



Reducing Our Environmental Impact

Raytheon is determined to meet the highest standards of environmental excellence. Through persistent efforts, we have significantly reduced our energy consumption, waste and emissions while enhancing the safety of our workplaces. For Raytheon, the environmental aspects of good stewardship include the following:

Full compliance with environmental laws and regulations. Raytheon has had mature compliance programs for many years. We have developed Environmental, Health and Safety (EHS) standards that in many cases exceed regulatory

compliance. These standards establish minimum performance requirements for our facilities, which are verified during our EHS audits. The compliance programs have a threefold mission: maintaining robust compliance and audit programs today, actively preparing for future compliance requirements, and remediating historical contamination.

Being a good neighbor. We are committed to reducing waste, emissions and environmental incidents in our communities through pollution prevention, source reduction and clean up of past issues.

Waste Elimination

(See adjacent charts and related notes.)

Eliminating waste entirely is a bold and ambitious vision, but we feel good about our progress. Since 1998, Raytheon has reduced hazardous waste by 81 percent and solid waste by 75 percent, normalized by revenue. During 2006, we generated 426 tons of solid waste and 56 tons of hazardous waste per billion dollars of sales. We recycled 59 percent of the waste we generated — our highest rate ever. These metrics are collected monthly and reported quarterly to our Board of Directors.

Pollution Prevention

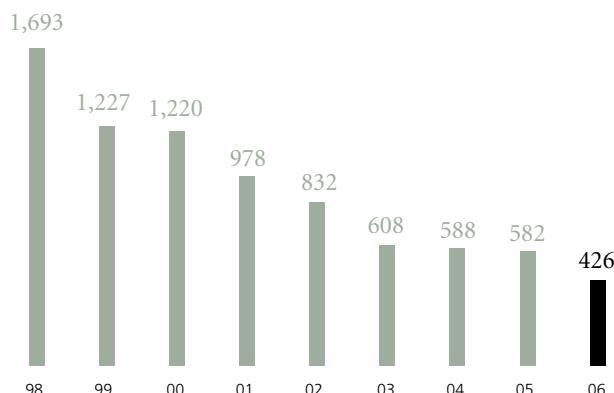
Pollution prevention is at the core of our waste minimization efforts. One example is our cooperative effort with the U.S. Air Force at Air Force Plant 44 in Tucson, Ariz. Four alternatives to hexavalent chromium-based conversion coatings plus two chromium-free paint primers were qualified by a team comprised of Raytheon and the National Defense Center for Environmental Excellence. The effort was in response to new environmental and health regulations.

EHS Audit Program

Our robust internal EHS audit program performs an average of 25 audits per year. The average audit cycle time for major operating locations is three to five years. Locations are prioritized for audits based upon risk and the complexity of their operations. Internally developed protocol questions are used in the audits to assess compliance with federal and company EHS requirements. A corporate staff member leads each audit team, which includes members from multiple operating locations. Audit results are reported up through the business presidents and, ultimately, to the CEO.

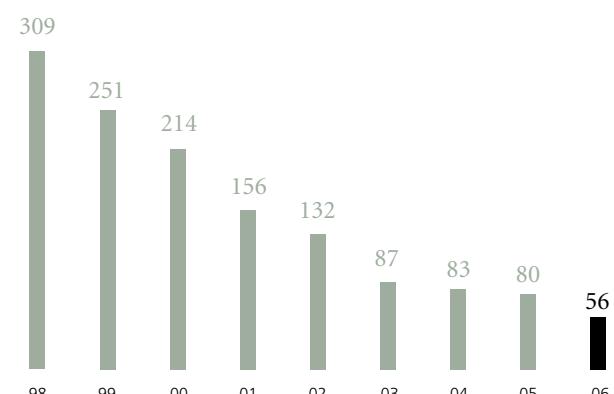
In 2006, we developed and deployed a formal process to enable locations that have demonstrated exemplary EHS performance over the past two years to apply for a waiver of selected EHS audit protocols. The program allows us to apply our EHS audit resources more effectively to where they are needed most. Our first applicant, Raytheon's facility in Aurora, Colo., succeeded in waiving four of the five audit protocols. The location was audited for Asset Protection programs only and received an "A" grade for the protocol. This site has also achieved "Star Site" status under the Occupational Safety and Health Administration Voluntary Protection Program and participates in the U.S. Environmental Protection Agency's Performance Track program.

Solid Waste: Tons/\$B Sales*



* Data does not include Raytheon Aircraft Company (RAC) data for 2006. With RAC included, the rate for 2006 is 532. RAC data is included for the years 1998-2005.

Hazardous Waste: Tons/\$B Sales*



* Data does not include Raytheon Aircraft Company (RAC) data for 2006. With RAC included, the rate for 2006 is 77. RAC data is included for the years 1998-2005.

81%

Raytheon has reduced hazardous waste by 81 percent since 1998, normalized by revenue.

Environmentally Responsible Restoration

Raytheon invests significant resources in the responsible management of environmental clean ups of past contamination. Remediation managers continually explore and implement new remediation technologies to limit the risks to human health and the environment and to reduce program costs. Raytheon has 48 active remediation sites, with a future combined cost estimate of \$107 million (present value of \$75 million before recovery). Of the 48 sites, 28 are former and nine are current operating locations, with the remaining 11 sites being third-party landfill and recycling locations. Eight of the sites are classified as Federal Superfund sites.

International Environmental Regulations

A growing number of international regulations (e.g., RoHS and REACH) restrict the use of certain hazardous materials in products. We are monitoring these developments, implementing compliance plans and preparing for potential supply chain impacts. We have established internal working groups and are coordinating with industry associations.

Energy and Greenhouse Gas Emissions

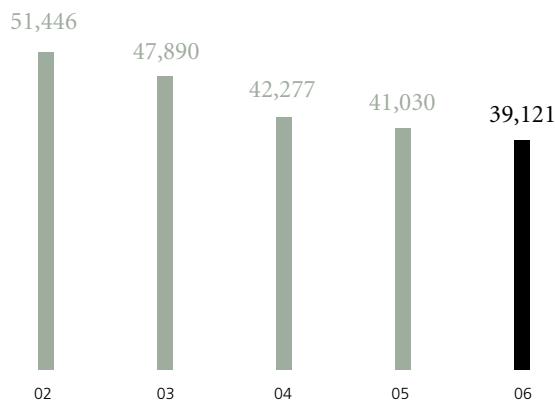
The role of human activity in greenhouse gas emissions and climate change has gained worldwide attention. Raytheon has long recognized the connection between energy and the environment, and has had a strong energy conservation program since the 1970s. More than 90 percent of the greenhouse gas (GHG) emissions attributable to the company are from energy consumption, primarily from purchasing electricity from third-party power plants. Some highlights of our energy initiatives and results are as follows:

ENERGY STAR® Partner: Since 1999, Raytheon has been an ENERGY STAR Partner, committed to improving energy conservation performance under this joint program of the U.S. Environmental Protection Agency (EPA) and the U.S. Department of Energy.

Climate Leaders Program: In 2002, Raytheon joined EPA's Climate Leaders program as one of its charter member companies. Climate Leaders is a voluntary industry/government initiative that requires participating companies to develop comprehensive, long-term GHG reduction strategies.

Greenhouse Gas Emissions Reduction Goal: Raytheon set an aggressive goal to reduce GHG emissions by 33 percent from 2002 to 2009, normalized by revenue. By the end of 2006, we achieved a 24 percent reduction toward this goal. Since 2002, we have eliminated cumulatively 155,000 metric tons of carbon dioxide equivalent GHG emissions.

Greenhouse Gas Emissions: Metric Tons of CO₂ Equivalents/\$B Sales



24%

Raytheon has reduced greenhouse gas emissions by 24 percent since 2002, normalized by revenue.



Electricity Reduction Goal: Recognizing the growing need to conserve energy, we set a related challenge of reducing electricity consumption by 15 percent from 2005 to 2007, adjusted for business growth. By the end of 2006, we achieved an 8 percent reduction toward this goal, saving \$9 million in costs, and 80 million kilowatt hours of electricity — enough energy to provide power to 8,000 homes for a year.

Energy Champions: Our energy conservation results are driven by the leadership of our Enterprise Energy team and more than 900 Energy Champion volunteers. Energy Champions have the passion and drive to conserve energy through their own initiatives and by influencing peers in the workplace to do the same.

Green Buildings: The Leadership in Energy and Environmental Design (LEED®) Green Building Rating System™ is the nationally accepted benchmark for the design, construction and operation of high-performance green buildings. We expect our newly designed and constructed Huntsville, Ala., building to be certified as a new LEED building. In 2004, one of our Marlborough, Mass., buildings was certified as a new LEED-green building.

Renewable Energy: We are studying the feasibility of wind turbines for our Portsmouth, R.I. location. We also have plans to construct a pilot photovoltaic (solar electricity) system on the roof of our building in Andover, Mass. These two examples of sustainable, renewable energy demonstrate our broad commitment to further reduce GHG emissions and our dependency on electricity generated at power plants.

\$9M

Raytheon saved \$9 million in electricity costs in 2006.

80M kWh

Raytheon saved approximately 80 million kilowatt hours of electricity in 2006.



Raytheon Named ENERGY STAR Partner Of The Year

Raytheon was named a 2007 ENERGY STAR Partner of the Year by the U.S. Environmental Protection Agency for outstanding energy management practices. The company's energy program has driven significant reductions in greenhouse gas emissions.

Dr. Taylor W. Lawrence, Raytheon vice president of Engineering, Technology and Mission Assurance, accepted the ENERGY STAR Partner of the Year award on behalf of the company at a formal ceremony in Washington, D.C., on March 21, 2007.



Photo (top): Raytheon employees in attendance at the ENERGY STAR Partner of the Year awards ceremony.