

Building for the Future: Integrating Stewardship and Success

We are proud of our 2007 achievements in stewardship. We believe they not only support Raytheon's strategy and values, but demonstrate that good stewardship is good for business. At the same time, we recognize that our progress to date marks only one stage on the path of continuous improvement. To build on it, we must also build for the future of the company by cultivating the next generation of leadership at every level. We do this through a multi-pronged approach that combines formal and informal training of Raytheon employees with systematic outreach to colleges and universities through research partnerships and special projects.

LEADERSHIP DEVELOPMENT PROGRAM



Nearly 500 current Raytheon managers and professionals are graduates of our Leadership Development Program (LDP). This two-year program constitutes a strategic early-career component of an integrated talent and leadership development architecture reaching all the way from new hires to top business leaders. In a typical year, 135 employees enter the LDP program with a focus on one of eight key functions, from engineering and finance to communications and information technology. Armed with enhanced leadership, networking and functional skills, graduates bring Raytheon values, Raytheon Six Sigma disciplines and a heightened sense of purpose to company operations all over the world.

RESEARCH PARTNERSHIPS

Hiring and nurturing the best is easier if you already work with the best. From MIT's Institute for Soldier Nanotechnologies to Caltech's Microelectronics Center, Raytheon is partnering with more than 30 academic institutions to advance new technologies and learn from outstanding graduate engineers. An example is Raytheon's work with the Product Realization Network (PRN) at Stanford University, which seeks to accelerate future product flow by integrating commercial and defense-industry development models with next-generation manufacturing methods. Raytheon is the only aerospace and defense company to be a PRN member.

BUSINESS HIGHER EDUCATION FORUM



Raytheon also partners with advocacy groups committed to expanding the talent pool in science, technology, engineering and mathematics, known collectively as the STEM disciplines. Raytheon Chairman and CEO William H. Swanson serves on the executive committee of the Business Higher Education Forum (BHEF), an organization of CEOs, college and university presidents and foundation leaders working to enhance U.S. competitiveness through innovations in education. In 2006, as co-chair of BHEF's STEM committee, Mr. Swanson helped to launch a two-year project to apply systems engineering methods to model the U.S. education system and develop ways to double the number of STEM graduates in the next ten years. The initial modeling was completed in May 2007; final recommendations are expected in May 2008.

RAYTHEON SCHOLARS FUND AT THE CITADEL



In early 2008, Raytheon announced another initiative to help increase the ranks and job prospects of talented engineering and science students, with an added focus on diversity. A \$500,000 company contribution marked the establishment of a permanent endowment at The Citadel, South Carolina's renowned military college, to be known henceforth as the Raytheon Scholars Fund. Proceeds from the endowment will support scholarships to women and minorities in a range of engineering and science fields. In announcing the program, Raytheon Chairman and CEO William H. Swanson cited the importance of diversity in meeting the engineering and scientific needs of both Raytheon and the nation.



Volunteerism may be an extracurricular activity, but it's an integral part of Raytheon's Leadership Development Program. In March, members of the Finance Leadership Development Program (FLDP) visited the Boys & Girls Clubs of Tucson, Ariz., to participate in basketball, relay races and games with the children. The opportunity to mentor young members of the community is just one way the FLDP program helps create well-rounded leaders for the company. It not only stimulates an interest in volunteering, but it adds a personal dimension to the company's relationship with its neighbors and commitment to corporate citizenship.