



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

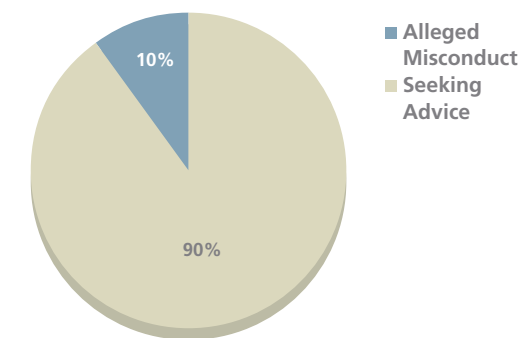
We communicate our ethics and compliance initiatives to our employees in a number of ways. All Raytheon employees attend ethics sessions annually. In 2009, we introduced the “Ethics Checkpoint” decision-making tool to help employees pause and take an “ethics check” before proceeding with an action.

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



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.



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



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.