

RAYTHEON CO/
Form 11-K
June 19, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 11-K
FOR ANNUAL REPORTS OF EMPLOYEE STOCK
REPURCHASE SAVINGS AND SIMILAR PLANS
PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
ý ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2017.
TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____
Commission File Number 1-13699
RAYTHEON SAVINGS AND INVESTMENT PLAN
(Full title of the plan)
RAYTHEON COMPANY
(Name of issuer of the securities held pursuant to the plan)
870 WINTER STREET, WALTHAM, MASSACHUSETTS 02451
(Address of issuer's principal executive offices)

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Raytheon Savings and Investment Plan
Financial Statements and Supplemental Schedule
To Accompany 2017 Form 5500
Annual Report of Employee Benefit Plan
Under Employee Retirement Income Security Act of 1974
December 31, 2017 and 2016

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Raytheon Savings and Investment Plan

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December 31, 2017 and 2016

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* Other supplemental schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

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Report of Independent Registered Public Accounting Firm

To the Administrator and Plan Participants of the Raytheon Savings and Investment Plan

Opinion on the Financial Statements

We have audited the accompanying statements of net assets available for benefits of Raytheon Savings and Investment Plan (the “Plan”) as of December 31, 2017 and December 31, 2016 and the related statement of changes in net assets available for benefits for the year ended December 31, 2017, including the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2017 and 2016, and the changes in net assets available for benefits for the year ended December 31, 2017 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Plan’s management. Our responsibility is to express an opinion on the Plan’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Plan in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Supplemental Information

The supplemental schedule of assets (held at end of year) at December 31, 2017 has been subjected to audit procedures performed in conjunction with the audit of the Plan’s financial statements. The supplemental schedule is the responsibility of the Plan’s management. Our audit procedures included determining whether the supplemental schedule reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedule. In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, including its form and content, is presented in conformity with the Department of Labor’s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental schedule is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ PricewaterhouseCoopers LLP
Boston, Massachusetts
June 18, 2018

We have served as the Plan's auditor since at least 2002. We have not determined the specific year we began serving as auditor of the Plan.

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Raytheon Savings and Investment Plan
 Statements of Net Assets Available for Benefits
 December 31, 2017 and 2016

	2017	2016
Assets		
Total investments at fair value (Notes 2 and 3)	\$16,610,845,610	\$14,073,012,671
Fully benefit-responsive investment contracts at contract value (Note 4)	1,765,191,430	1,844,304,082
Receivables		
Notes receivable from participants	213,867,927	216,286,658
Receivables for securities sold	464,738	14,721,892
Accrued investment income and other receivables	20,092,500	22,106,089
Total receivables	234,425,165	253,114,639
Total assets	18,610,462,205	16,170,431,392
Liabilities		
Payable for securities purchased	21,793,982	26,140,345
Accrued investment expenses and other payables	3,689,073	1,536,261
Total liabilities	25,483,055	27,676,606
Net assets available for benefits	\$18,584,979,150	\$16,142,754,786

The accompanying notes are an integral part of these financial statements.

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Statement of Changes in Net Assets Available for Benefits
Year Ended December 31, 2017

	2017
Additions to net assets attributable to:	
Net appreciation of investments (Notes 2 and 3)	\$2,403,938,433
Interest and dividends	306,620,727
Interest income on notes receivable from participants (Note 2)	7,619,415
Other revenue (Note 5)	5,842
Contributions	
Employee contributions	686,304,899
Employer contributions	302,834,661
	989,139,560
Total additions	3,707,323,977
Deductions from net assets attributable to:	
Distributions to participants	\$1,257,305,941
Administrative expenses	11,104,030
Total deductions	1,268,409,971
Increase in net assets prior to plan mergers	2,438,914,005
Transfers in from affiliate benefit plans (Note 1)	3,310,358
Increase in net assets available for benefits	2,442,224,364
Net assets, beginning of year	16,142,754,786
Net assets, end of year	\$18,584,979,150

The accompanying notes are an integral part of these financial statements.

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Raytheon Savings and Investment Plan
Notes to Financial Statements
December 31, 2017 and 2016

1. Description of Plan

The following description of the Raytheon Savings and Investment Plan (the “Plan”) provides only general information. Participants should refer to the Plan document for a complete description of the Plan's provisions.

General

The Plan is a defined contribution plan covering the majority of employees of Raytheon Company (the “Company” or the “Plan Sponsor”). Most employees are immediately eligible to enroll in the Plan on the first day of service. The purpose of the Plan is to provide participants with a tax-effective means of meeting both short-term and long-term investment objectives. The portion of the Plan that is invested in Raytheon Company common stock is an employee stock ownership plan (“ESOP”) that is intended to constitute a stock bonus plan as defined in the Internal Revenue Code of 1986 (the “Code”) and that includes a cash or deferred arrangement. The remaining portion of the Plan is a profit-sharing plan that includes a cash or deferred arrangement. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”).

Raytheon Sensintel, Inc., a wholly owned subsidiary of the Plan Sponsor, was merged into the Plan Sponsor on January 1, 2016. On that date Raytheon Sensintel, Inc.'s employees became employees of the Plan Sponsor and became eligible to participate in the Plan. The Sensintel, Inc. 401(k) Plan was merged into the Plan on May 12, 2017, resulting in the transfer of \$835,357 into the Plan.

Raytheon Foreground Security is a wholly owned subsidiary of the Plan Sponsor. Raytheon Foreground Security's employees became eligible to participate in the Plan on January 1, 2017. The Foreground Security 401(k) and Profit Sharing Plan (“Foreground Plan”) was merged into the Plan on December 14, 2017, resulting in the transfer of \$2,475,001 into the Plan.

The Plan's investments are held in the Raytheon Savings and Investment Plan Trust (the “Trust”).

Contributions and Deferrals

Eligible employees may contribute to the Plan up to 50% of their compensation, as defined in the Plan document. The Code limits eligible compensation the Plan may take into account to \$270,000 for the 2017 plan year. Employee contributions, including rollovers, are invested based on participant investment elections. For 2017, the annual employee pretax elective deferral contributions for a participant cannot exceed \$18,000, except for catch-up contributions. Participants also may make after tax contributions, but total employee (pretax and after tax) contributions and employer contributions may not exceed \$54,000 for the 2017 plan year, except for catch-up contributions. A participant who is eligible to make elective pretax contributions and is at least age 50 by the end of 2017 may make pretax catch-up contributions up to \$6,000. Participants may also make after tax Roth 401(k) contributions, which are aggregated with pretax contributions for purposes of the limits on contributions.

For most employees hired after December 31, 2009, for the first five consecutive years of service, the Company matches 100% of the first 3% of eligible compensation that a participant contributes to the Plan each pay period. After the first five consecutive years of service, the Company matches 100% of the first 4% of eligible compensation. For most employees hired before January 1, 2010, the Company matches 100% of the first 4% of eligible compensation that a participant contributes to the Plan each pay period. Matching Company contributions are made in cash and are invested based on the investment allocation elected by each participant.

Eligible employees hired or rehired on or after January 1, 2007 participate in the Retirement Income Savings Program (“RISP”) (subject to the terms of any applicable collective bargaining agreements), in addition to having the right to participate in the other features of the Plan. Most employees hired after December 31, 2009 have a one-year waiting period for participation in RISP. Under RISP, the Company contributes a percentage of each RISP-eligible participant's compensation to the participant's RISP account in the Plan. The percentage contribution varies according to a schedule based on the participant's age at the most recent date of hire, years of service since the most recent date of hire and whether the participant's most recent date of hire was before or after December 31, 2009.

Participants may invest contributions in increments of 1% in any combination of investment options available, subject to percentage limitations applicable to some funds. The investment options range from investments with an emphasis on preservation of capital to equity investments with an emphasis on capital gains. The underlying investments include investment

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Raytheon Savings and Investment Plan
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December 31, 2017 and 2016

contracts, registered investment companies, common collective trusts, Raytheon Company common stock, fixed income securities and other investments including a self-directed brokerage account.

Participant Accounts

Each participant account is credited with the participant's contributions, the Company's contributions and an allocation of Plan earnings (losses). The allocation of Plan earnings (losses) is based on the participant account's balance and investment option allocation. Expenses payable by the Plan are charged to participant accounts or paid from the forfeiture account, or are paid from the credits the Plan receives under the agreement with its record keeper, Fidelity Management Trust Company (FMTC).

Participants are not permitted to make a direct exchange from the Raytheon Fixed Income Fund (the "Fixed Income Fund"), a stable value fund specifically managed for the Plan, into a "competing" fund (such as a money market fund). Investors who wish to move money from the Fixed Income Fund to a "competing" fund must first make an exchange from the Fixed Income Fund to a non-competing fund for 90 days. After 90 days, participants may exchange from a non-competing fund into a competing fund.

Vesting

With the exception of RISP participants and certain union groups, all employee and most employer contributions and earnings (losses) thereon are immediately 100% vested for each participant who performs an hour of service on or after January 1, 1999. Most RISP participants become 100% vested in the employer RISP contributions after three years of service. Forfeitures of the non-vested portions of terminated participants' accounts are available to reduce Company contributions and pay administrative expenses. At December 31, 2017 and 2016, unallocated Plan forfeitures were \$143,458 and \$1,098,591, respectively. During 2017, the total amount of forfeitures were \$1,424,567.

Notes Receivable from Participants

A participant may borrow a portion of the balance in the participant's account, other than the RISP account, subject to certain restrictions. The maximum amount of a loan is the lesser of one-half of the participant's vested account balance or \$50,000, minus the participant's highest outstanding loan balance over the previous 12 months. The minimum loan is \$500. Loans are secured by the balance in the participant's account and bear interest equal to the prime rate published in The Wall Street Journal on the last business day of the calendar quarter preceding the calendar quarter in which the loan is made. Loans must be repaid over a period of up to five years, except that if the loan is used to acquire the participant's principal residence, the repayment period may extend up to 15 years. Loan payments and interest payments are credited to the participant's account in the investment options according to the participant's current investment election. As of December 31, 2017 and 2016, the interest rates on the outstanding loans ranged from 3.25% to 9.50%.

Payment of Benefits

A participant may make certain in-service withdrawals including all or a portion of participant after tax contributions, any rollover contributions and related earnings at any time and all or a portion of participant contributions, employer contributions and related earnings upon attainment of age 59 1/2. Participants who have not reached age 59 1/2 but who have participated in the Plan for five years or more may take withdrawals of their company matching contributions. For reasons of financial hardship, a participant may withdraw all or a portion of participant pretax contributions and related earnings subject to a reduction in the maximum participant contribution rate for the next six months. On termination of employment, a participant with a vested balance less than \$1,000 will receive a lump-sum distribution unless the participant elects to defer distribution. If the vested balance is in excess of \$1,000, a distribution can be requested at any time. If no distribution is requested the terminated participant will receive annual statutory

distributions starting in the year in which the participant reaches the age of 70 ½, or the year of termination if later. The participant may elect to defer this initial payment until April 1 of the following year. Any excess over the annual statutory distributions may be deferred until the participant's death.

Participants who have investments in the Raytheon Stock Fund which is primarily comprised of Raytheon Company common stock may elect to reinvest dividends within the Plan or, if vested, receive dividends in cash. Any dividends received in cash by participants will be subject to taxes in the year of receipt. Of the \$26,813,730 in dividends earned by the Plan in 2017, \$939,039 was received in cash by participants who elected the cash payment option.

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Raytheon Savings and Investment Plan
Notes to Financial Statements
December 31, 2017 and 2016

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of net assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from the estimates included in the financial statements.

Investment Valuation and Income Recognition

Fully benefit-responsive investment contracts (FBRICs) are reported at contract value, which is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Plan invests in FBRICs through the Fixed Income Fund.

Plan investments, other than FBRICs, are stated at fair value. See Note 3 for discussion of fair value measurements.

Security transactions are recorded on the trade date. Payables and receivables for outstanding purchases and sales represent trades which have occurred but have not yet settled and are recorded on the statements of net assets available for benefits.

Dividend income is recorded on the ex-dividend date. Income from other investments is recorded as earned on an accrual basis.

The Plan presents in the statement of changes in net assets available for benefits the net appreciation (depreciation) in the fair value of its investments, excluding FBRICs, which consists of the realized gains (losses) and the unrealized appreciation (depreciation) on those investments.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued interest. No allowance for credit losses have been recorded as of December 31, 2017 or 2016. Delinquent participant loans are classified as distributions based upon the terms of the plan document.

Payment of Benefits

Benefits are recorded when paid.

Administrative Expenses

Expenses of administering the Plan such as loan processing, legal fees and other administrative fees are charged directly or indirectly to participant accounts. Those expenses of administering the Plan that are not charged to participant accounts are paid by the forfeiture account, by the Company, or from credits the Plan receives under the agreement with its record keeper, FMTC.

Subsequent Events

The Plan has evaluated subsequent events through the time of filing this Form 11-K with the Securities and Exchange Commission.

3. Fair Value Measurements

The accounting standard for fair value measurements provides a framework for measuring fair value and requires expanded disclosures regarding fair value measurements. Fair value is defined as the price that would be received for an asset or the exit price that would be paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. This accounting standard established a fair value hierarchy, which requires an entity to maximize the use of observable inputs, where available. The following summarizes the three levels of inputs required:

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- Level 1: Quoted prices in active markets for identical assets or liabilities.
 Observable inputs, other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted
 Level 2: prices in markets that are not active; or other inputs that are observable or that we corroborate with
 observable market data for substantially the full term of the related assets or liabilities.
 Level 3: Unobservable inputs supported by little or no market activity that are significant to the fair value of the
 assets or liabilities.

A financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Certain investments that are measured at fair value using the net asset value per share ("NAV"), or its equivalent, practical expedient have not been classified in the fair value hierarchy.

Following is a description of valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2017 and 2016.

Investments in registered investment companies are valued at the closing net asset value reported on the last business day of the year. Investments in securities traded on a national securities exchange are valued at the exchange traded close.

The self-directed brokerage account is reported as a single type investment. Investments in the self-directed brokerage account consist of registered investment companies and exchange traded funds. These investments are valued in line with the fair value measurement levels described above.

The Plan invests in common collective trusts ("CCT") which are valued at the net asset value of the CCT. The NAV, as provided by the investment manager or custodian, is net of fees and is based on the fair value of the underlying investments held by the CCT less its liabilities. Participant transactions (purchases and sales) may occur daily. If the Plan were to initiate a full redemption of the CCT, the investment adviser reserves the right to temporarily delay withdrawal from the trust in order to ensure that securities liquidations will be carried out in an orderly business manner.

For the years ended in December 31, 2017 and December 31, 2016, there were no transfers between levels.

The following tables set forth the investment assets of the Plan that were measured at fair value on a recurring basis by level within the fair value hierarchy.

	Fair Value of Investment Assets as of 12/31/2017				
	Total	Level 1	Level 2	Level 3	Not Subject To Leveling ⁽¹⁾
Registered investment companies	\$6,719,268,001	\$6,719,268,001	\$	\$	\$
Self-directed brokerage account	621,574,612	621,574,612	—	—	—
Raytheon Company common stock	2,068,984,221	2,068,984,221	—	—	—
Common collective trusts	7,201,018,776	—	—	—	7,201,018,776
Total investments at fair value	\$16,610,845,610	\$9,409,826,834	\$	\$	\$7,201,018,776

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Raytheon Savings and Investment Plan
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	Fair Value of Investment Assets as of 12/31/2016				
	Total	Level 1	Level 2	Level 3	Not Subject To Leveling ⁽¹⁾
Registered investment companies	\$5,985,917,538	\$5,985,917,538	\$—	\$—	\$—
Self-directed brokerage account	528,817,922	528,817,922	—	—	—
Raytheon Company common stock	1,622,194,652	1,622,194,652	—	—	—
Common collective trusts	5,936,082,559	—	—	—	5,936,082,559
Total investments at fair value	\$14,073,012,671	\$8,136,930,112	\$—	\$—	\$5,936,082,559

⁽¹⁾ Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of net assets available for benefits.

4. Fully Benefit-Responsive Investment Contracts (FBRICs)

For the plan year ended December 31, 2017 and 2016, the Plan included the Fixed Income Fund, which holds FBRICs issued by American General Life Insurance Company, Bank of Tokyo-Mitsubishi, JP Morgan Chase Bank, Prudential Insurance Company of America, State Street Bank and Trust Company and Transamerica in both 2017 and 2016. These FBRICs are collectively referred to as the “FBRIC Providers”.

The FBRICs make up the Synthetic Guaranteed Investment Contracts (“Synthetic GICs”) and are designed to decrease volatility by providing the Fixed Income Fund with the ability to execute certain participant transactions at contract value through the use of FBRICs. Under the FBRICs, there is no immediate recognition of gains and losses on the Fixed Income Fund's investments. Instead gains and losses are recognized over time by periodically adjusting the interest rates credited to the Fixed Income Fund. This allows the Fixed Income Fund to credit a fixed interest rate for stated periods of time on investments which are subject to FBRICs.

Income from the FBRICs is reported net of administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value with certain restrictions related to the transfer of funds into a competing investment option. The Plan considers such factors as the benefit responsiveness of the investment contracts, the ability of the parties to the contracts to perform in accordance with the terms of the contracts and the likelihood of default by an issuer of an investment security in evaluating the components of the FBRICs.

The FBRICs accrue interest using a formula embedded in the contract called the “crediting rate.” The FBRICs use the crediting rate formula to convert market value changes in the FBRICs assets into income distributions in order to minimize the difference between the market and contract value of the FBRICs assets over time. Using the crediting rate formula, an estimated future market value is calculated by compounding the Fixed Income Fund's current market value at the Fixed Income Fund's current yield to maturity for a period equal to the Fixed Income Fund's duration. The crediting rate is the discount rate that equates estimated future market value with the Fixed Income Fund's current contract value. The crediting rate is most impacted by the change in the annual effective yield to maturity of the underlying securities, but is also affected by the differential between the contract value and the market value of the wrapped investments. The difference is amortized over the duration of the investments. The magnitude of the impact of the contract value and the market value differential to the crediting rate is affected by the length of time between the reset period and the duration of the investments. Crediting rates are reset monthly. The FBRICs provide a

guarantee that the crediting rate will not fall below 0%. Events disqualifying an underlying investment from being wrapped include, but are not limited to, bankruptcy, default or restricted liquidity of the security issuer.

The crediting rate, and hence the Fixed Income Fund's return, may be affected by many factors, including purchases and redemptions by participants. The precise impact on the Fixed Income Fund depends on whether the market value of the wrapped assets is higher or lower than the contract value of those assets. If the Fixed Income Fund experiences significant redemptions when the market value is below the contract value, the Fixed Income Fund's yield may be reduced significantly, to a level that is not competitive with other investment options. This may result in additional redemptions, which would tend to lower the crediting rate further. If redemptions continued, the Fixed Income Fund's yield could be reduced to zero. If

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redemptions continued thereafter, the Fixed Income Fund might have insufficient assets to meet redemption requests, at which point the Fixed Income Fund would require payments from the FBRICs Providers to pay further participant redemptions.

The Fixed Income Fund and the FBRICs purchased by the Fixed Income Fund are designed to pay all participant-initiated transactions at contract value. Participant-initiated transactions are those transactions allowed by the Plan (typically this would include withdrawals for benefits, loans or transfers to non-competing investment options within the Plan). However, the FBRICs limit the ability of the Fixed Income Fund to transact at contract value upon the occurrence of certain events. At this time, management believes the occurrence of any of these events is not probable. These events include:

1. The Plan's failure to qualify under Section 401(a) or Section 401(k) of the Code.
2. The establishment of a defined contribution plan that competes with the Plan for employee contributions.
3. Any substantive modification of the Plan or the administration of the Plan that is not consented to by the FBRIC Provider.
4. Complete or partial termination of the Plan.
5. Any known change in law, regulation or administrative ruling applicable to the Plan that could have a material adverse effect on the Fixed Income Fund's cash flow.
6. Any communication given to participants by the Plan Sponsor or any other plan fiduciary that is designed to induce or influence participants not to invest in the Fixed Income Fund or to transfer assets out of the Fixed Income Fund.
7. Exclusion of a material group of previously eligible employees from eligibility in the Plan.
8. Any material early retirement program, group termination, group layoff, facility closing or similar program.
9. Any transfer of assets from the Fixed Income Fund directly to a competing option.
10. Bankruptcy of the Plan Sponsor or other Plan Sponsor events which cause a significant withdrawal from the Plan.

A FBRIC Provider may terminate a FBRIC at any time. In the event that the market value of the Fixed Income Fund's wrapped assets is below their contract value at the time of such termination, the Trustee may elect to keep the FBRIC in place until such time as the market value of the Fixed Income Fund's wrapped assets is equal to their contract value. A FBRIC Provider may also terminate a FBRIC if FMTC's investment management authority over the Fixed Income Fund is limited or terminated as well as if all of the terms of the FBRIC fail to be met. In the event that the market value of the Fixed Income Fund's wrapped assets is below their contract value at the time of such termination, the terminating FBRIC Provider would not be required to make a payment to the Fixed Income Fund.

FBRICs generally impose conditions on both the Plan and the FBRIC Provider. If an event of default occurs and is not cured, the non-defaulting party may terminate the FBRIC. The following may cause the Plan to be in default: a breach of material obligation under the contract; a material misrepresentation; or a material amendment to the Plan agreement. The FBRIC Provider may be in default if it breaches a material obligation under the FBRIC; makes a material misrepresentation; has a decline in its long-term credit rating below a threshold set forth in the FBRIC; or is acquired or reorganized and the successor issuer does not satisfy the investment or credit guidelines applicable to issuers. The FBRIC Providers' ability to meet their contractual obligations under the respective FBRICs may be affected by future economic and regulatory developments in the insurance and banking industries. If, in the event of default of a FBRIC Provider, the Plan was unable to obtain a replacement FBRIC, withdrawing participants may experience losses if the value of the Fixed Income Fund's assets no longer covered by the FBRIC is below contract value. The Plan may seek to add additional issuers over time to diversify the Plan's exposure to such risk, but there is no assurance that the Plan will be able to do so. The combination of the default of a FBRIC Provider and an inability

to obtain a replacement FBRIC could render the Plan unable to achieve its objective of maintaining a stable contract value. The terms of a FBRIC generally provide for settlement of payments only upon termination of the FBRIC or total liquidation of the wrapped investments. Generally, payments will be made pro-rata, based on the percentage of investments covered by each FBRIC Provider. FBRIC termination occurs whenever the contract value or market value of the wrapped investments reaches zero or upon certain events of default. If the FBRIC terminates due to the default of the FBRIC Provider (other than a default occurring because of a decline in its rating), the FBRIC Provider will generally be required to pay to the Plan the excess, if any, of contract value over market value on the date of termination. If a FBRIC terminates due to a decline in the ratings of the FBRIC Provider, the FBRIC Provider may be required to pay to the Plan the cost of acquiring a replacement contract (i.e. replacement cost) within the meaning of the FBRIC. If the FBRIC terminates when the market value equals zero, the FBRIC Provider will pay the excess of contract value over market value to the Plan to the extent necessary for the Plan to satisfy participant initiated withdrawal requests. FBRIC termination also may occur by either party upon election and notice.

The FBRIC Provider may elect to terminate the FBRIC for no reason by giving certain notice to the Trustee. If, at any time,

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prior to dates agreed to in each FBRIC for the receipt of such notice, the Trustee objects to such election, the Trustee shall be deemed to have made an immunization election and the immunization provisions of the FBRIC apply. The immunization provision results in the wrapped portion of the Fixed Income Fund being managed according to more conservative immunization investment guidelines provided for in the FBRIC and the contract can terminate in segments over a period of time. In the event a FBRIC Provider sought to terminate its FBRIC or immunize its portion of the Fixed Income Fund, the Fund can seek to replace that FBRIC Provider with another financial institution.

Plans investing in FBRICs and fixed income securities are subject to a number of risks, including credit risk of underlying investments, risk associated with prepayment of collateralized mortgage obligations, risk that third parties will not perform under the FBRICs, risk associated with interest rate fluctuations and risk of losses caused by liquidation of contracts or investments to meet withdrawal demands.

5. Certain Transactions Involving Related Parties and Parties-In-Interest

The Trustee of the Plan, FMTC, is a party-in-interest with respect to the Plan. Certain Plan transactions involve FMTC or its affiliates. For example, certain Plan investments are shares of registered investment companies managed by affiliates of FMTC. The Plan also pays fees to the Trustee. In addition, the Plan has a revenue sharing agreement with the Trustee whereby certain revenue received by the Trustee from sponsors of some Plan investment options is paid to the Trust and is allocated to the accounts of participants invested in these options. For the year ended December 31, 2017, \$5,842 in such revenue sharing was allocated to participant accounts.

Subject to the terms of the Plan document, the Plan makes certain loans to participants who are employees of the Company, and who are therefore parties-in-interest with respect to the Plan.

The Plan Sponsor, Raytheon Company, is a party-in-interest with respect to the Plan. In accordance with the provisions of the Plan, the Trustee acts as the Plan's agent for purchases and sales of shares of Raytheon Company common stock. Purchases amounted to \$21,927,501 and sales amounted to \$48,003,384 for the year ended December 31, 2017. Dividend income from shares of Raytheon Company common stock amounted to \$25,874,691 for the year ended December 31, 2017.

All of these transactions either fall outside the scope of, or are exempt from, ERISA's prohibited transaction rules.

6. Plan Termination

Although it has not expressed any intention to do so, the Company reserves the right under the Plan at any time to discontinue its contributions and to terminate the Plan subject to the provisions of ERISA. Upon termination of the Plan, all participants become fully vested in their accounts. In the event of Plan termination, after payment of all expenses and adjustment of accounts to reflect such expenses, fund losses or profits, and reallocations, each participant shall be entitled to receive all amounts then in his or her account.

7. Federal Income Tax Status

The Internal Revenue Service ("IRS") has determined and informed the Company by letter dated June 25, 2012, that the design of the Plan meets the requirements for qualification under Code section 401(a), on which the tax exemption of the Trust under Code section 501(a) is based. The Plan has been amended since receiving the determination letter. The Plan administrator and the Company's benefits counsel believe that the current design and operation of the Plan are

consistent with preservation of the qualification of the Plan and exemption of the Trust in the context of applicable IRS procedures.

The Plan follows the provisions of uncertain tax positions that provide criteria for the recognition, measurement, presentations and disclosure of uncertain tax positions. The Plan may, from time to time, hold investments that give rise to certain tax liabilities. Based upon management's assessment, the Plan has not recognized any tax liabilities at December 31, 2017 and 2016, respectively. The Plan is subject to examinations by taxing jurisdictions. The Plan administrator believes the Plan is no longer subject to federal tax examination for years prior to 2014.

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Raytheon Savings and Investment Plan
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December 31, 2017 and 2016

8. Risks and Uncertainties

The Plan provides for various investment options. These investment options are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment options of the Plan, it is reasonably possible that changes in the values of investment securities will occur and such change could materially affect participants' account balances and the Plan's financial statements.

Counterparty credit risk is the risk that a counterparty to a financial instrument will fail on a commitment that it has entered into with the Plan. The Plan minimizes concentrations of counterparty credit risk by undertaking transactions with multiple counterparties. The Plan's investment fiduciary has a credit policy in place and the exposure to counterparty credit risk, as well as the creditworthiness of these counterparties, is monitored on an ongoing basis.

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Raytheon Savings and Investment Plan

Schedule H Line 4i - Schedule of Assets (Held at End of Year)

Identity of Issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par, or maturity value	Shares/Units	Current Principal Value
Investment Contracts			
21st Century Fox	4.5% 02/15/21	1,000,000	\$ 1,056,827
21st Century Fox	6.9% 3/01/19	925,000	973,521
Abbott Lab	2.35% 11/30/19	2,515,000	2,515,261
Abbott Lab	2.9% 11/30/21	2,240,000	2,265,682
Abbvie Inc	2% 11/6/18 WI	2,680,000	2,679,172
Abbvie Inc	2.9% 11/06/22 WI	800,000	801,521
Abbvie Inc	3.6% 5/14/25	835,000	858,246
Abbvie Inc	2.5% 5/14/20	2,000,000	2,006,043
Ace Ina Holding	2.3% 11/03/20	255,000	254,575
Ace Ina Holding	2.875% 11/22	2,490,000	2,523,570
Actavis Funding	2.35% 3/12/18	1,300,000	1,301,014
Actavis Funding	3% 3/12/20	1,029,000	1,038,200
Actavis Funding	3.45% 3/22	4,050,000	4,114,548
Actavis Funding	3.8% 03/15/25	3,020,000	3,073,814
AerCap Ireland	5% 10/21	725,000	772,759
AerCap Ireland	4.25% 07/01/20	645,000	669,251
AerCap Ireland	4.625% 10/30/20	485,000	508,380
AerCap Ireland	3.5% 01/15/25	750,000	743,258
Aetna Inc	4.125% 6/01/21	250,000	260,192
Agrium Inc	3.15% 10/01/22	250,000	252,790
AIG Global Funding	2.15% 7/2/20 144A	747,000	740,336
AIG International Group	4.875% 6/01/22	600,000	652,349
Air Lease Corp	2.625% 09/04/18	1,310,000	1,313,855
Air Lease Corp	2.625% 07/01/22	1,255,000	1,237,916
Air Liquid	1.75% 9/27/21 144A	1,080,000	1,047,356
Alabama Economic Settlement Authority	3.163% 9/15/25	445,000	449,957
Alberta Province	1.9% 12/6/19	3,620,000	3,595,131
Ally Auto Receivable Trust	1.74% 09/21	880,000	875,019
Ally Auto Receivable Trust	1.75% 12/21	1,331,000	1,320,349
Ally Auto Receivable Trust	1.7% 02/21	645,000	641,994
Altria Group Inc	9.25% 8/06/19	40,000	44,342
Altria Group Inc	2.85% 8/09/22	520,000	523,343
American Electric Power	2.15% 11/13/20	522,000	519,529
American Express Credit Account Master	1.77% 11/22	860,000	852,601
American Express Credit Account Master	1.64% 12/21	1,150,000	1,144,052
American Express Credit Account Master	2.04% 05/23	698,000	694,638
American Express Credit Account Master	1.93% 09/22	1,187,000	1,181,533

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American Express Credit Corporation	2.125% 3/18/19	805,000	804,942
American Express Credit Corporation	2.5% 08/01/22	860,000	849,508
American Express Credit Corporation	3% 10/24	1,040,000	1,038,032

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Raytheon Savings and Investment Plan

Schedule H Line 4i - Schedule of Assets (Held at End of Year)

Identity of Issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par, or maturity value	Shares/Unit	Current Principal Value
American Express Credit Corporation	2.25% 5/05/21	1,000,000	992,012
American Honda	1.7% 02/22/19	411,000	409,280
American Honda	1.7% 9/9/21	500,000	486,936
American International Group	5.85% 1/16/18	500,000	500,625
American International Group	2.3% 7/19	2,155,000	2,153,176
American International Group	3.3% 3/01/21	2,000,000	2,038,669
American Tower	3.4% 2/15/19	1,510,000	1,527,001
Amgen Inc	4.1% 6/15/21	2,255,000	2,355,213
Amgen Inc	2.65% 05/11/22	1,545,000	1,540,650
Amphenol Corp	3.2% 4/1/24	145,000	145,950
Anheuser Busch	6.875% 11/19	1,245,000	1,348,855
Anhueser-Busch	2.65% 2/01/21	2,780,000	2,793,704
Anhueser-Busch	3.3% 2/01/23	3,509,000	3,590,240
Anhueser-Busch	1.9% 2/01/19	900,000	898,073
Anthem Inc	2.95% 12/01/22	555,000	555,155
Apple Inc	2.85% 5/06/21	660,000	670,523
Arch Capital Finance	4.011% 12/15/26	375,000	390,316
AT&T Inc	2.45% 6/30/20	502,000	501,418
AT&T Inc	3% 6/30/22	580,000	580,959
AT&T Inc	3.4% 5/15/25	4,725,000	4,644,283
AT&T Inc	2.8% 2/17/21	6,360,000	6,387,586
AT&T Inc	5% 3/01/21	1,000,000	1,070,797
AT&T Inc	3.8% 3/15/22	590,000	609,684
Australian and New Zealand Banking Group Limited	2.25% 6/13/19	650,000	650,736
Australian and New Zealand Banking Group Limited	2.7% 11/16/20	1,690,000	1,699,794
Avalonbay Communities	3.625% 10/1/20	209,000	215,133
Avangrid Inc	3.15% 12/01/24	600,000	596,720
Aventura Mall Trust	2013 Avm A 3.7427% 12/32	2,415,000	2,488,268
Aviation	2.875% 1/20/22 144A	1,335,000	1,333,749
Axis Specialty	5.875% 6/01/20	2,150,000	2,300,951
Baker Hughes	2.773% 12/15/22 144A	1,365,000	1,363,022
Baker Hughes	3.337% 12/27 144A	845,000	843,321
Bank of America Commercial Mortgage Trust	2016-Ub10 A2 2.612% 06/49	534,000	534,748
Bank of America Corp	5.65% 5/01/18	4,525,000	4,578,989
Bank of America Corp	4% 01/22/25	1,225,000	1,274,156
Bank of America Corp	3.3% 1/11/23	2,285,000	2,337,225
Bank of America Corp	3.95% 4/21/25	1,120,000	1,157,943
Bank of America Corp	2.6% 1/15/19	542,000	543,820

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Schedule H Line 4i - Schedule of Assets (Held at End of Year)

Identity of Issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par, or maturity value	Shares/Units	Current Principal Value
Bank of America Corp	2.65% 4/01/19	1,890,000	1,900,581
Bank of America Corp	3.289% 07/60	1,000,000	1,017,805
Bank of America Corp	4.45% 3/03/26	540,000	576,253
Bank of America Corp	2.625% 4/19/21	1,500,000	1,507,507
Bank of America Corp	3.5% 4/19/26	1,275,000	1,303,220
Bank of America Corp	3.124%/VAR 1/23	1,065,000	1,080,214
Bank of America Corp	3.593%/VAR 07/28	1,560,000	1,585,199
Bank of America Corp	3.004%/VAR 12/20/23 144A	5,802,000	5,816,081
Bank of America Credit Card Trust	2016-A1 A 1MI+39 10/21	4,300,000	4,315,330
Bank of America Credit Card Trust	2015-A1 A 1MI+33 6/20	2,850,000	2,850,435
Bank of America Credit Card Trust	2017-A1 A1 1.95% 08/22	1,054,000	1,049,286
Bank of America Credit Card Trust	2017-A2 A2 1.84% 1/23	958,000	948,637
Bank of the West Auto Trust	2015-1 A3 1.31% 10/19	949,146	948,427
Bank of Tokyo-Mitsubishi	2.3% 3/20 144A	380,000	378,609
Banque Fédérative du Crédit Mutuel	2.2% 07/20/20 144A	1,245,000	1,236,929
Barclays plc	4.375% 1/12/26	930,000	967,405
Barclays plc	3.2% 08/10/21	1,000,000	1,005,379
Barclays plc	4.337% 01/10/28	2,045,000	2,115,924
Barclays plc	2.75% 11/08/19	334,000	334,718
BAT International Finance	2.75% 6/20 144A	2,400,000	2,411,584
BAT International Finance	3.5% 6/22 144A	500,000	511,430
Bayer US Finance	2.375% 10/19 144 A	1,000,000	1,000,445
Bayer US Finance	3% 10/08/21 144A	1,115,000	1,126,324
BB&T Corporation	2.25% 2/01/19	140,000	140,232
BB&T Corporation	6.85% 4/19	9,000	9,540
Bear Stearns	7.25% 2/01/18	1,350,000	1,355,398
Becton Dickinson	2.675% 12/19	105,000	105,367
Berkley (WR) Corporation	5.375% 9/15/20	1,300,000	1,388,898
Berkley (WR) Corporation	7.375% 9/19	700,000	753,303
Berkshire Hathaway Energy	2.4% 2/20	2,000,000	2,009,234
BMW US Capital	2.7% 04/06/22 144A	937,000	940,103
BMW US Capital	1.85% 9/15/21 144A	1,075,000	1,048,728
BMW US Capital	2% 4/11/21 144A	1,825,000	1,798,859
BMW Vehicle Lease Trust	2.07% 10/20	411,000	409,878
BMW Vehicle Owner Trust	2016-A A3 1.41% 7/20	1,439,000	1,427,919
BNP Paribas	2.45% 3/17/19	1,351,000	1,357,644
BP Capital Markets plc	3.245% 5/06/22	625,000	640,533
BP Capital Markets plc	2.241% 9/26/18	1,065,000	1,066,953

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BP Capital Markets plc	2.315% 2/20	733,000	734,741
BP Capital Markets plc	1.674% 2/18	1,330,000	1,329,671

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Identity of Issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par, or maturity value	Shares/Unit/Current	
		Principal	Value
BP Capital Markets plc	1.676% 5/03/19	203,000	201,915
BP Capital Markets plc	2.52% 9/19/22	490,000	487,498
BPCE SA	2.5% 12/10/18	1,000,000	1,002,805
BPCE SA	2.5% 7/15/19	1,300,000	1,304,336
BPCE SA	2.25% 1/27/20	2,900,000	2,892,663
BPCM	1.375% 5/10/18	609,000	608,069
Brambles Ltd	5.35% 4/20 144A	980,000	1,031,131
British American Tobacco	2.764% 08/15/22 144A	4,670,000	4,643,958
British Telecom plc	2.35% 2/19	556,000	556,550
Broadcom	3.625% 1/24 144A	2,200,000	2,187,198
Burlington North Santa Fe	4.1% 6/21	2,000,000	2,105,348
Cameron International Corporation	4.5% 6/01/21	1,490,000	1,548,161
Canadian Imperial Bank	2.55% 6/22	1,380,000	1,370,464
Canadian Natural Resources	3.45% 11/15/21	525,000	536,940
Canadian Pacer Auto Receivable	2.05% 03/21	488,000	485,830
Capital One	2.45% 4/24/19	1,054,000	1,056,379
Capital One	2.5% 05/12/20	500,000	499,343
Capital One	2.25% 2/13/19	910,000	910,086
Capital One	2.95% 7/23/21	965,000	970,651
Capital One	2.25% 9/13/21	1,445,000	1,417,312
Capital One	2.35% 1/31/20	1,335,000	1,330,908
Capital One	2.65% 08/08/22	520,000	514,488
Capital One Multi-Asset Execution Trust	2.08% 03/23	240,000	239,380
Capital One Multi-Asset Execution Trust	2.05% 08/23	581,000	578,359
Capital One Multi-Asset Execution Trust	2016-A3 A3 1.34% 4/22	1,060,000	1,049,221
Capital One Multi-Asset Execution Trust	2016-A4 A4 1.33% 6/15/22	868,000	857,222
Capital One Multi-Asset Execution Trust	2017-A3 A3	858,000	852,712
Capital One Multi-Asset Execution Trust	1.99% 07/23	2,331,000	2,316,266
CarMax	2015-2 A3 1.37% 3/20	920,218	918,281
CarMax	16-4 A3 1.4% 8/21	740,000	732,540
CarMax	2014-4 A3 1.25% 11/19	534,859	534,235
CarMax	2015-3 A3 1.63% 6/20	247,288	246,882
CarMax	2015-1 A3 1.38% 11/19	337,717	337,246
CarMax	2016-2 A3 1.52% 2/21	1,615,000	1,608,342
CarMax	16-2 A2B 1Ml+.47 6/17/19	167,709	167,811

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CarMax	1.93% 03/22	1,285,000	1,277,952
CarMax	2.15% 10/22	348,000	346,291
CarMax	1.97% 04/22	1,127,000	1,120,905
Caterpillar Financial	2.1% 01/10/20	597,000	595,730
Caterpillar Financial	1.85% 9/04/20	770,000	760,957

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Identity of Issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par, or maturity value	Shares/Units	Current Principal Value
Caterpillar Financial	2.55% 11/22	735,000	732,546
CBS Corporation	4.3% 2/15/21	770,000	804,469
CDP Financial Inc	4.4% 11/25/19 144A	1,300,000	1,350,894
CDP Financial Inc	3.15% 7/24 144A	1,765,000	1,805,194
Celgene Corporation	3.55% 08/15/22	1,233,000	1,269,861
CenterPoint Energy	2.50% 09/01/22	189,000	186,131
CGDBB Commercial Mortgage Trust	1ML+79 7/28	2,080,000	2,082,589
Charter Communications Operating	4.464% 7/23/22	3,445,000	3,593,900
Charter Communications Operating	4.2% 03/15/28	640,000	633,498
Chase Issuance Trust	13-A6 A6 1193476+0.42% 07	3,797,000	3,803,870
Chase Issuance Trust	16-A1 A1 1ML+0 05/21	3,900,000	3,915,623
Chase Issuance Trust	2016-A2 A 1.37% 6/15/21	1,048,000	1,037,944
Chase Issuance Trust	2016-A5 A5 1.27% 7/21	1,090,000	1,077,175
Chase Issuance Trust	2017-A1 A 1ML+100 1/22	4,300,000	4,315,305
Chevron Phillips Chemical	1.961% 3/20	375,000	373,660
Chevron Phillips Chemical	2.45% 5/01/20 144A	347,000	347,003
Cigna Corp	4% 2/15/22	1,670,000	1,743,889
Cigna Corp	5.125% 6/15/20	1,350,000	1,432,137
Cisco Systems	1.85% 9/20/21	1,000,000	981,306
Citibank Credit Card Issuance Trust	13-A2 A2 1193476+0.28% 05	1,600,000	1,601,374
Citibank Credit Card Issuance Trust	2014-A6 A6 2.15% 7/21	751,000	751,778
Citibank Credit Card Issuance Trust	2016-A1 A1 0% 11/21	1,073,000	1,065,761
Citibank Credit Card Issuance Trust	1.74% 01/21	1,086,000	1,083,577
Citibank Credit Card Issuance Trust	1.92% 04/22	949,000	943,080
Citibank Credit Card Issuance Trust	1.88% 8/8/22	3,781,000	3,745,594
Citibank Credit Card Issuance Trust	1.8% 09/21	841,000	836,698
Citigroup Commercial Mortgage Trust	3.024% 9/45	424,000	429,863
Citigroup Commercial Mortgage Trust	3.093% 04/46	111,000	112,594
Citigroup Commercial Mortgage Trust	2015-GC29 A2 2.674% 4/48	699,000	701,236
Citigroup Commercial Mortgage Trust	3.199% 04/50	388,000	396,229

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Citigroup Commercial Mortgage Trust			
Citigroup Commercial Mortgage Trust	2016-P4 A2 2.446% 7/49	197,000	196,377
Citigroup Commercial Mortgage Trust	2014-GC21 A3 3.493% 5/47	2,620,000	2,678,026
Citigroup Inc	4.4% 6/10/25	1,080,000	1,139,711
Citigroup Inc	4.45% 9/29/27	965,000	1,021,350
Citigroup Inc	3.7% 1/12/26	4,390,000	4,518,397
Citigroup Inc	2.35% 8/02/21	1,000,000	988,996
Citigroup Inc	2.45% 1/10/20	1,995,000	1,995,818
Citigroup Inc	2.75% 04/25/2022	2,450,000	2,444,740
Citigroup Inc	2.876/VAR 07/24/23	1,555,000	1,547,008
Citigroup Inc	2.7% 10/27/2022	300,000	296,754

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Identity of Issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par, or maturity value	Shares/Unit	Current
		Principal	Value
Citigroup Inc	2.1% 06/12/20	2,320,000	2,304,679
Citigroup Inc	2.55% 4/08/19	1,100,000	1,103,796
Citizens Bank	2.3% 12/03/18	1,325,000	1,325,899
Citizens Bank	2.55% 5/13/21	3,925,000	3,910,089
Citizens Bank	2.65% 5/26/22	450,000	445,828
Citizens Bank	2.45% 12/04/19	590,000	590,329
Citizens Bank	2.375% 7/28/21	76,000	74,997
Cityline Commercial Mortgage Trust	2016-C1ne A Cstr 12/31	3,100,000	3,066,419
Comcast Corp	1.625% 1/15/22	1,604,000	1,550,941
Comcast Corp	5.875% 2/15/18	1,834,000	1,843,445
Comerica Inc	2.125% 5/23/19	267,000	265,887
COMM 13-CR12 A4	4.046% 10/46	3,600,000	3,823,465
COMM 14-UBS6 ASB	3.387% 12/47	195,000	200,417
COMM 15-CCRE24 A4	3.432% 8/55	4,300,000	4,419,528
COMM 15-CR23 ABS	3.257% 05/48	266,000	272,291
COMM 15-CR26 ABS	3.373% 10/48	222,000	228,974
COMM 2010-C1 A3	4.205% 7/46	1,390,204	1,434,560
COMM 2012-CR3 A3	2.822% 10/45	433,000	433,736
COMM 2012-CR3 ABS	2.372% 11/45	508,853	507,605
COMM 2012-LC4 A4	3.288% 12/44	937,000	953,965
COMM 2013-CR12 A2	2.904% 10/46	1,310,000	1,316,859
COMM 2013-CR6 A4	3.101% 03/46	496,000	502,784
COMM 2013-CR7 A4	3.213% 03/46	690,000	703,998
COMM 2013-CR7 ABS	2.739% 03/46	4,000,000	4,026,061
COMM 2013-CR8 A2	2.367% 6/46	2,630,000	2,631,471
COMM 2013-CR8 A5	3.612% 06/46	301,000	312,531
COMM 2014-CR171 A2	3.012% 5/47	630,000	636,324
COMM 2015-CR22 A2	2.856% 3/48	262,000	264,595
COMM 2015-CR25 A3	3.505% 8/48	4,000,000	4,124,793
COMM 2015-DC1 A4	3.078% 2/48	3,000,000	3,006,863
COMM 2015-PC1 A3	3.725% 7/50	4,000,000	4,106,852
Commonwealth Bank of Australia NY	2.3% 3/20	770,000	770,398
Commonwealth Edison	3.4% 9/01/21	1,615,000	1,661,864
Commonwealth Edison	2.95% 08/15/27	1,040,000	1,027,906
Commonwealth Edison	2.15% 1/15/19	177,000	177,024
Commonwealth NY	2.25% 3/13/19	889,000	889,503
Commonwealth NY	2.4% 11/02/20	940,000	939,757
Compass Bank	2.875% 6/29/22	1,337,000	1,322,851
Concho Resources Inc	3.75% 10/01/27	660,000	668,422
ConocoPhillip Co	2.2% 5/15/20	438,000	436,989

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Identity of Issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par, or maturity value	Shares/Unit	Current Principal Value
Consolidated Edison	2% 5/15/21	311,000	306,219
Corporacion Andina De Formento	2% 05/10/19	1,000,000	996,490
Corporacion Andina De Formento	2.125% 9/27/21	1,220,000	1,193,014
Corporacion Andina De Formento	2.75% 1/23	400,000	395,540
Coventry Health	5.45% 6/15/21	300,000	324,741
CPPIB Capital Inc	2.75% 11/02/27 1	750,000	747,735
Credit Suisse	3.574% 1/23 144A	1,000,000	1,016,595
Credit Suisse	3.45% 4/16/21	3,000,000	3,069,762
Credit Suisse	3% 10/29/21	2,280,000	2,303,141
CSAIL 2015-C2 ABS	3.2241% 6/57	227,000	231,110
Commercial Mortgage Trust			
CSAIL 2017-CX9 A2	2.884% 09/50	641,000	649,779
Commercial Mortgage Trust			
CVS Caremark	2.25% 12/05/18	784,000	784,997
CVS Health Corporation	2.8% 7/20/20	338,000	339,386
CVS Health Corporation	3.5% 7/20/22	7,295,000	7,429,875
CVS Health Corporation	2.125% 6/01/21	1,000,000	975,812
Daimler Financial	1.875% 1/18 144A	950,000	949,966
Daimler Financial	2.25% 3/20 144A	387,000	385,497
Daimler Financial	2.45% 5/20 144A	3,250,000	3,247,345
Daimler Financial	1.5% 7/05/19 144A	1,000,000	988,207
Daimler Financial	2.3% 1/06/20 144A	1,000,000	997,693
Daimler Financial	2.85% 1/6/22 144A	504,000	506,100
Daimler Financial	2.3% 2/12/21 144A	500,000	495,715
Danaher Corporation	2.4% 9/15/20	135,000	135,500
DBUBS Mortgage Trust	2011-Lc2A A4 4.537% 7/44	735,000	774,089
Deutsche Bank Ag	2.85% 5/10/19	1,060,000	1,063,441
Deutsche Bank Ag	2.5% 2/13/19	913,000	912,565
Deutsche Bank Ag	3.375% 5/12/21	1,760,000	1,776,063
Deutsche Telecom	1.95% 9/21 144A	1,340,000	1,302,908
Devon Energy Co	3.25% 5/15/22	2,150,000	2,186,712
Dexia Credit	1.875% 9/15/21 144A	750,000	732,499
Dexia Credit	2.25% 2/18/20 144A	2,250,000	2,244,711
Diamond	1 Fi 3.48% 6/01/19 144A	1,785,000	1,807,202
Digital Realty	3.4% 10/01/20	613,000	625,064
Digital Realty	2.75% 2/1/23	312,000	309,213
Discover	2% 2/21/18	3,675,000	3,675,252
Discover	3.1% 6/20	1,247,000	1,261,722
Discover	3.45% 7/27/26	250,000	246,721
Discover	2.6% 11/13/18	500,000	501,694
Discover	3.75% 3/04/25	1,190,000	1,197,589

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Identity of Issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par, or maturity value	Shares/Unit	Current Value
Discover Card Execution Note Trust	2012-A6 A6 1.67% 1/22	1,409,000	1,401,027
Discover Card Execution Note Trust	2015-A2 A 1.90% 10/22	1,268,000	1,260,498
Discover Card Execution Note Trust	2015-A4 A4 2.19% 4/23	550,000	549,584
Discover Card Execution Note Trust	2016-A1 A1 1.64% 7/21	760,000	757,595
Discover Card Execution Note Trust	16-A2 A2 1M1+55 9/21	1,500,000	1,507,915
Discover Card Execution Note Trust	1.85% 10/23	599,000	590,467
Discover Card Execution Note Trust	2016-A4 A4 1.39% 3/15/22	873,000	862,283
Discover Card Execution Note Trust	1M1+60 12/26	1,660,000	1,678,357
Discover Card Execution Note Trust	1.88% 2/15/23	2,357,000	2,336,368
Discovery Communication	3.95% 3/20/28	1,260,000	1,252,882
Dominion Resources Inc	2.579% 7/1/20	785,000	785,277
Dominion Resources Inc	2.5% 12/19	1,200,000	1,201,309
Dominion Resources Inc	1.6% 8/15/19	262,000	259,091
Dominion Resources Inc	6.4% 6/15/18	1,199,000	1,223,735
Dominion Resources Inc	1.9% 6/15/18	400,000	399,958
Dominion Resources Inc	2% 8/15/21	429,000	419,172
Dow Chemical	3% 11/15/22	1,425,000	1,432,365
Dr Horton Inc	2.55% 12/01/20	560,000	559,121
Duke Energy	1.8% 9/01/21	245,000	238,274
Duke Energy	2.1% 6/15/18	364,000	364,100
Duke Energy	3.15% 8/15/27	2,340,000	2,322,380
Duke Energy	3.75% 7/15/20	1,000,000	1,037,115
Ecolab Inc	4.35% 12/08/21	628,000	668,375
Edison International	2.4% 09/15/22	200,000	195,642
Electronic Arts	3.7% 3/01/21	1,080,000	1,113,479
Emera Us Finance LP	3.55% 6/15/26	645,000	646,680
Enbridge Inc	2.9% 07/15/22	1,100,000	1,093,201
ENEL Finance International N.V.	2.875% 5/25/22 144A	1,120,000	1,116,816
EnLink Midstream	2.7% 4/01/19	660,000	659,358
Enterprise Products	3.9% 2/15/24	2,035,000	2,120,064
Enterprise Products	3.7% 2/26	105,000	107,487
Enterprise Products	2.85% 4/15/21	323,000	325,664
ERAC USA Finance	2.8% 11/01/18 144A	220,000	221,025

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ERAC USA Finance	3.85% 11/24 144A	225,000	233,031
ERAC USA Finance	3.3% 10/22 144A	745,000	753,238
Erp Operating Lp	4.625% 12/15/21	15,000	16,066
Erp Operating Lp	2.375% 7/19	286,000	286,694
Eversource Energy	2.5% 3/15/21	1,000,000	993,569
Eversource Energy	2.8% 3/15/22	574,000	574,971
Exelon Generation International Inc	2.85% 6/15/20	1,111,000	1,120,935

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Exelon Generation International Inc	44713	376,000	383,135
Exelon Generation International Inc	4.25% 6/15/22	1,290,000	1,353,416
Express Scripts	2.25% 6/15/19	2,010,000	2,006,569
Express Scripts	3.05% 11/30/22	1,545,000	1,542,162
Express Scripts	2.6% 11/20	500,000	499,500
Exxon Mobil Corp	2.726% 3/01/23	632,000	636,384
Exxon Mobil Corp	2.222% 3/01/21	810,000	808,063
Fannie Mae	2014-M9 AB2 3.055% 7/24	2,070,781	2,076,837
Fannie Mae	2015-M8 Ab2 2.829% Perp	3,700,000	3,708,553
Fannie Mae	2016-M5 Ab2 2.375% 4/26	3,400,000	3,307,303
Fannie Mae	2016-M3 Ab2 2.606% 2/26	2,951,564	2,887,004
Fannie Mae	2016-M11 Ab2 2.183% 7/26	3,800,000	3,609,485
Fannie Mae	2016-M12 Ab2 2.362% 9/26	5,800,000	5,584,097
Fannie Mae	1.5% 11/30/20	638,000	628,577
Fannie Mae	1% 12/31/19	1,673,000	1,656,785
Fannie Mae	0.875% 8/02/19	674,000	663,129
Fannie Mae	20YR 6.50% 7/18 #251825	2,098	2,111
Fannie Mae	20YR 6.50% 11/18 #252104	5,438	5,519
Fannie Mae	20YR 6.50% 3/19 #252348	5,389	5,487
Fannie Mae	15YR 5.50% 4/18 #254686	2,729	2,735
Fannie Mae	20YR 6.00% 9/21 #253999	12,458	13,893
Fannie Mae	6.50% 10/21 #254044	2,424	2,666
Fannie Mae	20YR 6.00% 11/22 #254544	22,207	24,764
Fannie Mae	15YR 4.00% 9/18 #254919	4,873	4,903
Fannie Mae	15YR 4.50% 11/18 #254952	71,121	71,674
Fannie Mae	15YR 4.50% 12/18 #255031	68,927	69,530
Fannie Mae	5.00% 8/25 #255810	321,894	345,865
Fannie Mae	20YR 6.00% 10/27 #256928	111,905	124,792
Fannie Mae	20YR 6.00% 1/28 #257048	92,198	102,816
Fannie Mae	6.00% 2/28 #257076	86,340	96,283
Fannie Mae	5.50% 11/34 #310105	358,809	397,217
Fannie Mae	20YR 6.50% 12/21 #545419	870	956
Fannie Mae	6.50% 7/32 #545759	19,278	21,892
Fannie Mae	6.50% 7/32 #545762	9,667	10,975
Fannie Mae	15YR 6.00% 3/18 #555390	5	5
Fannie Mae	20YR 4.50% 5/26 #AH0473	15,299	16,277
Fannie Mae	15Yr 3.5% 7/26#Ai7819	44,676	46,206
Fannie Mae	15YR 5.50% 9/23 #AL0229	153,409	159,938
Fannie Mae	15YR 5.50% 5/21 #AL0230	98,706	101,021
Fannie Mae	15YR 3.50% 5/27 #AL1741	215,150	222,587

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Identity of Issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par, or maturity value	Shares/Unit Principal	Current Value
Fannie Mae	15YR 3.50% 3/27 #AL1746	489,337	506,479
Fannie Mae	15YR 3.50% 5/27 #AL1751	108,749	112,474
Fannie Mae	15YR 3.50% 1/26 #AL1168	102,987	106,562
Fannie Mae	2.5% 01/33#AL2982	206,221	206,253
Fannie Mae	2.5% 01/33#AL2974	255,407	255,128
Fannie Mae	2.5% 01/33#AL2975	289,912	289,958
Fannie Mae	2.5% 01/33#AL2976	170,531	170,558
Fannie Mae	15Yr 3.5% 9/29#A15878	483,026	502,060
Fannie Mae	15Yr 3.5% 10/29#A15851	185,744	193,063
Fannie Mae	15Yr 4.5% 11/25#A18242	328,194	344,103
Fannie Mae	15Yr 3% 9/31#A18853	2,317,043	2,367,234
Fannie Mae	15Yr 3.5% 12/29#As4198	737,557	765,469
Fannie Mae	15Yr 3.5% 3/29#Av9229	628,819	650,356
Fannie Mae	15Yr 3.5% 1/27 #Ax1909	203,904	210,888
Fannie Mae	6.00% 4/25 #660719	57,302	60,205
Fannie Mae	15YR 5.00% 3/18 #667792	1,230	1,233
Fannie Mae	15YR 5.50% 1/18 #680143	5	5
Fannie Mae	15YR 5.50% 2/18 #681383	72	72
Fannie Mae	15YR 4.00% 9/18 #682450	739	744
	8.00% 6/27 #695533	7,457	8,636

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Fannie Mae			
Fannie Mae	6.00% 3/33 #695584	9,182	10,296
Fannie Mae	15YR 4.50% 5/18 #697602	2,838	2,845
Fannie Mae	15YR 5.00% 5/18 #707298	35,128	35,284
Fannie Mae	15YR 5.00% 6/18 #709848	2,961	2,974
Fannie Mae	15YR 5.00% 6/18 #709877	1,466	1,473
Fannie Mae	15YR 4.50% 6/18 #710238	2,184	2,194
Fannie Mae	15YR 4.50% 7/18 #720393	4,759	4,781
Fannie Mae	15YR 4.50% 5/19 #725445	4,015	4,065
Fannie Mae	15YR 4.50% 4/19 #725352	31,570	31,936
Fannie Mae	15YR 5.50% 4/19 #725528	6,034	6,105
Fannie Mae	15YR 5.50% 9/19 #725793	1,801	1,833
Fannie Mae	15YR 5.50% 9/19 #725796	3,432	3,506
Fannie Mae	15YR 4.00% 7/18 #726128	2,432	2,443
Fannie Mae	15YR 4.50% 8/18 #727466	2,988	3,005
Fannie Mae	15YR 4.50% 8/18 #733772	10,671	10,732
Fannie Mae	15YR 4.50% 12/19 #735290	8,874	9,001
Fannie Mae	6.50% 11/22 #735137	31,360	34,487
Fannie Mae	6.50% 12/32 #735415	9,625	10,927
Fannie Mae	15YR 5.50% 3/20 #735521	3,799	3,877
Fannie Mae	15YR 4.00% 12/18 #735522	18,673	18,790

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Identity of Issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par, or maturity value	Shares/Units/ Principal	Current Value
Fannie Mae	15YR 4.50% 10/20 #735926	2,850	2,915
Fannie Mae	15YR 5.00% 11/18 #740462	4,214	4,254
Fannie Mae	15YR 4.50% 3/19 #742078	21,056	21,319
Fannie Mae	6.50% 7/35 #745092	10,649	12,138
Fannie Mae	15YR 5.00% 11/18 #749596	16,023	16,192
Fannie Mae	6.00% 9/33 #752786	22,501	25,131
Fannie Mae	15YR 4.50% 3/19 #758528	21,143	21,348
Fannie Mae	15YR 5.00% 4/19 #761326	11,508	11,681
Fannie Mae	15YR 4.00% 6/19 #773153	9,780	10,058
Fannie Mae	15YR 4.00% 7/19 #773445	22,909	23,559
Fannie Mae	15YR 4.50% 4/19 #774267	5,761	5,838
Fannie Mae	15YR 4.50% 5/19 #780233	29,901	30,302
Fannie Mae	15YR 4.50% 7/19 #788390	1,643	1,667
Fannie Mae	15YR 5.50% 10/19 #795064	2,845	2,910
Fannie Mae	15YR 4.50% 10/19 #796680	47,551	48,399
Fannie Mae	15YR 5.00% 12/19 #803919	35,315	36,132
Fannie Mae	15YR 4.50% 2/20 #809744	1,822	1,857
Fannie Mae	15YR 4.50% 11/20 #813915	3,017	3,089
Fannie Mae	15YR 4.50% 10/20 #836381	8,397	8,608
	15YR 4.50% 7/21 #845515	2,604	2,681

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Fannie Mae			
Fannie Mae	15YR 4.50% 1/21 #852735	511	524
Fannie Mae	6.50% 8/36 #888034	13,743	15,592
Fannie Mae	15YR 5.00% 12/21 #888436	101,330	103,673
Fannie Mae	6.50% 8/36 #888544	51,448	58,485
Fannie Mae	15YR 5.00% 12/18 #888681	15,504	15,631
Fannie Mae	15YR 4.50% 12/18 #888889	16,252	16,329
Fannie Mae	7.50% 11/37 #888892	109,226	129,734
Fannie Mae	15YR 6.50% 1/23 #889111	163,727	174,147
Fannie Mae	15YR 4.50% 3/21 #890081	55,525	56,269
Fannie Mae	15YR 4.50% 11/19 #889395	551	558
Fannie Mae	15YR 6.00% 2/23 #889634	219,360	231,259
Fannie Mae	5.50% 2/37 #904918	46,643	50,490
Fannie Mae	15YR 4.50% 7/21 #932885	95,901	97,897
Fannie Mae	15YR 6.00% 6/22 #944357	94,087	99,529
Fannie Mae	20YR 5.50% 7/27 #986156	218,543	239,570
Fannie Mae	7.50% 11/38 #995504	94,535	113,033
Fannie Mae	15YR 4.50% 12/20 #995320	221,267	225,702
Fannie Mae	15YR 5.00% 12/20 #995324	165,498	169,903
Fannie Mae	15YR 6.00% 1/24 #995425	140,999	149,884
Fannie Mae	15YR 4.50% 12/20 #995465	43,446	44,482

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Fannie Mae	15YR 6.50% 2/24 #995658	46,983	50,629
Fannie Mae	8.00% 11/37 #995783	13,936	15,384
Fannie Mae	10YR 2.5% 10/22#AB6544	91,123	91,687
Fannie Mae	10YR 2.5% 10/22#AB6730	73,343	73,806
Fannie Mae	10YR 2.5% 5/23 #MA1431	198,262	199,547
Fannie Mae	10YR 6.50% 12/37 #AD0070	61,433	66,574
Fannie Mae	6.50% 9/28 #AD0329	89,940	99,704
Fannie Mae	6.50% 12/35 #AD0723	59,011	66,980
Fannie Mae	15YR 5.50% 3/24 #AE0467	46,250	48,670
Fannie Mae	15YR 6.00% 3/24 #AE0745	96,685	102,018
Fannie Mae	6.50% 8/36 #AE0746	43,692	49,651
Fannie Mae	2.69% 9/41 #AH5260	90,702	93,843
Fannie Mae	3.228% 7/41#AI3469	23,296	24,352
Fannie Mae	3.01% 8/41 #AI4358	9,287	9,668
Fannie Mae	3.545% 7/41#AI6050	29,777	31,426
Fannie Mae	3.365% 10/41#AI6819	17,151	17,729
Fannie Mae	3.37% 9/41 #AI8935	33,956	35,590
Fannie Mae	9/41#AI9813	20,869	21,958
Fannie Mae	10/41#AJ3399	12,426	12,966
	6/42#AO2244	37,070	38,287

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Fannie Mae			
Fannie Mae	11/40#AE6806	9,041	9,454
Fannie Mae	2001-44 PD 7% 9/31	7,409	8,560
Fannie Mae	1992-205 Z 7% 11/22	48,236	52,291
Fannie Mae	G93-3 K 7% 2/23	21,467	22,935
Fannie Mae	1994-40 Z 6.5% 3/24	124,893	134,998
Fannie Mae	6.625% 11/15/30	1,935,000	2,720,260
Fannie Mae	1997-46 PL 6% 7/27	177,946	191,038
Fannie Mae	2001-7 PF 7% 3/31	2,957	3,400
Fannie Mae	2011-87 Ja 3% 6/25/40	1,404,911	1,416,738
Fannie Mae	2011-123 Jg 2.5% 3/41	2,049,175	2,029,075
Fannie Mae	2013-16 GP 3% 3/33	786,170	797,866
Fannie Mae	2013-18 Md 1.75% 2/33	2,279,663	2,237,009
Fannie Mae	2013-72 KE 3.5% 2/43	1,274,267	1,308,829
Fannie Mae	2013-73 Tk 3.5% 9/42	942,985	969,287
Fannie Mae	2013-130 Cg 4% 6/43	924,666	963,911
Fannie Mae	2014-21 Ga 3% 4/39	2,062,671	2,064,203
Fannie Mae	2014-64 Nk 3% 12/37	2,627,743	2,648,143
Fannie Mae	2014-83 P 3% 6/43	663,639	669,155