“Raytheon’s culture of service is grounded by our mission to support the men and women of the armed services, educate the next generation of scientists and engineers and innovate for a sustainable future. We are committed to demonstrating leadership by placing a high value on corporate responsibility.”

—Thomas A. Kennedy
Chairman and CEO, Raytheon Company
When people think of Raytheon, they may think of our radar technology, our missile defense systems or our cybersecurity solutions. We are that, and we are so much more. We are a global team serving customers and stakeholders around the world, and we are extraordinary in our sense of purpose in creating trusted, innovative solutions to make the world a safer place.

We are hardworking, accountable and honest. We have families and deep ties to our communities. In short, we are proud of the work we do, the security we enable. We stand united as one company in our efforts to help support a better world for the next generations. Every day, we strive to do our best work for our customers, our communities and our many stakeholders.

Ours is a story we are pleased to share—what we stand for and why we stand out—in this 2014 Raytheon Corporate Responsibility Report, which looks at how we enrich the lives of people, strengthen our performance and reduce our footprint on the planet.

The Raytheon story is about people. We empower veterans and military families through education. We support science, technology, engineering and mathematics education to inspire a new generation of innovators and technologists. We promote the health and well-being of the world-class people who make up our Raytheon team.

The Raytheon story is about performance. We support a culture of integrity by maintaining a solid foundation of corporate governance and the highest ethical standards. We rise to the challenge again and again of solving our customers’ toughest problems. We embrace diversity and inclusion, and ensure the safety of our people. We extend these values to our global supply chain.

The Raytheon story is about our planet. We maintain our strong commitment to sustainability by continually raising the bar with our programs and initiatives to conserve natural resources and reduce emissions and waste. We strive to achieve our 15 long-term sustainability goals we set out to accomplish by 2015.

People, performance and planet—these are some of the chapters of our story, and they are punctuated by the many accolades and awards we have received for our work. For the last three years, The Civic 50 has named Raytheon one of America’s most community-minded companies for our commitment to improving the quality of life in the communities where we do business. The Women’s Business Enterprise National Council recognized Raytheon as one of America’s Top Corporations for Women’s Business Enterprises. Newsweek listed Raytheon in the top 100 of its U.S. 500 Green Rankings for corporate sustainability and environmental impact.

It is our hope that after reading the pages of this Corporate Responsibility Report you will have an appreciation for the pride, passion and purpose of the 61,000 members of the Raytheon team who are behind the Raytheon name and all that we do.

Respectfully,

Thomas A. Kennedy
Chairman and
Chief Executive Officer
2014 CORPORATE RESPONSIBILITY HIGHLIGHTS

NAMED TO TOP 100 in Newsweek’s U.S. 500 Green Rankings list

AWARDED MORE THAN $1.2M in STEM scholarships and grants to students, educators and schools

NAMED 2015 “BEST PLACE TO WORK” and received 100% rating for the 10th year in a row on the Corporate Equality Index from the Human Rights Campaign

Employ more than 10,000 VETERANS

Reduced the amount of waste we landfill or incinerate by 56% SINCE 2008

NAMED TO TOP 100 CORPORATE CITIZENS RANKING FOR THE 4TH TIME from the U.S. Environmental Protection Agency

4,500+ GRADUATES OF WOUNDED WARRIOR PROJECT Transition Training Academy over five years

33 WORKSITES covering more than 50% of our employees EARNED OSHA VOLUNTARY PROTECTION PROGRAM STAR RECOGNITION

EMPLOYEES VOLUNTEERED at 2,070 organizations across 38 U.S. states

WE’VE GIVEN MORE THAN $23M to armed services support since 2005

NAMED TO TOP 100 in Corporate Responsibility Magazine’s 100 BEST CORPORATE CITIZENS RANKING FOR THE 4TH TIME

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HITTING A BULLET WITH A BULLET

Raytheon’s Vic Wagner sometimes walks into work sessions where his team is staring silently at a blank whiteboard. The silence is unusual, but these engineers know each other so intimately they often don’t need to speak.

SPOTLIGHT ON TECHNOLOGY
24 hours a day, seven days a week, 365 days a year, Raytheon’s Exoatmospheric Kill Vehicle (EKV) stands ready to defend the United States against intercontinental ballistic missiles as a mission-critical component of the Ground-Based Midcourse Defense system.

Perfecting a Technology
The engineers on Wagner’s team have spent decades perfecting a science no one else can duplicate: the design of kill vehicles, rocket-powered interceptors that destroy incoming intercontinental ballistic missiles.

“Our engineers grew up in that environment, pushing the technical state-of-the-art on rocket motors, precision accuracy of guidance and control, seeker sensitivity and marrying that into a common vehicle that can actually be produced,” said Wagner, director for Advanced Kill Vehicles.

The kill vehicle concept dates back to the Reagan era’s Strategic Defense Initiative, better known as “Star Wars,” but the kill vehicles that Wagner and his team design now are light years away from those early days.

All About Protection
With the threat of long-range ballistic missiles growing every day, Raytheon has one goal: ensure the U.S. and its allies are protected today and into the future.

Today, Raytheon makes the kill vehicles for two of the United States’ defensive systems: The Exoatmospheric Kill Vehicle (EKV) aboard the Ground-Based Interceptor and the U.S. Navy’s Standard Missile-3.

Once outside of the Earth’s atmosphere, operating at the edge of space at hypersonic speeds, the EKV’s job begins. The EKV seeks out the target using multi-color sensors, a cutting-edge onboard computer, and a rocket motor used only for steering in space. It homes in on its target, and with pinpoint precision, destroys it using nothing more than the force of a massive collision. No traditional warhead needed.

The Brains Behind It
The team of engineers works in Tucson, Arizona in an environment designed for innovation. Diagrams and PowerPoint printouts adorn floor-to-ceiling magnetic walls, equations spill across yards of whiteboards and offices are packed with missile models, miniature kill vehicles and personal touches like Marvel™ comics posters and Darth Vader action figures.

Wagner and his team equate themselves to the characters of “The Big Bang Theory,” the TV sitcom featuring nerdy brainiacs.

“We’re doing something that matters, and we have a chance to influence some pretty big world issues.”

Cross-Company Ideation
Wagner’s engineers have also learned to tap the wide base of knowledge at Raytheon, bringing in workers from the company’s one-of-a-kind Space Factory and engineers from its radar business to help make the kill vehicles more robust and reliable.

The camaraderie and shared challenges are inspiring, Wagner said, but what really motivates his engineers is the mission to help make the world safer.

“We’re doing something that matters, and we have a chance to influence some pretty big world issues,” Wagner said.
ENRICHING the lives of PEOPLE

Supporting and enriching the lives of people is at the center of what we stand for and how we do business. From empowering veterans and military families with education and training opportunities, to inspiring and preparing our next-generation science and technology workforce, to supporting our employees in making their best contributions in work and life—we put people first. They form the foundation on which business and society thrive, and we’re dedicated to supporting that foundation through a unified strategy of education and empowerment.

EMPOWERING VETERANS AND MILITARY FAMILIES

We are committed to providing our nation’s military personnel with world-class technologies and solutions. We work closely with active military and returning veteran families to ensure they have educational and training opportunities, scholarships and mentoring for a smooth transition to civilian life.

Scholarships Provide Paths to Education
In partnership with Student Veterans of America® (SVA), we sponsor vital research and help mentor student veterans. We also help them earn high-value college degrees. In 2014, Raytheon and SVA awarded Raytheon/SVA scholarships for student veterans pursuing undergraduate or graduate degrees in engineering and cybersecurity.

We also introduced a new scholarship with SVA in 2014—the Raytheon Patriot™ Scholarship—named after our Patriot Air and Missile Defense System. The scholarship supports Army student veterans who are pursuing graduate or undergraduate degrees at accredited universities and demonstrate leadership in their local communities.

In Support of Our Military Youth

The Boys & Girls Clubs of America® (BGCA) awarded Raytheon a 2014 Corporate Philanthropy Award for outstanding support of BGCA’s STEM programming for military youth around the world. With our support, BGCA will expand and focus specifically on military youth to encourage interest in STEM disciplines and careers.

Raytheon’s partnership will serve a significant population of military youth and provide life-changing learning opportunities for building 21st-century skills in the United States and around the world.

Award-Winning Training Helps Veterans Shift Gears

The Shifting Gears Automotive Technician Training Program—a new partnership with the U.S. Army and General Motors™—leverages Raytheon’s world-class leadership in training to help prepare soldiers for civilian jobs as GM-certified automotive technicians.

Employees volunteered more than 14,500 hours in the past two years to armed services organizations.

We are proud to have provided $23 million for armed services support since 2005.

THE VOCIVC
50

For the third consecutive year, Raytheon won a place in The Civic 50 ranking of the most community-minded companies for our corporate actions and employee volunteer efforts.

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# Supporting Wounded Warrior Project

Our partnership with Wounded Warrior Project® (WWP), which provides support, mentorship, career guidance and opportunities to our nation’s heroes, continued in 2014, fulfilling a five-year grant totaling $2.5 million to provide transition assistance to wounded troops and their caregivers.

Raytheon’s grant to WWP allowed them to expand their Transition Training Academy (TTA) in six states and offer two additional certification courses. The TTA provides information technology training to help students compete in the job market. More than 4,500 wounded warriors and caregivers have graduated from the TTA since 2010, including over 1,700 in 2014.

### Employees volunteered

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For Wounded Warrior Project, Raytheon employees volunteered more than 1,000 hours.

$2.9 million total donations to date

$157,000 total through employee giving

Nearly 17 percent of Raytheon’s employees are military veterans.

# Supporting STEM Education and Careers

Our employees are passionate about supporting our nation’s armed services members, and they brought a strong commitment to Wounded Warrior Project in 2014 through Soldier Ride® Boston and special fishing and golf events through Operation Neptune and the inaugural Side by Side tournament.

Through WWP and Fund in Support of Our Troops initiatives, our employees built upon Raytheon corporate donations and donated more than $630,000 in 2014. Employees have also volunteered more than 14,500 hours in the past two years to support armed services organizations.

To learn more about our programs for veterans, visit: raytheon.com/responsibility

# Inspiring a New Generation

Over the last decade, jobs in science, technology, engineering and math (STEM) have grown at three times the rate of other jobs, according to the U.S. Department of Commerce. To inspire and equip students to succeed in these positions worldwide, we provide strong support to students and teachers at all levels of education. Our goal: to build the next-generation workforce—the workforce that will create the next generation of paradigm-changing innovations.

## Studying STEM, Mobilizing Mentors

### US2020 intends to match 1 million STEM mentors with students from kindergarten through college via youth-serving nonprofits by 2020.

Engaging Students with MathMovesU

Mentoring and inspiring students toward STEM careers is the central mission of our thriving MathMovesU® program. We believe it’s our responsibility to help students from all backgrounds gain opportunities for robust educations in math and science. Through MathMovesU initiatives, we engage with students from elementary school through college, support educators and policymakers, and promote racial and gender equality within STEM fields.

## Linking Students to Scientists and Educators Worldwide

2014 saw the continuation of our partnership with Questacon National Science and Technology Centre in Canberra, Australia, to sponsor and promote events in its Schmidt Digital Studio. The studio uses interactive videoconferencing to link middle school through university students with scientists and science educators worldwide. Our support helps motivate young Australians to continue studying math and science and inspires them to pursue STEM-related careers.

## Focusing on STEM Career Paths for Girls

Women are underrepresented in science and engineering. That’s why we’re sharpening our focus on STEM career paths for girls to help build and prepare the next generation.

In 2014, we organized Girl Day events nationwide as part of DiscoverE’s® National Engineers Week®. Events were championed by Raytheon employee mentors who believe inspiring girls to pursue STEM will have a long-term impact on individual and collective success. We’re pleased to have won a DiscoverE award for our Girl Day efforts.

Global Adventures in Math and Science

2014 marked our introduction of the MathAlive!® traveling exhibit to a global audience. Building off the exhibit’s enormous popularity in the U.S., we built a customized exhibit for the Middle East, effectively expanding our commitment to our global partners and supporting a shared vision for enhanced awareness of and enthusiasm for science, technology, engineering and math.

The exhibit gives students a taste of math’s practical uses through 40 learning modules where visitors can design their own skateboards, build video games, edit an animated movie, change musical compositions and much more.

MathAlive made U.S. stops in the Northeast and Midwest and international stops in the United Arab Emirates, Kingdom of Saudi Arabia and Kuwait.

To learn more about MathAlive worldwide, visit: [http://mathmovesus.com/about-mathmovus/initiatives/mathalive](http://mathmovesus.com/about-mathmovus/initiatives/mathalive)
Exploring Science Through Sports

The sixth annual Science of Sports® Science Fair took place at Gillette Stadium in June, the culmination of a four-month program involving more than 80 Raytheon employees. Volunteers made weekly visits to Boys & Girls Clubs across New England to help imagine and execute projects that explore math or science through sports. Each member of the winning team received a $1,000 scholarship.

Cracking the Cybersecurity Code in Cheltenham, UK

At the Cyber Games event at the Cheltenham Science Festival 2014, teams from schools across the United Kingdom took on challenges from a select group of sponsors, including Raytheon, each representing a different decade.

Fostering Next-Gen Cyber Champions

In 2014, we became a three-year title sponsor of the National Collegiate Cyber Defense Competition, the nation’s largest at the college level. Our sponsorship provides technical resources and employee volunteers to help promote the next generation of cyber defenders.

In five years, more than 2.4 million riders have experienced Sum of All Thrills®, a simulator that allows Walt Disney World® visitors to design their own virtual reality experience through real-life application of concepts such as angles, velocity and kinetic energy. Raytheon engineers and scientists visit Sum of All Thrills every year to share their passion for math and science with park guests.

Supporting Education

We believe our nation’s educators are key to inspiring our next generation of engineers and innovators. In 2014, more than 330 teachers in 21 states benefited from our Engineering is Elementary® (EiE) professional development scholarships. We also awarded 27 U.S. Math Heroes scholarships and 177 matching school grants. Math Heroes receive $2,500 plus a matching amount to pay for new school technology and resources.

Erick Aponte: From Student to Engineer to Mentor

As a high school student, Erick Aponte was introduced to math and science careers through Raytheon mentors as part of the Stand & Deliver program which transports students from under-served communities to Raytheon for on-site mentoring after school. In May 2014, Aponte started a new job at Raytheon as an engineer. He now works in the company’s Failure Analysis lab in Andover, Massachusetts. Aponte gives a lot of credit to the people he met through Stand & Deliver, the Raytheon-sponsored mentoring program in which he is now a mentor.

Making Math Count

Swapnil Garg, an eighth-grader from California, beat out 223 other Mathletes® to win the 2014 Raytheon MATHCOUNTS® National Competition and a $20,000 college scholarship. California won the team competition as well, followed by Maryland and Virginia. MATHCOUNTS brings the best and the brightest middle-school mathematicians together from all U.S. states, territories and Defense and State Department schools for a multi-day competition at Walt Disney World. To date, 250,000 middle school students have used MATHCOUNTS materials.

PROMOTING HEALTH AND WELLNESS

We are now in our second decade of Wellness, Worklife and Employee Assistance Programs. In 2014’s “Eat. Move. Sleep.” campaign, mailed direct to employee homes, we asked employees to share three personal goals involving fitness, sleep and nutrition.

Recognition and Reward for Wellness

We’re proud to once again receive the American Heart Association® Fit Friendly Gold Award, which recognizes companies that fulfill wellness criteria and promote a culture of wellness.

There’s a Doctor in the House

Raytheon’s commitment to employee health is punctuated by the presence of our Chief Medical Officer—Dr. Sandra Stratford, MD, MSc. A Board-certified specialist in occupational medicine, Dr. Stratford became Raytheon’s Chief Medical Officer and head of Global Health Resources in 2007. She is responsible for Raytheon’s 27 health service locations, preventive health and wellness services, international health management and business support, and crisis management and WorkLife/Employee Assistance Program (EAP) services.

Bright Horizons Back Up Care prevented the loss of 2,798 workdays of eligible employees for one year over year and we reached 97% of our 2014 goal

35 of our sites received a Healthy Worksite Award, up from 31 in 2013

In 2014, Raytheon awarded $1.2 million in scholarships and grants to students, educators and schools.
Early Warning

With its long-range surveillance capability—produced both by the power of the radar and the height of the balloon—JLENS can detect incoming ballistic missiles, manned and unmanned aircraft, large-caliber rockets, ground targets in motion and surface ships at sea. And it can detect all this with enough time and distance for defenders to:

- Identify the threat
- Make critical decisions
- Make appropriate notifications
- Engage the threat

JLENS provides constant 360-degree surveillance for up to 30 days at a time. A complete JLENS system, called an orbit, consists of two radar-carrying blimps and ground equipment such as computer processors and cranes to raise and lower the big balloon. One blimp scans a very broad area. If it sees something of interest, it cues the other blimp to take a closer look.

From the Ground Up

Both blimps are tethered to mobile mooring stations by a 1 1/8-inch woven Vectran cable designed to withstand up to 100-knot winds. Electricity runs up the cable to power the radar, and radar data run down fiber-optic wires to a computer processing station on the ground. In fact, much of what makes JLENS work is on the ground, including the people who operate the system. JLENS requires just half the manpower required by fixed-wing aircraft. Similar coverage from military aircraft would require four to five planes and cost five to seven times as much as JLENS.

Testing the System

Because JLENS carries no weapons, the aerostats must relay targeting information to an armed vehicle. In a recent test, JLENS sent data to a U.S. Air Force F-15 fighter jet, allowing the pilot to confidently intercept the simulated threat with an air-to-air missile. Information from JLENS helped steer the missile until its onboard radar system could engage the target.

Developmental testing in controlled environments concluded in 2014, when the system was turned over to the U.S. Army for operational exercises. The Army will exercise JLENS’ ability to integrate with North American Aerospace Defense Command’s (NORAD’s) defense architecture in support of NORAD’s homeland defense mission.

Now deployed above the Aberdeen Proving Grounds in Maryland, the single JLENS system will protect the U.S. capital and a large portion of the East Coast. Integration with NORAD is expected to provide the U.S. military with a more accurate picture of the regional airspace over Washington, D.C., and give operators more time and distance to identify potential threats, make critical decisions and deploy adequate defenses.

To learn more, visit us at: raytheon.com/responsibility

SPOTLIGHT ON TECHNOLOGY

Airplanes, drones and cruise missiles may pose an increasing threat to people, population centers, key infrastructure and our military. That’s where JLENS, an airborne radar system made by Raytheon, comes in.

A DEFENSE FIELD AS WIDE AS TEXAS

JLENS can detect incoming threats from as far as 340 miles away.

Tethered high above Earth by 10,000-foot cables floats a helium-filled blimp so large it could stretch almost the length of a football field. Called the Joint Land-Attack Cruise Missile Defense Elevated Netted Sensor System, or JLENS for short, the balloon—technically an aerostat—carries sophisticated radars that can defend a territory almost as wide as Texas.

A DEFENSE FIELD AS WIDE AS TEXAS

Tethered to mobile mooring stations by a 1 1/8-inch woven Vectran cable designed to withstand up to 100-knot winds
Governments, armed services and commercial organizations—and most importantly, the people they serve—rely on Raytheon to do business with integrity. Our customers stake their success, their reputations, their very lives on the quality of our products and services. We honor the deep trust our customers place in us by taking deliberate steps to equip employees with the tools they need to act ethically, maximize the contribution of every person in our diverse community, and ensure the safety of our people, our materials and our manufacturing processes.

GOING BEYOND LEGAL COMPLIANCE

Our Board of Directors and senior leaders conduct business with integrity, accountability, transparency and the highest standards of ethics, providing a model for our employees and the industry. We think good corporate governance goes beyond legal compliance and traditional Board and leadership functions. To fulfill that, we continue to employ an integrated corporate governance approach that combines the best of established governance practices with progressive and responsible innovations and enhancements.

Shareholder Access and Engagement

We believe that shareholder access and engagement is fundamental to accountability and transparency, and we focus on providing meaningful shareholder access to the Board and management.

In 2014, we made amendments that give shareholders the right to call a special meeting, which followed amendments in 2011 providing the right to take action by written consent in lieu of a meeting, provided certain procedural safeguards are met.

Cybersecurity and Privacy

We also have a strong commitment to ensuring the lawful, respectful and appropriate privacy protection of personal information entrusted to us.

We continued to build on our global privacy programs and initiatives in 2014, with key accomplishments including:

- Enhancements to our supplier privacy and security risk assessment program for third parties that handle personal information on our behalf.
- Adoption of companywide data protection and security terms and conditions for all supplier contracts.
- Addition of a dedicated privacy resource to lead our data mapping, risk vulnerability and reduction initiatives.

ENGAGING INTEGRITY

In a global business, even small decisions have an impact—and individual integrity is key to the proper function of the whole.

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To learn more about our cybersecurity and privacy programs, visit: raytheon.com/responsibility
We encourage Raytheon employees to contact the Ethics office whenever they’re faced with a difficult decision.

Employees contacted the Ethics office more than 5,000 times

Employees completed over 141,000 compliance education modules

More than 61,000 employees participated in the Ethics Checkpoint education

As a result of our efforts in anti-corruption and ethics training, we received the 2014 Corporate Leadership Award from Transparency International-USA.

MEETING AN ETHICAL IMPERATIVE

We believe that when everyone acts ethically, we all benefit. That’s why we share best practices with customers, suppliers, the community and partners. We also work closely with a number of organizations committed to promoting these best practices and transparency throughout the industry. These include the Defense Industry Initiative, the Ethics & Compliance Officers Association and the International Forum on Business Ethical Conduct.

Thought Leaders, Ethical Foundations

For more than a decade, we’ve sponsored a lecture series devoted to ethics hosted at the Bentley University Center for Business Ethics. Bentley has provided leadership in this important field for the academic and business communities and is increasingly recognized for promoting ethical business practices and cultures not just in the United States, but internationally as well.

COLLABORATING RESPONSIBLY

With thousands of suppliers contributing materials and services to Raytheon products, we fulfill our corporate responsibility values—and ultimately, our commitments to customers—by extending those values throughout our supply chain. That’s why we collaborate with supply chain partners to implement environmentally sustainable materials and practices, conduct business with integrity and promote greater diversity in our partners.

Our Global Substances Program addresses substance management, compliance and responsible sources of supply. We have established mechanisms to assess risk and improve automated capabilities for compliance. The program also manages our Design for Sustainability goals to reduce and eliminate materials of concern in our products.

We are committed to reliable, responsible sourcing, substance management and full compliance in our operations.

In 2014, we submitted our first SEC filing to support our commitment to the Dodd-Frank Act, Section 1502 on conflict minerals, and worked with our global supply chain partners to ensure compliance. We’re committed to reducing risks throughout our value chain, while lowering costs and improving compliance throughout the product life cycle.

Conflict Minerals Compliance

The international supply chain for conflict minerals is complex, and tracing these substances can be challenging. We are committed to reliable and responsible sourcing and substance management for full compliance. In 2014, we intensified our management efforts by:

- Working with suppliers to collect and evaluate supplier responses to an industry-established conflict minerals reporting template.
- Continuing our leadership in industry associations focused on smelter adherence to establishing responsible mineral sourcing practices.
- Collaborating with distributors to gain higher visibility into the origins of tin, tantalum, tungsten and gold.
- Amending our purchase orders to urge suppliers to report responsibly.
- Publishing educational brochures and training our suppliers.

Promoting Sustainability in Our Supply Chain

Raytheon shares and promotes best practices with our suppliers in areas ranging from materials selection to engineering and manufacturing processes. Our enterprise strategic sourcing teams are incorporating sustainability language into agreements and continue to incorporate sustainability metrics and reporting in key supplier business reviews.

EthicSpace

We provide ethics education through an engaging—and award-winning—series of short video clips delivered by email to all employees. Topics included accurate charging for labor, program financial integrity, proprietary information, and treating people with respect and dignity.

The four videos in our 2014 ethics series were viewed more than 167,000 times, across 30 countries and 41 U.S. states.

Ethics Checkpoint

Ethics Checkpoint is our annual ethics awareness program that encourages employees to pause and take an “ethics check” before proceeding with action. In 2014, more than 61,000 of our 63,000 employees took part in the Ethics Checkpoint program.

Compliance Education Modules

Employees are required to take two compliance education modules each year. In 2014, they completed more than 141,000 modules.

FCPAware

Our FCPAware education program ensures employees are aware of anti-corruption issues, and possess the tools to identify problem situations to protect the individual and the company. In 2014, we distributed FCPAware to about 11,000 employees engaged in global business activities.
VALUING WORKPLACE DIVERSITY

We strive to create a culture of inclusion and to build a diverse, multifaceted workforce. This is about valuing people, valuing diversity, setting our company up to be successful, now and for the future. We think working across differences is what leads to advancements and innovations.

Soliciting Student Diversity

We know recruiting diverse talent builds an enriching workplace and a deep and broad knowledge base. Raytheon is committed to partnerships needed to build a diverse STEM candidate group.

• We partner with our nine Raytheon Employee Resource Groups (ERGs) for community and diversity talent outreach.
• We attend 10 STEM-related National Diversity Conferences where recruiting is a top priority.
• We have on-campus relationships with 77 schools, 11 percent of which are historically black colleges and universities (HBCUs).

The New ABCs of ERGs

As of 2014, our employee resource groups included more than 20,000 members. This year, we shifted to a new regional model, which enhances member networking, learning and professional development, and collaboration opportunities across the company.

RAYVETS: Expanding ERGs, Expanding Diversity

Raytheon employs more than 10,000 veterans. In 2014, Raytheon Employee Veterans Network (RAYVETS) became our newest ERG. While RAYVETS has been a system of small chapters for years, its empowerment leads to advancements and innovations.

In 2014 we became a founding member of the Disability Equality Index (DEI). A joint initiative of the American Association of People with Disabilities and the U.S. Business Leadership Network, the DEI is a national, transparent benchmarking tool that gives Raytheon an opportunity to review an objective score on our disability inclusion policy and practices—and identify opportunities for continued improvement.

PREVENTING INJURY THROUGH EDUCATION

Doing a job successfully means doing it safely. That’s why we ensure safe working conditions for all of our employees. This includes going above and beyond compliance requirements and providing effective safety training and education. Under the Voluntary Protection Program (VPP), the Occupational and Safety Health Administration (OSHA) evaluates premier worksites that demonstrate exemplary safety programs. Sites undergo a rigorous audit to gain certification.

Supporting Supplier Diversity

When it comes to the value of diversity, we believe in educating those with whom we do business outside our company. In 2014, we participated in 19 customer and industry events to share our diversity best practices.

• Through supplier advocacy groups, we support supplier diversity matchmaking efforts sponsored by the U.S. Small Business Administration; local and regional minority, women and veteran assistance organizations; and government customer small business conferences.
• We participate in the National Minority Supplier Development Council and Women’s Business Enterprise National Council.
• In 2014, we procured more than $1.2 billion in goods and services from minority- and women-owned businesses and more than $2 billion from small businesses.
• We were named one of the top 50 companies for supplier diversity opportunities for minority- and women-owned businesses by Diversitybusiness.com.
• We were named one of America’s Top Corporations for Women’s Business Development by the Women’s Business Enterprise National Council.
• And we were recognized by the National Veteran Small Business Coalition for partnering with businesses owned by disabled veterans.

Supporting Supplier Diversity

Raytheon employs a number of proactive injury-prevention measures, such as the VPP overseen by OSHA. Becoming a Star-certified site under VPP is no small accomplishment, making certification a sure way to show customers, employees, the industry and communities that a company is a leader in safety and health.

Compliance

In 2014, federal, state and local regulatory agencies conducted 105 environmental, health and safety inspections of Raytheon operating locations. A total of seven Notices of Violation (NOVs) were issued, five for environmental and two for safety; none resulted in fines. We perform a thorough root-cause analysis for each NOV and share lessons learned across the company to prevent recurrence. We are proud of our exceptional compliance record.

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Proactive Approach
We’ve been developing ways to predict cyber attacks through advanced analytics. While an older security system might try to root out malware by searching for its name, analytics considers how malware enters a system and sends alerts when a networked computer receives data from such a device.

For governments, our Electronic Armor is an anti-tamper solution that prevents reverse engineering, modification and theft of critical technology and program information in computer software and firmware. With Electronic Armor, U.S. defense programs can address Program Protection requirements ensuring the safety and integrity of sensitive software applications and datasets throughout the program life cycle.

For electronic systems, our Smart Components are enhancing the security of individual computers—with a mouse that recognizes its owner. When cybersecurity engineer Glenn Kaufman was running a pattern-recognition biometrics program that confirmed his identity from how he typed, Kaufman wondered if the same idea could work for a mouse. His research found that only about one in 10,000 people place their fingers in exactly the same spot with the same pressure.

Kaufman got a patent for the Biometric Pressure Grip sensor, which uses pressure grip information as part of a multistep login process to help strengthen cybersecurity and reduce the risk of data breaches.

Changing the World
In these days of increasing online threats, more executives see data safety as a strategic priority and more young people are interested in cybersecurity careers. Demand for cybersecurity professionals is growing 12 times faster than the overall job market and more than three times faster than IT jobs, according to analytics firm Burning Glass International. Raytheon is committed to developing and mentoring the next generation of cyber leaders.

Staying Ahead of the Internet of Things

The Internet, once a place to simply store and share data, has evolved rapidly into an information ecosystem connecting all aspects of modern society. The problem is, with everything connected, everything becomes vulnerable. And with the dramatic evolution of what’s now known as the Internet of Things, cybersecurity must evolve as well.

About 2.5 billion new digital devices are being sold each year.

By 2020, 50 to 75 billion devices worldwide will exchange data in the Internet of Things.

A person’s mouse grip is a surprisingly effective biometric identifier.

KAUFMAN’S INVENTION IS AMONG 100’S OF INNOVATIONS OUR ENGINEERS ARE DEVELOPING IN AN AGE OF LARGER AND MORE Destructive computer-system breaches. OTHER INNOVATIONS IN THIS SPACE INCLUDE:

• Software that guards against insider threats by alerting IT security to warning signs such as employees downloading files at unusual times and providing video-quality recording of computer users’ activity
• Advanced testing of emails and downloads to detect malware and root out malicious code
• Software that raises security by transferring complex data at more than nine gigabits per second between classified networks
• A moving-target system that protects a network by using algorithms to constantly rearrange it, keeping weak spots on the move and forcing hackers to rebuild their malware every time the system changes.

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Our commitment to operating responsibly inspires us to devise innovative ways to help protect the environment and conserve natural resources across our facilities, products and processes. Four of the most prominent aspects of our sustainability efforts include conserving natural resources, reducing emissions and waste, tracking progress toward our 15 sustainability goals, and leading and collaborating with academia, suppliers, customers and industry organizations.

CONSERVING NATURAL RESOURCES

Energy Management
For the eighth consecutive year, we received the ENERGY STAR® Sustained Excellence Award from the U.S. Environmental Protection Agency, for continued leadership in energy conservation and energy management. We have reduced energy consumption by 15 percent since 2008, and we’ve seen $55M cumulatively in energy cost savings since 2008. In 2014, four percent of our electricity was from renewable energy sources.

While most of the energy projects relate to facility infrastructure, such as lighting, heating and cooling systems, our program continues to evaluate plant modernization opportunities that will result in both increased productivity and improved energy efficiency. Twenty-five thousand light fixtures in El Segundo, California have replacement light-emitting diode (LED) lamps, improving visual clarity, reducing our carbon footprint and saving millions of dollars each year.

Some of our projects involve production equipment, such as Wave Solder VERSAFLOW and Surface Mount Technology Line Washer machines in a Circuit Card Assembly production area.

Smart Campus: A New Way to Manage Energy
Our Tucson, Arizona site is implementing an energy-reducing initiative called Smart Campus. This network of smart buildings will integrate physical and digital components to provide optimal performance, reduce energy use, optimize how space is used, and minimize the environmental impact of buildings.

Through a combination of innovative technologies and proactive energy management practices, the site will be monitoring and reducing energy use, improving employee safety and comfort, and prolonging equipment life.

Water Conservation
We have reduced water use by 33 percent since 2008. At our facilities in water-scarce areas in California, Arizona and Texas, we have native plants and landscaping that require no irrigation. We also have improved efficiency through smart irrigation systems. Innovative water recycling methods resulted in the use of approximately 55 million gallons of recycled water per year, reducing potable water demand by that amount.

We’ve reduced water use by 33% since 2008.
Reduced Greenhouse Gas Emissions

Raytheon has been recognized by the U.S. Department of Energy for installing 15 plug-in electric vehicle charging stations in seven locations across five states.

We were ranked #28 in the EPA Top Green Power Purchasers Fortune 500® list, for purchase and use of green power, including biogas, solar and wind resources.

Raytheon has reduced energy consumption by 15% since 2008.

Greenhouse gas emissions have declined 26% since 2008.

Solid Waste Generation

- 20,000 TONS in 2008
- 15,302 TONS in 2014

Energy Consumption

- 4,013 BILLION BTUS in 2008
- 3,459 BILLION BTUS in 2014

Water Consumption

- 800 MILLIONS OF GALLONS in 2008
- 661 MILLIONS OF GALLONS in 2014

Hazardous Waste Generation

- 1,000 TONS in 2008
- 503 TONS in 2014

Greenhouse Gas Emissions

- 15,302 in 2008
- 4,592 in 2014

STREAMLINING OUR APPROACH TO E-WASTE MANAGEMENT

We are committed to 100 percent eco-responsible e-waste management. In 2014, we moved from more than 13 e-waste processing suppliers to a single national supplier, Electronic Recyclers International (ERI), able to process e-waste of all types—IT and non-IT—from all of our locations.

Our e-waste program consists of three core aspects, including:

- information security
- environmental protection
- financial return

Raytheon processed more than 200,000 lbs. of e-waste through ERI.

We securely shredded more than 3,200 HARD DRIVES effectively protecting data.

Reducing Emissions and Waste

**RayCycle**

Our on-site Tucson, Arizona bike-share program includes a fleet of 35 bikes available to employees for wellness rides and transportation between buildings.

Waste Minimization and Recycling

We’ve reduced the amount of waste we landfill or incinerate by 56 percent since 2008. We are also greening our dining operations by implementing a compost program and reusable dinnerware.

- Since 2008, we’ve reduced hazardous waste by 33 percent.
- In 2014, our solid waste recycling rate was 75 percent, and we’ve seen a 23 percent reduction in solid waste generation since 2008.
- In 2014, we recycled more than 11,500 tons of materials including 2,600 tons of scrap metal, 1,900 tons of paper, 1,000 tons of wood, and 454 tons of electronic scrap.
- In 2014, 97 percent of the paper we used was recycled, with 30 percent or more post-consumer waste.
- The U.S. Zero Waste Business Council certified Raytheon’s facilities in Tewksbury and Waltham, Massachusetts.
- IDS New England sites and SAS El Segundo have gone to zero office waste.
ELIMINATING MATERIALS OF CONCERN

In 2014, Raytheon continued its strong support of efforts to evaluate and implement alternatives to high-risk hazardous materials used in aerospace products and processes, and promote the use of safer materials across industry. Our work included successful collaborations between Raytheon, academia, the aerospace and defense industry, and our customers in the following efforts:

- Marking inks: Raytheon collaborated with the California Polytechnic State University to evaluate alternatives to marking inks containing hexavalent chromium and lead. The results identified numerous commercially available inks that meet or exceed aerospace performance requirements.
- Sealants: In a study led by the Toxic Use Reduction Institute at the University of Massachusetts Lowell, Raytheon collaborated with industry partners and military customers to identify alternatives to the legacy use of polysulfide sealants containing hexavalent chromium.
- Conversion coatings: Raytheon continues to successfully replace legacy hexavalent chromium-containing chemical conversion coatings with much safer trivalent chromium coatings for many of its products. Additionally, Raytheon is working with the industry and our customers to develop advanced evaluation methods and testing criteria to ensure the performance of the hexavalent chromium-free coatings in electronics applications.
- Cables and connectors: Raytheon implemented the use of alternatives to hexavalent chromium and cadmium in electrical connectors and promoted the use of alternatives to cadmium pigments in electrical cable coverings.
- Bond primers: Raytheon is working collaboratively with NASA to evaluate the latest commercially available hexavalent chromium-free structural bond primers.

Environmentally Responsible Restoration

Raytheon invests significant resources in the responsible cleanup of past environmental contamination. In 2014 we spent $24 million on environmental remediation. Raytheon is involved in 41 active remediation sites, with a future combined cost estimate of $131 million (present value before recovery).

CREATING A CULTURE OF SUSTAINABILITY

Sustainability STAR

Our culture of sustainability is fueled by our Sustainability STAR program, which offers training to employees on topics such as green IT, design for sustainability, supply chain, water conservation and more. Employees are recognized for completing online learning modules and for publishing their individual commitments to the company’s internal social media platform.

Green IT initiative

The Green IT initiative significantly improves the efficiency of the company’s IT operations. In 2014 the program generated an additional 300 kilowatts of power savings, with a total reduction of 2,300 kilowatts in IT-related infrastructure since the program began in 2010.

To learn more about Raytheon’s commitment to sustainability, visit: raytheon.com/responsibility

Tracking our sustainability progress

We established a set of 15 long-term sustainability goals and set out to accomplish them by 2015. Our goals touch operations companywide, including engineering, information technology, operations, supply chain, and environmental, health, safety and sustainability (EHSS).

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<th>METRIC</th>
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<th>2014 RESULTS</th>
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</tbody>
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Deployed design for sustainability training, working to identify additional materials of concern

Solution identified and being developed

Minimize materials of concern in our products

Establish a system to track materials of concern in our products

Incorporate sustainability language in 202 agreements

Incorporate sustainability clauses

Eco-friendly procurement

Supplier sustainability

Recycled paper

Electronic waste

Landfill incinerated waste

Materials of concern in design

Product material content

Fleet fuel efficiency
The VIIRS nighttime imagery allowed emergency teams to expedite their response to hurricane-ravaged areas, a huge help to relief organizations trying to measure the scope of impact," Gary Jedlovec, a NASA project lead, said during a panel discussion at the American Meteorological Society's annual meeting.

Beyond the Storm

Indeed, the Suomi NPP satellite has critical value well beyond weather forecasting. VIIRS and other Suomi NPP instruments collect high-detail, global measurements of atmospheric temperature and moisture, cloud cover, rainfall, volcanic ash, surface fires, smoke plumes, vegetation, snow and ice cover, ozone and many other environmental metrics.

VIIRS allows scientists to track the movement of ocean organisms such as plankton, and therefore the patterns of larger fish as well, to assess the ocean’s food chain. On land, VIIRS can help monitor drought. The critical piece of data that makes this scenario possible: the color green in the VIIRS image.

NOAA and NASA recently released “Green: Vegetation on Our Planet,” a series of animations and images produced by Raytheon’s VIIRS sensor depicting the annual cycle of green vegetation on Earth. According to Dr. Jeff Puschell, principal engineering fellow in Raytheon’s Space and Airborne Systems business, “The enhanced imagery provided by VIIRS will expand the environmental data record and improve weather forecasting and climate monitoring for generations.”

Many Florida residents remember Hurricane Frances. It closed highways in 2004, destroyed much of the state’s citrus crop, caused flooding and wreaked havoc at the Kennedy Space Center, all with little warning. As few as three days before the storm hit, weather forecasters couldn’t predict where it would land. That put virtually all of Florida’s 19 million residents on edge—and unsure whether they were in the path of the storm.

That story rarely happens today.

Meteorologists can now predict the formation and path of storms up to 10 DAYS IN ADVANCE, and with much greater accuracy than they did with Frances.

Bride of Frankenstorm

Fast-forward to October 2012: Hurricane Sandy is gathering strength in the Atlantic Ocean, forming into the largest hurricane on record and the second coldest in U.S. history. Mixing with a cold front turned it into one of the most complex and devastating storms ever to hit the country, prompting NASA to name it the Bride of Frankenstorm. But even with its unprecedented size and unusual path, Sandy’s impact could have been worse. Detailed satellite data enabled meteorologists to forecast its path and intensity with new accuracy, giving local communities up to five days to prepare.

Ahead of the Curve

What made the difference in forecasting these two iconic storms? One key was the launch of the NOAA/NASA Suomi National Polar-Orbiting Partnership (NPP) satellite carrying Raytheon’s Visible Infrared Imaging Radiometer Suite (VIIRS). Since capturing its first image in November 2011, VIIRS has consistently delivered stunning perspectives of Earth along with critical weather data for forecasters.

Before and during Superstorm Sandy, from its orbit 512 miles above the roiling storm, the Suomi NPP satellite poured down data like nothing scientists had ever seen. Crisp imagery revealed the storm’s minute twists and turns. Stunning night-vision portraits of the storm with four times better resolution and 250 times more dynamic range than earlier low-light images pinpointed blackout locations for emergency crews.

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Raytheon’s VIIRS sensor is changing the way scientists see the world while capturing data crucial for protecting lives and documenting environmental change.
2014 CORPORATE RESPONSIBILITY AWARDS & RECOGNITION

Named to Corporate Responsibility Magazine’s

» 100 BEST CORPORATE CITIZENS

Awarded Transparency International-USA’s

» 2014 CORPORATE LEADERSHIP AWARD

For 8th year in a row, received the

» ENERGY STAR SUSTAINED EXCELLENCE AWARD

from the U.S. Environmental Protection Agency (EPA) for continued leadership in energy conservation and energy management

Named to the CDP’s S&P 500

» CLIMATE DISCLOSURE LEADERSHIP INDEX

for detailed greenhouse gas data, transparency and climate change mitigation strategies

We were named one of the

» TOP 50 COMPANIES FOR SUPPLIER DIVERSITY OPPORTUNITIES

for minority- and women-owned businesses by Diversitybusiness.com

Named one of

» AMERICA’S TOP CORPORATIONS FOR WOMEN’S BUSINESS ENTERPRISES

by the Women’s Business Enterprise National Council

Named to

» THE CIVIC 50

ranking of the most community-minded companies for the 3rd consecutive year

Ranked in

» TOP 50 OF THE EPA TOP GREEN POWER PURchasers

Fortune 500 list

Received a

» NATIONAL EXCELLENCE IN TRAINING AWARD

in partnership with General Motors

Received a

» CORPORATE PHILANTHROPY AWARD

for outstanding support of Boys & Girls Clubs of America’s STEM programming for military youth around the world

Named a

» TOP 50 EMPLOYER

by Equal Opportunity magazine

» 100% RATING FOR A 10TH YEAR

in a row from Human Rights Campaign

Recognized by Newsweek as one of

» AMERICA’S GREENEST COMPANIES

» LEADERSHIP TEAM

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Chairman and Chief Executive Officer
Raytheon Company

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Admiral, U.S. Navy (Ret.)
Former U.S. Navy Chief of Naval Operations

TRACY A. ATKINSON
Executive Vice President
State Street Corporation

JAMES E. CARTWRIGHT
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Former Vice Chairman of the Joint Chiefs of Staff

LETITIA A. LONG
Former Director
National Geospatial-Intelligence Agency

STEPHEN J. HADLEY
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Rice Hadley Carne LLC

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President
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FROM LEFT TO RIGHT

Customer Success Is Our Mission

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