

Governance: Ensuring Independence, Accountability and Transparency

Sound corporate governance provides the structure for overseeing the company's business and operations, and also establishes a foundation for effective stewardship. Raytheon's governance framework emphasizes active and independent Board oversight, accountability to shareholders, highly transparent financial reports and disclosures, and compliance with complex and changing regulatory responsibilities. Raytheon's focus on progressive governance enhances our company's ability to advance the interests of shareholders, customers, employees and the broader community.

Independent leadership is a central element of Raytheon's approach to governance. Under the company's Governance Principles, a substantial majority of the Board should be comprised of independent directors; and the Audit, Governance and Nominating, and Management Development and Compensation committees must consist entirely of independent directors. Each of Raytheon's outside directors qualifies as independent under New York Stock Exchange standards. And since 2002 the company has been led by an independent Lead Director who has clearly defined roles and responsibilities, including working with the Chairman to develop and approve Board meeting agendas.

Accountability to shareholders is another key component of Raytheon's governance framework. Raytheon has enhanced accountability by implementing majority voting in uncontested director elections and requiring the entire Board to stand for election each year. In addition, Raytheon has eliminated its "poison pill" barrier to hostile takeover. The Lead Director is directly accessible to shareholders and other interested persons by e-mail and through the company's website. And Raytheon's stock ownership guidelines for company leaders ensure that directors and officers will identify with shareholder concerns and perspectives.

Robust transparency controls have been established in response to the Sarbanes-Oxley Act of 2002. These controls ensure that information required to be disclosed is appropriately documented, processed, summarized and reported in a timely manner. Raytheon's Disclosure Committee assists senior management in helping to ensure that the company's

disclosures are accurate and complete, fairly reporting Raytheon's financial condition and results of operations in all material respects.

In recognition of its exemplary corporate governance practices, our Board of Directors was named the 2008 "Board of the Year" by the National Association of Corporate Directors — New England Chapter.

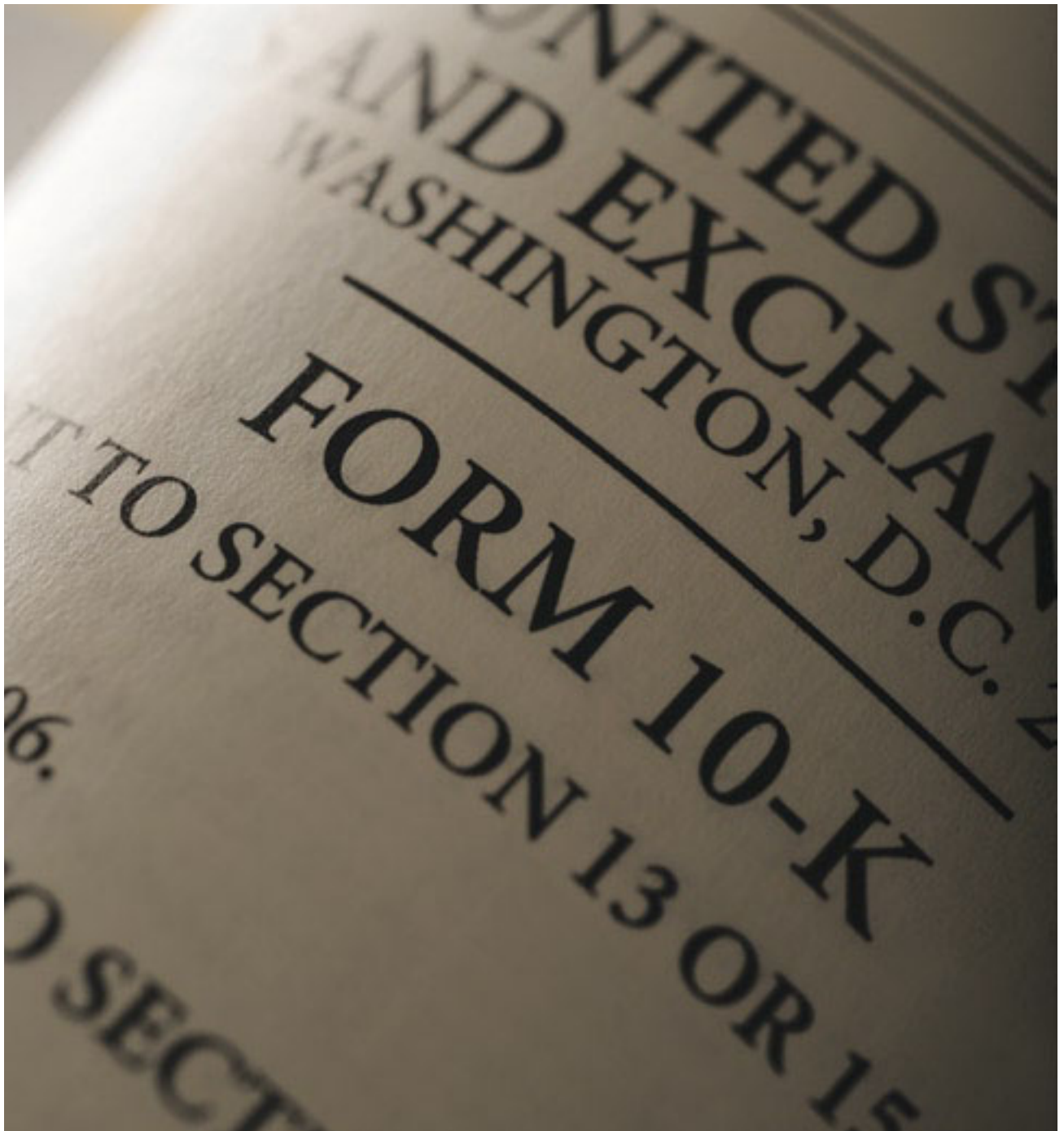
STEWARDSHIP AND SOCIAL RESPONSIBILITY

Among the committees of our Board of Directors, the Public Affairs Committee plays a central role in matters relating to social responsibility and stewardship. Unlike the Board committees responsible for matters related to audit, executive compensation and governance, the Public Affairs Committee is not a mandated committee. It was established in 2002 at the discretion of the Board to review policies and practices, and monitor compliance, in areas of legal and social responsibility. These areas include environmental protection, health and safety, ethics, export-import operations and compliance, and emergency preparedness.

At each of its meetings, the Public Affairs Committee also receives detailed reports containing Company performance metrics in these areas. These reports provide consolidated performance metrics for the Company as a whole, as well as data corresponding to the individual business units. Examples of information provided in these reports include:

- > *Environment, Health and Safety*: recordable injuries, lost workdays due to injuries, hazardous waste, solid waste and waste recycling
- > *Export-Import*: licenses applied for and granted, incident reports, voluntary reports submitted to regulators and corrective actions taken
- > *Ethics*: nature and volume of contacts, investigation results, disciplinary actions, financial impact and education units completed

We encourage you to visit our website, www.raytheon.com, to learn more about our corporate governance practices.



The U.S. Securities and Exchange Commission's Form 10-K provides a comprehensive overview of a publicly held company's business operations and financial performance. Raytheon's Form 10-K for 2007 is included in its 2007 Annual Report, which provides additional information for shareholders, customers, employees, analysts, community audiences and other stakeholders. Raytheon's 2007 Annual Report can be found at www.raytheon.com.