AUDIT COMMITTEE PROCEDURES

1. **Meetings.** The Committee will meet at least 6 times a year. Meetings will be scheduled to allow sufficient time for in-depth discussion.

2. **Review of Financial Statements.** The Committee will review the Company's Annual Report on Form 10-K in detail with the CEO and the CFO at an extended February meeting. The Committee will also meet to review the Company's Quarterly Reports on Form 10-Q with the CFO and the Company's independent auditor.

3. **Quarterly Review of CEO and CFO Certification Process.** The Committee will review the CEO and CFO quarterly certifications process required by the SEC with respect to the financial statements and the Company's disclosure and internal controls. The Corporate Disclosure Committee responsible for reviewing the Company’s disclosure controls and procedures will meet with the Committee upon the Committee’s request.

4. **Review of Earnings Press Releases and Other Financial Information.** The CFO and the Company’s independent auditor shall review earnings press releases with the Chair of the Committee prior to their release to the public. The Company generally discloses financial guidance on an annual basis. Prior to the release of this information, the CEO or CFO will review the substance of the guidance with the Committee. If there is a significant change in financial guidance, the CEO or CFO will review the change with the Committee.

5. **Approval of Audit and Non-Audit Services.** In addition to approving the engagement of the independent auditor to audit the Company's consolidated financial statements, the Committee will approve the use of the Company's independent auditor for non-audit services prior to any such engagement. To minimize relationships which could appear to impair the objectivity of the independent auditor, it is the Committee's practice to restrict the services that may be provided to the Company by the Company's independent auditor to audits, audit related services (as defined by the SEC), tax planning and compliance and occasional other isolated services permitted by SEC rules and regulations.

6. **Discussions with Independent Auditor and Management.** The Committee will discuss with the independent auditor and management as appropriate:

   - qualifications of the independent auditors working on the Raytheon account and quality control procedures followed by the audit firm;

   - the reputation of the independent audit firm;

   - the results reported in a Public Company Accounting Oversight Board inspection report of the Company’s independent auditor;

   - planning and staffing of the audit and the level of responsibility that the auditor is assuming under generally accepted auditing standards;
• critical accounting policies and practices including:

1) significant changes or proposed changes in the Company’s accounting practices;

2) the methods used to account for significant unusual transactions and the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus;

3) the process used by management in formulating particularly sensitive accounting estimates and the basis for the auditor’s conclusions regarding the reasonableness of those estimates;

4) any off-balance sheet transactions, joint ventures, contingent liabilities or derivative transactions;

5) legal matters that may have a material impact on the financial statements or the Company’s compliance policies and any material reports or inquiries received from regulators or governmental agencies; and

6) auditor’s judgments about the quality of the Company’s accounting principles.

• the auditor’s responsibility for other information in documents containing audited financial statements;

• material audit adjustments proposed and recorded by the Company and immaterial proposed adjustments not recorded by the Company;

• auditor’s views about significant matters that were the subject of consultation between management and other accountants;

• major issues discussed with management prior to retention of the independent audit firm;

• difficulties with management encountered in performing the audit;

• disagreements with management over the application of accounting principles, the basis for management’s accounting estimates, and the disclosures in the financial statements;

• risk management internal policies and practices, including, but not limited to, the use of financial derivatives;

• compliance with financial covenants in credit facilities; and

• any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Company’s financial statements or accounting policies.
7. **Oversight of the Company’s Internal Audit Function.** The Committee will discuss with management and the internal auditor the budget, staffing and planned scope of the internal audit. The Committee will review any material changes to the scope of the internal audit as well as the significant reports to management prepared by the internal auditor and management’s responses. At all times when the internal audit function is outsourced to a third party, the Committee must approve all services performed by the internal auditor except for individual engagements not to exceed $250,000.

8. **Hiring Guidelines for Independent Auditor Employees.** The Committee has imposed a restriction on the Company from hiring any current or former individual associated with the independent auditor if such hire would not comply with applicable SEC requirements relating to auditor independence, including, without limitation, the hiring of any current or former lead partner or concuring partner, or any other member of the audit engagement team who provided more than ten hours of audit, review or attest services for the Company, for a financial reporting oversight role with the Company before the completion of one full auditing cycle following the audit cycle in which such individual served as the lead or concuring partner or, in the case of other members of the audit engagement team, in which such individual provided the audit, review or attest services referenced above.

9. **Process for Handling Complaints and Accounting Matters.** As part of the Company’s procedure for receiving and handling complaints or concerns about the Company's conduct, the Committee has established the following procedures for: (i) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters.

The Company has established and published on its website special mail and email addresses for receiving complaints regarding accounting, internal accounting controls, or auditing matters, including, without limitation, the following:

- a) fraud or deliberate error in the preparation, evaluation, review or audit of any financial statement of the Company;
- b) fraud or deliberate error in the recording and maintaining of financial records of the Company;
- c) deficiencies in or noncompliance with the Company’s internal accounting controls;
- d) misrepresentation or false statement to or by a senior officer or accountant regarding a matter contained in the financial records, financial reports or audit reports of the Company; or
- e) deviation from full and fair reporting of the Company’s financial condition.

The Company will provide notice to the Chairman of the Committee of the Company’s receipt of either complaints regarding accounting, internal accounting controls or auditing matters or expressions of concern by employees of the Company regarding questionable accounting or auditing matters.
Descriptions of all such complaints and expressions of concern will be provided to the Chairman and, if requested, to all or designated members of the Committee.

In the event that a complaint or expression of concern of the type referenced above is received and on its face, involves directly or indirectly, an executive officer or director of the Company, the complaint or expression of concern will be referred immediately to the Chairman of the Committee for review and further assignment for investigation.

All such complaints and expressions of concern will be investigated in the ordinary course by the Company’s Ethics, Finance and Legal staffs, unless otherwise instructed by the Committee and tracked on a separate Ethics Office docket.

The General Counsel will maintain a log of all complaints, tracking their receipt, investigation and resolution and shall prepare a periodic summary report thereof for the Committee. Copies of complaints and such log will be maintained in accordance with the Company’s document retention policy.

The Company will not discharge, demote, suspend, threaten, harass or in any manner discriminate against any employee based upon any lawful actions of such employee with respect to good faith reporting of ethical/integrity concerns (including concerns related to accounting matters) or helping to resolve any such concerns.

10. **Code of Conduct**. Raytheon’s Code of Conduct applies to all of the directors, officers and employees of the Company and mandates strict compliance with all laws and regulations, including those designed to produce full, fair, accurate, timely, and understandable disclosure in the Company's periodic reports filed with the SEC and generally accepted accounting principles. Employees are to report to their management any violations of ethical conduct principles and to cooperate in any investigation of ethics violations. Annual acknowledgement of the completion of ethics awareness education and of the obligations set forth in the Code of Conduct is required of all salaried employees, including officers and finance professionals.

11. **Audit Partner Rotation**. The Committee shall ensure that the lead and concurring partners assigned by the Company's independent auditor to the Company, rotate after five years and, upon rotation, be subject to a five-year cooling off period. Other audit partners on the audit engagement team shall rotate after no more than seven years and shall be subject to a two-year cooling off period.