

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.

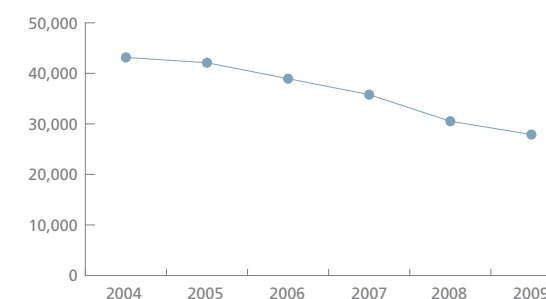
In 2009, energy consumption declined on an absolute basis by almost 3%, saving approximately \$3 million in energy costs, and has declined 13% since 2002. When measured on a per dollar revenue basis, the company reduced its energy use 10% in 2009. Since 2002, the energy per dollar revenue reduction has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

Climate Change and Greenhouse Gas Emissions

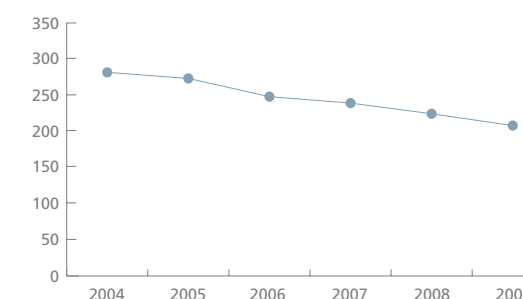
Raytheon has been a charter member of the U.S. Environmental Protection Agency's (EPA's) Climate Leaders® program since 2002. The program is a voluntary industry/government initiative that requires participating companies to set long-term goals to reduce greenhouse gas (GHG) emissions, develop reduction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

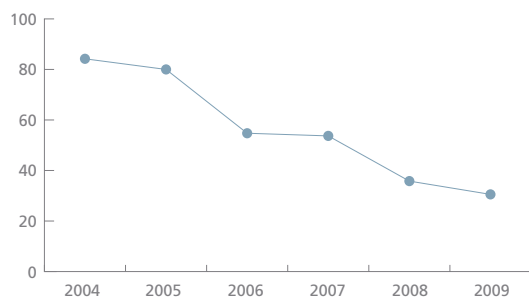
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International Initiatives

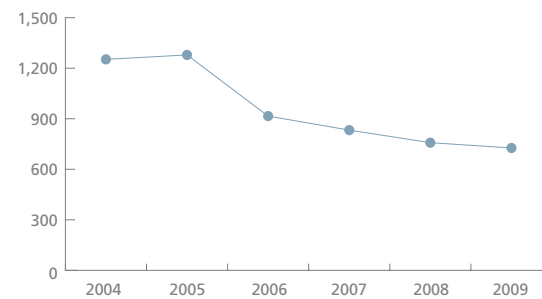
The Australian Operations and Maintenance Mission Assurance Team developed an innovative approach for the Australian DoD to provide environmental and sustainability management for a government customer experiencing significant challenges with regulatory compliance at certain remote facilities. The major 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.