a number of long-term sustainability goals, with a baseline year of 2008:

- Reduce total greenhouse gas emissions 10% by 2015;
- Reduce landfill and incinerated waste disposal 25% normalized by revenue by 2013;
- Reduce water consumption 10% by 2013; and
- Achieve Leadership in Energy and Environmental Design (LEED) certification for new, owned buildings constructed by Raytheon and large renovations in Raytheon-owned buildings.

#### Energy Management at Raytheon

Approximately 90% of Raytheon's greenhouse gas emissions are due to energy consumption. Therefore, energy conservation and improved energy efficiency are critical elements in Raytheon's strategy to reduce our carbon footprint. Led by the company's Enterprise Energy Team, a wide array of energy conservation projects and employee awareness initiatives were implemented during 2009. Projects 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.

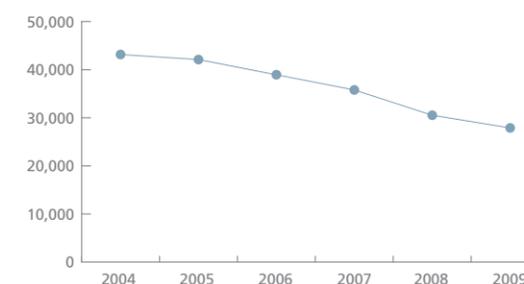
In 2009, energy consumption declined on an absolute basis by almost 3%, saving approximately \$3 million in energy costs, and has declined 13% since 2002. When measured on a per dollar revenue basis, the company reduced its energy use 10% in 2009. Since 2002, the energy per dollar revenue reduction has been 38%.

#### Climate Change and Greenhouse Gas Emissions

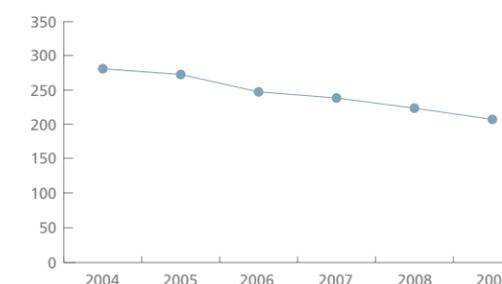
Raytheon has been a charter member of the U.S. Environmental Protection Agency's (EPA's) Climate Leaders® program since 2002. The program is a voluntary industry/government initiative that requires participating companies to set long-term goals to reduce greenhouse gas (GHG) emissions, develop reduction strategies, and report annually on their reduction progress. Goals and achievements include:

- Received EPA's 2009 Greenhouse Gas Reduction Goal Achiever Award for surpassing the company's reduction goal one year ahead of schedule. Reduced GHG emissions 38% between 2002 and 2008, normalized by revenue.
- Set a new, aggressive goal to reduce company GHG emissions 10% between 2008 and 2015 (not normalized by revenue).
- In 2009, cut GHG emissions 2% from 2008 levels. Since 2002, reduced GHG emissions 20% (not normalized by revenue).

**GREENHOUSE GAS EMISSIONS**  
(METRIC TONS/\$B REVENUE)



**ENERGY CONSUMPTION**  
(BILLIONS OF BTUS/\$B REVENUE)



– These efforts have resulted in the avoidance of more than 400,000 metric tons of GHG emissions cumulatively between 2002 and 2009. These reductions are equivalent to the emissions from electricity use by 52,000 homes for one year.

### Active Employee Involvement

Raytheon’s “Energy Citizens” campaign continued to engage employees in energy conservation efforts. An Energy Citizen is any employee who makes a personal commitment to minimizing his or her personal impact on the environment. In 2009, almost 30,000 Raytheon employees participated in the Energy Citizens campaign by completing a brief survey relating to their energy awareness. The results show that employees across the company are demonstrating true dedication to sustainability by integrating energy saving and environmentally-sensitive behaviors into their activities both at work and at home.

### ENERGY STAR® Partnership and Awards

The EPA awarded Raytheon the 2010 ENERGY STAR Award for Sustained Excellence in Energy Management, 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 GHG emissions. This is the third consecutive year Raytheon has received a Sustained Excellence Award, and the sixth time in ten years that Raytheon has been recognized under the ENERGY STAR program.

### Renewable Energy

During 2009, Raytheon continued to explore greening our energy portfolio through renewable energy sources such as solar, wind, fuel cells, and geothermal. We continue to explore other opportunities for on-site renewable energy projects in our facilities.

### 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. Since 1998, Raytheon has reduced the amount of hazardous waste it generates by 89%, normalized by revenue. In 2009 alone, we reduced hazardous waste by 15% to 33 tons per \$B of revenue. We generated approximately 872 tons of hazardous waste in 2009, of which 85% was recycled or otherwise diverted from a landfill.

Since 1998, Raytheon has reduced the volume of solid waste generated per \$B of revenue by 57%, with a 4% reduction last year alone. In 2009, we generated 20,000 tons of solid waste, of which 63% was recycled. We generated 242 tons of landfill and incinerated waste per \$B of revenue, which represents a significant 22% reduction from 2008.

### Recycling and Waste Reduction Programs

During 2009, our operations recycled more than 12,000 tons of material. We continue to refine our recycling programs as we strive to increase our current recycling rate of 63%.

### Water Conservation

The company is pursuing numerous water conservation measures such as low flow plumbing fixtures, cooling tower enhancements, process modifications and landscaping irrigation changes. A companywide water reduction team tracks water metrics and identifies water reduction measures that can be deployed across the company. In 2008, the company consumed 740 million gallons of water, and in 2009, we reduced our water consumption by more than 60 million gallons.

### 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. As of year-end 2009, Raytheon was involved in 42 active remediation sites, with a future combined cost estimate of \$208 million (present value of \$139 million before recovery). The 42 sites include 23 former and nine current operating locations, as well as 10 third-party landfill and recycling locations. Nine of the 42 sites are classified as Federal Superfund sites.

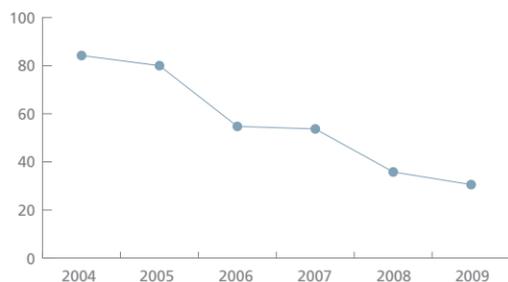
Since 1998, Raytheon has reduced the volume of solid waste generated per \$B of revenue by 57%, with a 4% reduction last year alone.

### International Initiatives

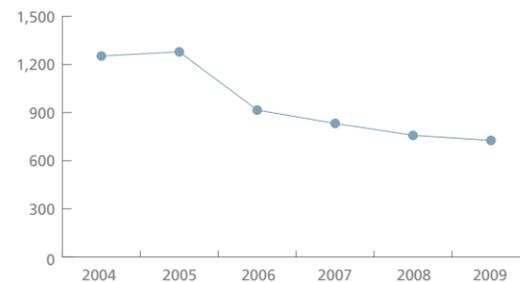
The Australian Operations and Maintenance Mission Assurance Team developed an innovative approach for the Australian DoD to provide environmental and sustainability management for a government customer experiencing significant challenges with regulatory compliance at certain remote facilities. The major effort involved analyzing more than 40 years of data, maps and other information on 14 environmental sites and facilitated the customer’s ability to meet and document compliance with environmental regulations. This effort also has allowed the team to implement other important environmental efforts such as recycling, prevention of soil erosion, re-vegetation initiatives and the design and implementation of a new environmentally friendly natural gas fueled power plant. The customer facility received its first Environmental Compliance Certification from the Australian DoD, valid until 2014. This accomplishment resulted in an award fee score of “Excellent” from the customer.

Raytheon Systems Limited U.K. operations have enjoyed the benefits of an aggressive energy efficiency focus for many years, which has resulted in reduced operating costs and positioned them well to comply with the upcoming U.K. carbon legislation. As a result, RSL has ensured they will be a sustainable business into the future and that their adverse environmental impacts will be minimized.

**HAZARDOUS WASTE GENERATION**  
(TONS/\$B REVENUE)



**SOLID WASTE GENERATION**  
(TONS/\$B REVENUE)



Raytheon strives to integrate sustainability into everything we do. It’s our commitment to future generations to protect our environment and conserve natural resources. In developing best practices, we benefit our workplace, our communities and our world.



To kick off 2010, Raytheon employees took inventory of their office areas and “cleared the clutter” by recycling and removing unwanted materials to provide the space and inspiration for new ideas. As a result, more than two tons of material was collected at two Massachusetts locations. The majority of materials collected were recycled, and Raytheon donated books that were collected as a result of the effort to local libraries.



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. Our companywide RTN Secure initiative encourages employees to “recognize,” “understand,” and “act” to support the effort to protect our information.

## Information Technology

Responsibility Starts with Security

### Cybersecurity

Raytheon leverages decades of experience in Cybersecurity, information operations and information assurance (IO/IA) to protect our global customers' critical information and infrastructures from complex threats. From vulnerability assessments to information assurance, monitoring and traffic analysis to information operations, Raytheon's integrated Cybersecurity solutions safeguard mission-critical systems against a wide range of internal and external threats. The company is a leader in both the Department of Defense's Defense Industrial Base Task Force, and also the Defense Security Information exchange chartered under the Department of Homeland Security, both of which facilitate the sharing of technical details and tactical information on cyber threats.

### Operation Homelink

Since 2008, Raytheon has been a primary supporter of Operation Homelink, a nonprofit organization that provides refurbished computers to the families of servicemen and women deployed overseas so that they can stay in touch with their loved ones. Our company's mission to support our warfighters and their families is well served through our support of Operation Homelink. Over the past two years, our IT organization collected, prepared and delivered 1,320 Raytheon computers. Individual Raytheon team members volunteered time to find, collect, prepare, and ship the donated computers. Our donations have included specially-equipped laptops needed by severely wounded soldiers, and have gone to military bases such as Camp Liberty and Camp Victory in Afghanistan and Iraq. Our IT employee activity team has also been active in providing support for a forward-deployed combat platoon in Afghanistan, supplying them with some of the basic necessities, such as food and personal care items lacking on the front lines.

### Shades of Green

In early 2009, Raytheon donated The Family Technology Center at the *Shades of Green*® on the *Walt Disney World*® Resort. *Shades of Green* is a U.S. Armed Forces Recreation

Center used exclusively by active and retired military personnel and their families and Department of Defense civilians. Serving an estimated 750,000 guests annually, The Family Technology Center combines the best of both worlds — the latest in entertainment technology with a touch of 'home,' making it the perfect way for guests to stay connected to each other and loved ones while on vacation.

### Green IT

Our Green IT program advances a culture of sustainability across the enterprise. We reduced energy use by redesigning data centers to increase their energy efficiency and automating the power-down of desktop computers in the evenings and on weekends. Since inception, this program has saved nearly two megawatts of power demand — enough to power more than 800 homes each year — and has received Green IT awards from the Uptime Institute and *InfoWorld*. In addition, we started a Green IT community within our internal social networking environment, to share best practices that employees are adopting at home and in their communities.

### Leadership in IT

During 2009, Raytheon's IT organization received industry recognition for our achievements in diversity, preparedness, innovation and leadership. These awards highlight our commitment to our employees, our company and our environment. For four years running Raytheon has received two prestigious awards in IT: We were named one of *InformationWeek*® Magazine's Top 500 Innovative Users of Information Technology and to *Computerworld*'s “Best Places to Work in IT” list — currently #1 in New England. In addition, the *CIO*® Magazine “CIO 100” award recognized our design of an architecture for the University of Arizona Cancer Center that applies advanced image analysis techniques (developed for battlefield systems) to detect skin cancer.





## Supporting Our Communities

Engage, Inspire and Honor

Raytheon takes a strategic approach to community involvement by focusing on key areas that are important to the company's business strategy: math and science education and support for the armed services.

### Math and Science Education

In 2009, Raytheon expanded our popular MathMovesU® initiative with several new programs and sponsorships. 2009 marked our first year as the sponsor of the MATHCOUNTS® National Competition and the grand opening of *Sum of all Thrills*™ at INNOVENTIONS at Epcot® at the Walt Disney World® Resort.

### Sum of all Thrills

In 2009, Raytheon unveiled *Sum of all Thrills*, a one-of-a-kind experience that lets park guests custom-design their own virtual thrill ride and then experience it in a robotic simulator. *Sum of all Thrills* was created to help educate young students about the power of math as well as to inspire them to pursue math-related activities and careers.

### MATHCOUNTS

Raytheon is proud to support the MATHCOUNTS foundation—a nonprofit organization that promotes math excellence among U.S. middle school students—with financial and volunteer resources. Raytheon serves as the title sponsor of the Raytheon MATHCOUNTS National Competition through 2011.

### Hall at Patriot Place™ presented by Raytheon

The “Science of Sports” Fair is the culmination of a six-month program involving Raytheon employee volunteers making weekly visits to Boys & Girls Clubs throughout Massachusetts to help execute projects that explore math or science through sports. The program expands the partnership between Raytheon and The New England Patriots®.

### MathMovesU Scholarship Program

In an effort to enhance Science, Technology, Engineering and Mathematics (STEM) experiences for young students, Raytheon offered scholarship winners the option to choose a “campership” to a STEM summer camp or a traditional scholarship applied to future college tuition. Raytheon awards \$1 million annually in MathMovesU scholarships and grants.

### FIRST Robotics

Raytheon is proud to support the FIRST Robotics Competition for high-school students. In 2009, we supported 40 FIRST Robotics teams across the nation.

### Team America Rocketry Challenge (TARC)

Raytheon is a primary sponsor of the annual TARC Finals—inspiring students to learn principles of aerospace engineering through a rocket-launch competition. Additionally, Raytheon hosts the winning team annually at a European air show.

### Volunteers

Collectively, employees across Raytheon gave 36,328 hours of their time to volunteer efforts in 2009, up 12.7% from 2008. Through these efforts, MathMovesU reached more than 50,000 students and an equal number of parents and teachers.

### Armed Services Support

Raytheon is proud to support the members of the Armed Services. In 2009, we provided contribution support for the building of Fisher House® Boston, a facility that provides temporary lodging for families when a military member or dependent requires extended medical care. We also supported a variety of organizations including the Marine Corps Scholarship Foundation, Special Operations Warrior Foundation® and the USO®. Our employees continued to participate in care package collections for service members stationed abroad in 2009, including campaigns for Operation Warm Heart and Anysoldier.com, assembling gift boxes with more than 10,000 pounds of personal items.

In October 2009, Raytheon unveiled the interactive *Sum of all Thrills*™ experience to enthusiastic crowds at INNOVENTIONS at Epcot® at the Walt Disney World® Resort. Guests custom-design their own virtual thrill ride in either a roller coaster, bobsled or jet plane using mathematical tools, an innovative touch-screen table and a robotic simulator. The exhibit marks a new level of outreach to the next generation of math and science leaders.



The awards we received in 2009 reflect Raytheon's strong commitment to corporate responsibility. This commitment is important to our ability to retain and attract the best minds in our industry and the best customers in the world. This year's awards came from a wide range of government and industry organizations, many of whom have honored us several years in a row. This broad recognition reflects not only the breadth and depth of our commitment to our stakeholders, but also the passion and professionalism of Raytheon employees at every organizational level. It is through their efforts that we continue to deliver extraordinary results for our customers and for all the communities we serve. We salute the members of the Raytheon team for their contributions, and we thank the organizations on the facing page for recognizing our commitment to our shareholders.

## Awards and Recognition

Confirming our Achievements in Citizenship



Raytheon Australia was awarded the prestigious Australia Capital Territory Chief Minister's Inclusion Award of Excellence for its commitment to encourage, welcome and support people with a disability in the workplace.



The National Business Group on Health named Raytheon one of the nation's leading corporations for innovative programs promoting a healthy workplace. The Best Employers for Healthy Lifestyles award recognizes the *Mission:Health* wellness program.



Raytheon received the U.S. Environmental Protection Agency's/U.S. Department of Energy's 2010 ENERGY STAR Sustained Excellence Award, the highest honor given to ENERGY STAR partners.



For the fifth consecutive year, Raytheon has achieved a score of 100 percent on the Human Rights Campaign® Corporate Equality Index, recognizing achievements of the company in creating an inclusive and open environment for all employees.



The readers of *Careers & the disABLED*, *Minority Engineer* and *Equal Opportunity* Magazines once again honored Raytheon for its commitment to recruiting, hiring and promoting a positive work environment for their respective audiences.



Raytheon was recognized by the U.S. Environmental Protection Agency's Climate Leaders program as one of its 2009 Greenhouse Gas Reduction Goal Achievers for meeting GHG emission reduction goals. Climate Leaders is the nation's largest greenhouse gas emission reduction goal-setting program.



Raytheon was selected by InfoWorld for its Green 15 Awards. This is the second year Raytheon received this "Green IT" industry award. The awards recognize the 15 most innovative IT initiatives that fall under the umbrella of sustainability.



The National Safety Council recognized Chairman and CEO William H. Swanson as one of the CEOs Who 'Get It' for his outstanding safety leadership.



Raytheon was named to *Fortune*® Magazine's 2009 list of Top 25 Companies for Leaders in North America. The award reinforces Raytheon's efforts in all aspects of leadership development, including learning, talent management, succession planning, performance development, compensation, diversity, coaching and mentoring.



Raytheon has once again been named to DiversityBusiness.com's list of Top 50 organizations for multicultural business opportunities.



**Raytheon**

*Customer Success Is Our Mission*

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