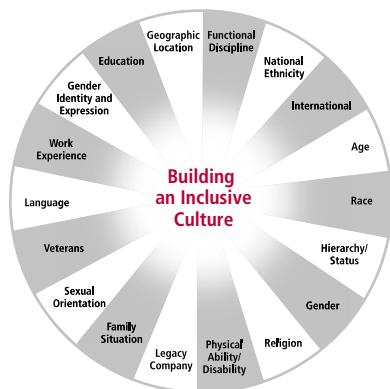


Diversity: Instrument of Innovation

BUILDING AN INCLUSIVE CULTURE

At Raytheon, increasing diversity is a natural outgrowth of a culture of respect. It is also a top corporate priority and an important instrument of competitive advantage. At every level, we strive to create an atmosphere in which people feel valued and empowered to perform at their peak regardless of age, race, gender, sexual orientation, family history or physical condition. We believe that our inclusive culture is a key factor in our ability to retain and attract the best talent. Our objective is not just to accept our differences, but to make sure everyone understands the value of our differences.

We use the Diversity Wheel to symbolize the breadth of the qualities that make our culture vibrant and distinctive. By embracing and drawing on our differences, we encourage innovative thinking and create a broader foundation for future growth.



2007 HIGHLIGHTS

In 2007, our diversity journey continued to gain momentum. We released Diversity 7.0, our newest generation of resources and tools to support the

integration of diversity and leadership competencies throughout the company. As part of that release, we launched a new diversity intranet and expanded our enterprise-wide education and communication programs.

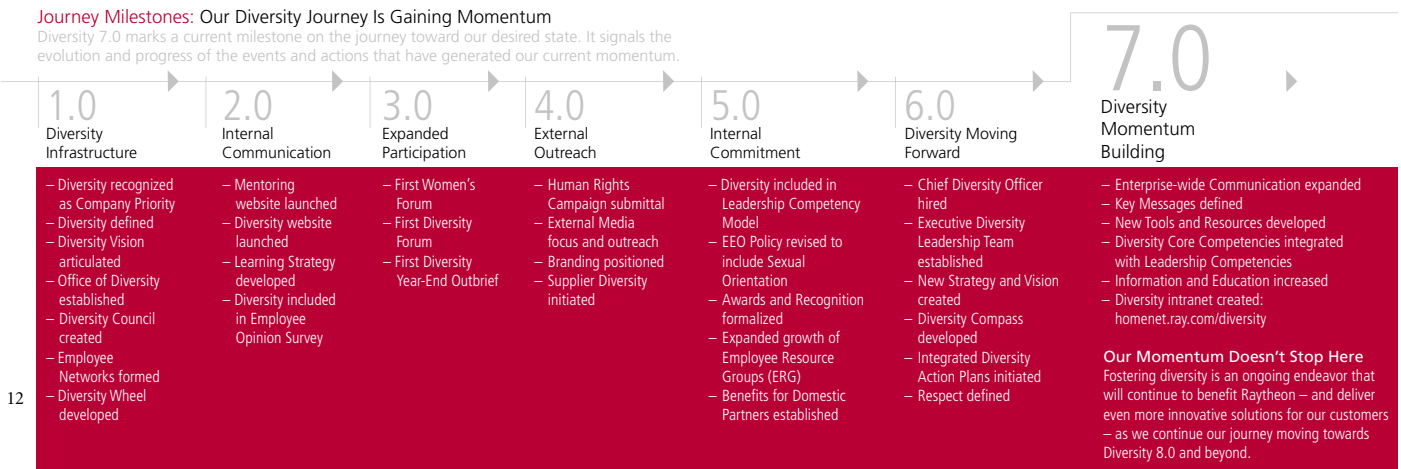
We also introduced a national advertising campaign portraying Raytheon's commitment to diversity. Each ad in the campaign shows Raytheon employees in a real-life situation where diversity enriches their perspective and sparks innovative thinking. The campaign appears in a range of top-tier business, minority and engineering publications.

Even more important, we continued to make progress in achieving a more diverse workforce. Since 2003, the number of women in our leadership ranks has increased by 15 percent, and the number of people of color in leadership roles has risen 27 percent. In 2007, all six Raytheon businesses exceeded their internal hiring targets in under-represented groups with respect to both new college graduates and professional hires. Extending this progress further is fundamental to our concept of stewardship.

SUPPLIER DIVERSITY

In an effort to expand the reach of our diversity efforts, Raytheon has also worked diligently to increase the ranks of its diverse suppliers. We have sought to enhance opportunities for service-disabled, small-, minority-, women-, and veteran-owned businesses. In 2007, Raytheon's purchases from service-disabled businesses totaled \$33 million; its purchases from small disadvantaged businesses totaled \$257 million; and its purchases from veteran-owned businesses totaled \$214 million. By encouraging supplier diversity, Raytheon strengthens its access to the widest possible range of resources to meet customer needs.

Journey Milestones: Our Diversity Journey Is Gaining Momentum
Diversity 7.0 marks a current milestone on the journey toward our desired state. It signals the evolution and progress of the events and actions that have generated our current momentum.





Members of the Raytheon American Indian Network (RAIN) at a MathMovesU (MMU) event in Albuquerque, N.M. This is one of many that Raytheon sponsored in 2007 to showcase “cool” things people can do with math and science. Studies show that many students lose interest in math in middle school, a dangerous trend for our nation’s economy. In the last two years, Raytheon has invested more than \$5 million to turn the tide through programs such as MathMovesU, MATHCOUNTS, *FIRST* Robotics Competition and *FIRST* LEGO.