



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 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 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.