



Integrating Stewardship into All We Do

At Raytheon, we integrate stewardship into all we do. With global reach comes global responsibility, and we take that responsibility very seriously.

We drive stewardship practices from the top — directly from the Board of Directors, the CEO and senior leadership team. They all have accountability for stewardship, supported by strong corporate functions. The functions set the standards for stewardship, develop results-driven programs, and monitor and audit our progress against goals.

The core aspects of how we manage stewardship within Raytheon are outlined on the following page and discussed in subsequent sections of this report. (Note: Raytheon Aircraft Company was recently sold and is not included in the discussions, charts and metrics of this report, except where specifically noted.)

Governance and Guiding Principles

Good stewardship begins with good governance. Our commitment to being a leader in corporate governance begins with Raytheon's Board of Directors. The Board oversees stewardship and corporate governance primarily through the following committees: Audit, Governance and Nominating, Management Development and Compensation, and Public Affairs. Our Board members believe that a commitment to good governance enhances the company's ability to advance the interests of shareholders, customers, employees and the broader community.

Focusing on Ethics

Stewardship requires that we make good decisions with the highest degree of integrity. Our ethics program has a long history of excellence and governs all of our business decisions at Raytheon. Our leaders, starting with the Board of Directors, CEO and senior management, are committed to maintaining the highest standards of ethical business practices. The same commitment extends to every employee as set forth in our company values. Raytheon's values delineate the ethical and integrity points on our organizational compass. They empower us to do what is right, and they are among the important benchmarks by which we measure our performance. Raytheon's values focus on four priorities: People, Integrity, Commitment and Excellence.

Putting People First

Treating people with respect and dignity is a core value at Raytheon. We are committed to the highest standards for creating and maintaining a safe, healthy and talented workforce that reflects the diversity of the communities where we operate. To promote these initiatives, we have a number of health and wellness, work/life and safety programs in place. Most importantly, we strive to create an inclusive culture where every one of our employees feels valued and empowered to perform at his or her peak level, regardless of age, race, gender, sexual orientation or physical ability.

Reducing Our Environmental Impact

Raytheon's Environmental, Health and Safety program pursues the highest standards for the safe operation of company facilities and the protection of the environment. We strive to exceed regulatory compliance standards and establish goals for eliminating solid and hazardous waste. Our energy program is committed to energy efficiency through partnerships with the federal government, sponsorship of energy industry activities, and participation in various state and local initiatives.

Supporting Our Communities

Raytheon works closely with a wide range of stakeholders in many communities, including our neighbors and governments in the towns and cities where we have operations. We also work with many suppliers and customers to further our stewardship goals — and theirs. Through our corporate giving program, we have invested heavily in two issues of long-term national importance: math and science education, and natural disaster recovery. Our signature program in math and science education is MathMovesU™, which promotes math and science education among middle school students to inspire them to pursue those fields in higher education and ultimately into future careers.

Improving Products and Processes

Compliance, ethics, workplace safety, employee wellness, inclusion and environmental responsibility are the building blocks for integrating stewardship into every aspect of our business. Many other parts of Raytheon's organization — Engineering, Technology and Research, Operations and Performance Excellence, to name a few — provide key support to our stewardship goals. These goals are to continuously improve our internal processes and our products to help our customers succeed.

2006 Awards and Highlights

We are pleased when external stakeholders recognize our accomplishments, and we are privileged to have received many awards during 2006 — including several noted at the end of this report. We also have long-established internal award programs that recognize the best accomplishments within Raytheon that drive us toward our stewardship goals.