

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 2012 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2012 or fiscal plan year beginning <u>01/01/2012</u> and ending <u>12/31/2012</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information				
1a Name of plan <u>RAYTHEON NONBARGAINING RETIREMENT PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>021</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>12/18/1997</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>021</u>	1c Effective date of plan <u>12/18/1997</u>	
1b Three-digit plan number (PN) ▶	<u>021</u>				
1c Effective date of plan <u>12/18/1997</u>					
2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) <u>RAYTHEON COMPANY</u> <u>870 WINTER STREET</u> <u>WALTHAM, MA 02451-1449</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>95-1778500</u></td> </tr> <tr> <td>2c Sponsor's telephone number <u>781-522-3000</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>335900</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>95-1778500</u>	2c Sponsor's telephone number <u>781-522-3000</u>	2d Business code (see instructions) <u>335900</u>	
2b Employer Identification Number (EIN) <u>95-1778500</u>					
2c Sponsor's telephone number <u>781-522-3000</u>					
2d Business code (see instructions) <u>335900</u>					

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature. Signature of plan administrator	10/07/2013 Date	DEBORAH A. TULLY Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature. Signature of employer/plan sponsor	10/07/2013 Date	DEBORAH A. TULLY Enter name of individual signing as employer or plan sponsor
SIGN HERE	Signature of DFE	Date	Enter name of individual signing as DFE
Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional)			Preparer's telephone number (optional)

3a Plan administrator's name and address ☐ Same as Plan Sponsor Name ☐ Same as Plan Sponsor Address DEBORAH A. TULLY RAYTHEON COMPANY 870 WINTER STREET WALTHAM, MA 02451-1449		3b Administrator's EIN 95-1778500 3c Administrator's telephone number 781-522-5080
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name		4b EIN 4c PN
5 Total number of participants at the beginning of the plan year		5 42095
6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d). a Active participants..... b Retired or separated participants receiving benefits..... c Other retired or separated participants entitled to future benefits..... d Subtotal. Add lines 6a , 6b , and 6c e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits..... f Total. Add lines 6d and 6e g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)..... h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....		6a 10172 6b 12783 6c 15826 6d 38781 6e 2476 6f 41257 6g 6h 2
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)		7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 1A 1G b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:		
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)		
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☒ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)	

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2012 This Form is Open to Public Inspection
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>RAYTHEON NONBARGAINING RETIREMENT PLAN</u>	B Three-digit plan number (PN) ▶ <u>021</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>RAYTHEON COMPANY</u>	D Employer Identification Number (EIN) <u>95-1778500</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information
1 Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2012</u>	
2 Assets:	
a Market value	2a <u>5647596401</u>
b Actuarial value	2b <u>5842673414</u>
3 Funding target/participant count breakdown:	
a For retired participants and beneficiaries receiving payment.....	3a <u>14670</u> <u>2341649759</u>
b For terminated vested participants.....	3b <u>16635</u> <u>315460003</u>
c For active participants:	
(1) Non-vested benefits.....	3c(1) <u>849066401</u>
(2) Vested benefits.....	3c(2) <u>2240127301</u>
(3) Total active	3c(3) <u>10982</u> <u>3089193702</u>
d Total	3d <u>42287</u> <u>5746303464</u>
4 If the plan is in at-risk status, check the box and complete lines (a) and (b)	☐
a Funding target disregarding prescribed at-risk assumptions	4a
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b
5 Effective interest rate	5 <u>6.81</u> %
6 Target normal cost.....	6 <u>202358275</u>

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	
Signature of actuary <u>JONATHAN R. BARRY, F.S.A.</u>	Date <u>11-06048</u>
Type or print name of actuary <u>MERCER</u>	Most recent enrollment number <u>617-747-9500</u>
Firm name <u>99 HIGH STREET</u> <u>BOSTON, MA 02110-2320</u>	Telephone number (including area code)
Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2012
v. 120126

Part II Beginning of Year Carryover Prefunding Balances		
	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	419355411	0
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	419355411	0
9 Amount remaining (line 7 minus line 8)	0	0
10 Interest on line 9 using prior year's actual return of <u>-1.21</u> %		
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year)		676973413
b Interest on (a) using prior year's effective interest rate of <u>5.67</u> % except as otherwise provided (see instructions)		9532740
c Total available at beginning of current plan year to add to prefunding balance		686506153
d Portion of (c) to be added to prefunding balance		209783198
12 Other reductions in balances due to elections or deemed elections	0	0
13 Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	209783198

Part III Funding Percentages		
14 Funding target attainment percentage	14	98.02 %
15 Adjusted funding target attainment percentage	15	98.02 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	88.39 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and Liquidity Shortfalls					
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
01/15/2012		1125084	07/15/2012		1078579
02/15/2012		1113676	08/15/2012		1064806
03/15/2012		2509813	09/15/2012		1044721
04/15/2012		1087075	09/27/2012	34000000	
05/15/2012		1113855	10/15/2012		1061479
06/15/2012		1637272	11/15/2012		1493137
			Totals ►	18(b)	632590000
				18(c)	15291935

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:		
a Contributions allocated toward unpaid minimum required contributions from prior years.	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	584634304
20 Quarterly contributions and liquidity shortfalls:		
a Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No		
b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ Yes ☐ No		
c If line 20a is "Yes," see instructions and complete the following table as applicable:		

Liquidity shortfall as of end of quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0		0	0

Part II Beginning of Year Carryover Prefunding Balances		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)		
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)		
9	Amount remaining (line 7 minus line 8)		
10	Interest on line 9 using prior year's actual return of _____%		
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38a from prior year)		
	b Interest on (a) using prior year's effective interest rate of _____% except as otherwise provided (see instructions)		
	c Total available at beginning of current plan year to add to prefunding balance		
	d Portion of (c) to be added to prefunding balance		
12	Other reductions in balances due to elections or deemed elections		
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)		

Part III Funding Percentages			
14	Funding target attainment percentage	14	%
15	Adjusted funding target attainment percentage	15	%
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	%
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and Liquidity Shortfalls					
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
12/15/2012		962438	08/01/2013	52617000	
12/17/2012	275000000		09/03/2013	52617000	
04/01/2013	60505000				
05/01/2013	52617000				
06/03/2013	52617000				
07/01/2013	52617000				
			Totals ►	18(b)	18(c)

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:	
a Contributions allocated toward unpaid minimum required contributions from prior years.	19a
b Contributions made to avoid restrictions adjusted to valuation date	19b
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c
20 Quarterly contributions and liquidity shortfalls:	
a Did the plan have a "funding shortfall" for the prior year? ☐ Yes ☐ No	
b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☐ Yes ☐ No	
c If line 20a is "Yes," see instructions and complete the following table as applicable:	
Liquidity shortfall as of end of quarter of this plan year	
(1) 1st	(2) 2nd
(3) 3rd	(4) 4th

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:				
a Segment rates:	1st segment: 5.54%	2nd segment: 6.85%	3rd segment: 7.52 %	☐ N/A, full yield curve used
b Applicable month (enter code).....				21b 0
22 Weighted average retirement age				22 61
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....	☒ Yes ☐ No
27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment.....	27

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28 Unpaid minimum required contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)	31a	202358275	
b Excess assets, if applicable, but not greater than line 31a	31b	0	
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment	113413248	39659704	
b Waiver amortization installment	0	0	
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33		
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)...	34	242017979	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....	0	209783198	209783198
36 Additional cash requirement (line 34 minus line 35)	36	32234781	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	584634304	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	552399523	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	209783198	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years.....	40	0	

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:			
a Schedule elected	☐ 2 plus 7 years ☐ 15 years		
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011		
42 Amount of acceleration adjustment	42		
43 Excess installment acceleration amount to be carried over to future plan years	43		

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2012
		This Form is Open to Public Inspection.

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan <u>RAYTHEON NONBARGAINING RETIREMENT PLAN</u>	B Three-digit plan number (PN) ▶ <u>021</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>RAYTHEON COMPANY</u>	D Employer Identification Number (EIN) <u>95-1778500</u>

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☐ Yes ☒ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

XEROX BUSINESS SERVICES, LLC

51-0310342

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
13	NONE	2619742	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

THE BANK OF NEW YORK MELLON

13-5160382

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
21	NONE	265315	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

PRICEWATERHOUSECOOPERS LLP

13-4008324

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
10	NONE	155001	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

MERCER

13-2834414

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
11	NONE	123210	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

TECHNOLOGY PARTNERS INTERNATIONAL

76-0319443

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
16	NONE	23954	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

PRINCE COMMUNICATIONS

02-0390154

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
49	NONE	7992	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name: JAMES A. WINER	b EIN: 13-2834414
c Position: ENROLLED ACTUARY	
d Address: 690 CANTON STREET WESTWOOD, MA 02090	e Telephone: 781-619-2658

Explanation: TERMINATION DUE TO THE APPOINTMENT OF A NEW ENROLLED ACTUARY ON THIS PLAN.

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE D (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small>	DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500.	OMB No. 1210-0110 <div style="text-align: center; font-size: 1.2em;">2012</div> This Form is Open to Public Inspection.
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan <u>RAYTHEON NONBARGAINING RETIREMENT PLAN</u>	B Three-digit plan number (PN) ►	<u>021</u>
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 <u>RAYTHEON COMPANY</u>	D Employer Identification Number (EIN) <u>95-1778500</u>	

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a Name of MTIA, CCT, PSA, or 103-12 IE: RAYTHEON MASTER PENSION TRUST

b Name of sponsor of entity listed in (a): THE BANK OF NEW YORK MELLON

c EIN-PN <u>04-3172773-001</u>	d Entity code <u>M</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>6096380754</u>
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
-----------------	----------------------	---

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
-----------------	----------------------	---

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	<small>OMB No. 1210-0110</small> 2012 This Form is Open to Public Inspection
For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012		
A Name of plan RAYTHEON NONBARGAINING RETIREMENT PLAN	B Three-digit plan number (PN) ►	021
C Plan sponsor's name as shown on line 2a of Form 5500 RAYTHEON COMPANY	D Employer Identification Number (EIN) 95-1778500	

Part I	Asset and Liability Statement		(a) Beginning of Year	(b) End of Year
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.				
	Assets			
a Total noninterest-bearing cash	1a			
b Receivables (less allowance for doubtful accounts):				
(1) Employer contributions	1b(1)	242884000		323590000
(2) Participant contributions	1b(2)			
(3) Other.....	1b(3)			
c General investments:				
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)			
(2) U.S. Government securities.....	1c(2)			
(3) Corporate debt instruments (other than employer securities):				
(A) Preferred	1c(3)(A)			
(B) All other.....	1c(3)(B)			
(4) Corporate stocks (other than employer securities):				
(A) Preferred	1c(4)(A)			
(B) Common	1c(4)(B)			
(5) Partnership/joint venture interests	1c(5)			
(6) Real estate (other than employer real property)	1c(6)			
(7) Loans (other than to participants)	1c(7)			
(8) Participant loans	1c(8)			
(9) Value of interest in common/collective trusts.....	1c(9)			
(10) Value of interest in pooled separate accounts.....	1c(10)			
(11) Value of interest in master trust investment accounts	1c(11)	5408964242		6096380754
(12) Value of interest in 103-12 investment entities	1c(12)			
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)			
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)			
(15) Other	1c(15)			

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	5651848242	6419970754

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h	86049	198119
i Acquisition indebtedness	1i		
j Other liabilities	1j	5915638	4729330
k Total liabilities (add all amounts in lines 1g through 1j)	1k	6001687	4927449

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	5645846555	6415043305
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	632590000	
(B) Participants	2a(1)(B)	15291935	
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		647881935
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		664252801
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		1312134736

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	537854371	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		537854371
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	5083615	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		5083615
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		542937986

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		769196750
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☒ Unqualified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☐ Yes ☒ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: PRICEWATERHOUSECOOPERS LLP

(2) EIN: 13-4008324

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....

	Yes	No	Amount
4a		X	
4b		X	

	Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
4c			
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
4d			
e Was this plan covered by a fidelity bond?.....	X		20000000
4e			
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
4f			
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
4g			
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
4h			
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....		X	
4i			
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
4j			
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
4k			
l Has the plan failed to provide any benefit when due under the plan?		X	
4l			
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....			
4m			
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
 If "Yes," enter the amount of any plan assets that reverted to the employer this year..... ☐ Yes ☒ No Amount:

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)

	5b(2) EIN(s)	5b(3) PN(s)

Part V Trust Information (optional)

6a Name of trust

6b Trust's EIN

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2012 This Form is Open to Public Inspection.
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan <u>RAYTHEON NONBARGAINING RETIREMENT PLAN</u>	B Three-digit plan number (PN) ▶ <u>021</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>RAYTHEON COMPANY</u>	D Employer Identification Number (EIN) <u>95-1778500</u>

Part I	Distributions
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All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>13-5160382</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	<u>57</u>

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☒ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☒ Yes	☐ No	☐ N/A

Part III	Amendments
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9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☒ Increase	☐ Decrease	☐ Both	☐ No
--	--	-----------------------------------	-------------------------------	-----------------------------

Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.).....	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

- a** Enter the percentage of plan assets held as:

Stock: 31% Investment-Grade Debt: 28% High-Yield Debt: 4% Real Estate: 1% Other: 36%

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☒ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate line 19(b)?

☐ Effective duration ☒ Macaulay duration ☐ Modified duration ☐ Other (specify):



Independent Auditor's Report

To the Participants and Administrator of Raytheon Non-Bargaining Retirement Plan

We have audited the accompanying financial statements of Raytheon Non-Bargaining Retirement Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2012 and December 31, 2011, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, information regarding the Plan's net assets available for benefits as of December 31, 2012 and changes therein for the year then ended and its financial status as of December 31, 2011, and changes therein for the year then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

Boston, Massachusetts
September 23, 2013

Notice To Terminated Enrolled Actuary

I, as plan administrator, verify that the explanation that is reproduced below or attached to this notice is the explanation concerning your termination reported on this Schedule C (Form 5500) attached to the 2012 Annual Return/Report of Employee Benefit Plan, for the Raytheon Nonbargaining Retirement plan. This Form 5500 is identified in Line 2b by the nine-digit EIN 95-1778500 and in line 1b by the three-digit PN 021.

You have the opportunity to comment to the Department of Labor concerning any aspect of this explanation. Comments should include the name, EIN and PN of the plan and be submitted to:

Office of Enforcement
Employee Benefits Security Administration
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, D.C. 20210.



Signature of Plan Administrator

9/4/2013

Date

Explanation of termination of enrolled actuary:

Name: James A. Winer

EIN: 13-2834414

Position: Enrolled Actuary

Address: 690 Canton Street, Westwood, MA 02090

Explanation: Termination due to the appointment of a new enrolled actuary on this plan.

Schedule SB, Line 22 – Description of Weighted Average Retirement Age

Each employee is assumed to retire in accordance with the table of retirement rates. The proportion of employees expected to retire at each potential retirement age is shown below. The average retirement age is 61 (50% * 63 + 50% * 59).

Basic Rates

(A) Retirement age	(B) Percentage of Employees Expected to Retire	(C) [(A) x (B)]
55	5.40%	2.97
56	4.61%	2.58
57	4.11%	2.34
58	4.02%	2.33
59	4.18%	2.47
60	4.37%	2.62
61	5.24%	3.20
62	7.13%	4.42
63	8.98%	5.66
64	12.80%	8.19
65	17.63%	11.46
66	7.47%	4.93
67	3.97%	2.66
68	3.74%	2.54
69	6.35%	4.38
Average		62.8

Schedule SB, Line 22 – Description of Weighted Average Retirement Age**Rule of 75**

(A) Retirement age	(B) Percentage of Employees Expected to Retire	(C) [(A) x (B)]
55	10.00%	5.50
56	13.50%	7.56
57	15.30%	8.72
58	15.30%	8.87
59	13.77%	8.12
60	11.25%	6.75
61	8.35%	5.09
62	7.52%	4.66
63	2.51%	1.58
64	1.25%	0.80
65	0.63%	0.41
66	0.31%	0.21
67	0.16%	0.11
68	0.08%	0.05
69	0.04%	0.03
70	0.04%	0.03
Average		58.5

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods**Discount rate sponsor elections**

- | | |
|---|--------------------------------|
| • Segment rates or full yield curve | Segment |
| • Look-back months | 0 |
| • Use stabilized rates – funding | Yes |
| • Use stabilized rates – Section 436 benefit restrictions | N/A |
| | <u>Stabilized rates</u> |
| • First 5 years | 5.54% |
| • Next 15 years | 6.85% |
| • Over 20 years | 7.52% |

Mortality sponsor elections

- | | |
|--------------------------|--|
| • Healthy participants | Section 430(h)(3) prescribed separate static annuitant and nonannuitant mortality tables. These tables are based on the RP-2000 mortality tables projected with mortality improvement to the valuation year plus 7 and 15 years based on Scale AA. |
| • Pre-1995 disabilities | Same as healthy |
| • Post-1994 disabilities | Same as healthy |

Cash balance plans

- | | |
|------------------------------|---|
| • Interest accumulation rate | 4.00% per year for PRA participants only. |
| • Whipsaw calculations | No |
| • Annuity conversion | |
| • Mortality table | 2012 IRC Section 417(e) unisex mortality |
| • Interest rate basis | Funding segment rates |

Other economic assumptions

- | | |
|--|--|
| • Salary increases | |
| • Raytheon Nonbargaining Retirement Plan | See Table of sample rates. |
| • Raytheon Subsidiary Retirement Plan | 4.5% per year |
| • Social Security wage base | 3.75% per year for Raytheon Nonbargaining Retirement Plan and PRA participants only. |
| • Inflation | 3.00% per year for Raytheon Nonbargaining Retirement Plan and PRA participants only. |
| • Expected investment return | 8.75% per year for but not greater than the third segment rate in effect for each year (6.76% for 2010 and 6.46% for 2011) |

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

- | | |
|---|---|
| <ul style="list-style-type: none"> • Expenses | \$4,764,891 added to current year normal cost |
| <ul style="list-style-type: none"> • Actuarial equivalence for conversion to certain only forms of payment | <p>The basis for valuation of certain only payments is based on either:</p> <ul style="list-style-type: none"> • PBGC interest rates of 1.50% for 2012, 2.25% for 2013 and 3.0% thereafter • Segmented interest rates of 4.5% for 5 years, 5.5% for the next 15 years and 6.0% thereafter and RP-2000 mortality table projected to 2022 (blended 50% males, 50% females) <p>whichever yields a larger certain only payment.</p> |
| <ul style="list-style-type: none"> • Interest accumulation on employee contributions | 5.00% per year for Raytheon Nonbargaining Retirement Plan participants only. |
| <ul style="list-style-type: none"> • Post-retirement cost-of-living adjustment | 2.50% per year for Raytheon Nonbargaining Retirement Plan participants only (plan provides maximum COLA of 4.00%). |

Demographic assumptions

- | | |
|----------------------|---|
| Withdrawal | See table of sample rates. |
| Disability incidence | See table of sample rates: 1985 Pension Disability Mortality tables for Class 1 Occupations for males and females (PRA participants only) |
-

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Retirement age	Percentage				
	Attained age	Raytheon Nonbargaining Retirement Plan		Former Hughes Personal Retirement Account Plan	Raytheon Subsidiary Retirement Plan
		Basic	Rule of 75		
	55	5.40%	10.00%	3.00%	6.26%
	56	4.87	15.00	3.00	5.81
	57	4.57	20.00	3.00	5.37
	58	4.68	25.00	3.00	5.67
	59	5.11	30.00	3.00	5.99
	60	5.62	35.00	3.00	7.69
	61	7.15	40.00	3.00	13.90
	62	10.47	60.00	20.00	22.51
	63	14.73	50.00	10.00	29.69
	64	24.64	50.00	10.00	42.96
	65	45.02	50.00	100.00	67.76
	66	34.68	50.00	100.00	48.66
	67	28.27	50.00	100.00	44.99
	68	37.03	50.00	100.00	63.96
	69	100.00	50.00	100.00	99.99
	70 and above	100.00	100.00	100.00	100.00
Benefit commencement age for					
• Future vested deferred	65				
• Current vested deferred	65				
Spouse assumptions	Male participants		Female participants		
• Percentage married	85%		75%		
• Spouse age difference	3 years younger		3 years older		

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Form of payment	Single life	5-year Certain only	10-year Certain only	50% J&S
Nonbargaining participants				
• Active retirements (contributory for 2012 plan year)	10%	90%	N/A	N/A
• Active retirements (contributory thereafter)	20%	80%	N/A	N/A
• Active retirements (noncontributory)	50%	N/A	50%	N/A
• Future vested deferred	100%	N/A	N/A	N/A
• Future deaths	N/A	N/A	N/A	100%
• Current vested deferred	100%	N/A	N/A	N/A
PRA participants	100%	N/A	N/A	N/A
Subsidiary Participants	100%	N/A	N/A	N/A
Unpredictable contingent event assumptions	Not applicable			

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods**Table of Sample Rates**

Attained age	Raytheon Nonbargaining Retirement Plan		
	Withdrawal		Salary increases
	Male	Female	
20	11.90%	23.50%	7.05%
25	9.50	17.20	6.92
30	7.10	11.90	6.32
35	5.40	7.70	5.36
40	3.70	4.90	4.70
45	2.30	2.90	4.16
50	1.50	1.50	3.82
55	0.90	0.90	3.53
60	0.00	0.00	3.33
65	0.00	0.00	3.11
70	0.00	0.00	0.00

Attained age	Former Hughes Personal Retirement Account Plan		
	Withdrawal	Disability incidence	
		Male	Female
20	21.50%	0.03%	0.03%
25	16.50	0.04	0.05
30	10.40	0.05	0.08
35	8.10	0.07	0.14
40	6.30	0.12	0.21
45	5.20	0.20	0.32
50	3.90	0.36	0.53
55	2.20	0.72	0.95
60	0.00	1.26	1.16
65	0.00	1.75	1.36
70	0.00	0.00	0.00

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Raytheon Subsidiary Retirement Plan	
Attained age	Withdrawal
20	7.15%
25	5.00
30	3.90
35	3.20
40	2.65
45	2.10
50	0.90
55	0.40
60	0.10
65	0.00
70	0.00

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods**Actuarial Methods for Funding****Asset methods – effective January 1, 2011**

The asset valuation method is an average of the adjusted market value for each year during the last 24 months preceding the valuation date. The adjusted market value is the market value at each determination date adjusted to the valuation date based on actual cash flows and expected interest at the lesser of the expected rate of return and the third segment rate. This amount is adjusted to be no greater than 110 percent and no less than 90 percent of the fair market value, as defined in IRC Section 430.

A characteristic of this asset method is that, over time, it is slightly more likely to produce an actuarial value of assets that is less than the market value of assets than an actuarial value that is greater than the market value.

Participant methods – effective January 1, 2011

Participants or former participants are included or excluded from the valuation as described below:

- **Participants included:** Affiliated Computer Services, Inc. provides us with data on all employees as of the valuation date, but only those employees who have completed the plan's eligibility requirements are included in the valuation of liabilities.

It is assumed that 100% of participants with deferred benefits over age 66 will not be located and will not commence benefits, as described in Section 5.12 of the plan document. In addition, for retirees who have elected a contingent annuitant form of payment and for whom no beneficiary data was provided, one-third of future beneficiaries are assumed to decrease prior to receiving benefits.

- **Participants excluded:** No actuarial liability is included for nonvested participants who terminated prior to the valuation date. For this purpose, participants with a break in service on the valuation date are treated as terminated participants.
- **Insurance contracts:** The plan does not have any insurance contracts.

Minimum funding methods – effective January 1, 2011

The funding target for minimum funding calculations is computed using the traditional unit credit method of funding. The objective under this method is to fund each participant's benefits under the plan as they accrue. Thus, the total pension to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service.

A detailed description of the calculation follows:

- The plan's valuation date is the beginning of the plan year.
- An individual's **funding target** is the present value of future benefits based on credited service and average pay as of the beginning of the plan year, and an individual's **target normal cost** is the present value of the benefit expected to accrue

in the plan year. If multiple decrements are used, the funding target and the target normal cost for an individual is the sum of the component funding targets and target normal costs associated with the various anticipated separation dates.

- The plan's **target normal cost** is the sum of the individual target normal costs, and the plan's **funding target** is the sum of the individual funding targets for all participants under the plan.

Schedule SB, Part V – Summary of Plan Provisions**Summary of Major Plan Provisions – NonBargaining Retirement Plan**

Effective date and plan year	Original plan: December 17, 1997 when Raytheon Company acquired the Defense Business of Hughes Electronics Corporation. Effective December 1, 2000, the Hughes Personal Retirement Account Plan merged into the Raytheon Nonbargaining Retirement Plan. Restated plan: April 25, 2006 Plan year: January 1
Status of the plan	The plan has ongoing benefit accruals but is closed to new entrants.
Significant events that occurred during the year	None
Definitions	
• Covered employees	Employees hired before the date on which payroll processing functions are transferred to Raytheon's payroll center.
• Participation	Completion of 12 months of Vesting Service.
• Employee contributions	3.0% of pay if covered under the formula for contributing participants.
• Vesting service	Continuous service from the employee's date of hire.
• Credited service	Total service accrued monthly from first of the month eligibility commenced.
• Pensionable earnings	Basic compensation subsequent to the effective date of the plan and prior to retirement date, including regular pay, bonuses, results-sharing, overtime pay, shift differential, sick leave pay, workers' compensation, vacation and holiday pay, and bereavement or leave pay, but excluding any other extraordinary compensation.
• Final average earnings	The aggregate Compensation prior to separation from service attributed to the five highest consecutive twelve month periods in the last ten years, or all consecutive twelve-month periods if less than five, in which a Participant had at least one hour of Benefit Accrual Service each month, divided by the applicable number of twelve-month periods.
• Social security normal retirement age	(i) For a participant born prior to 1938, the first day of the Retirement Age calendar month coincident with or next following his/her sixty-fifth (65th) birthday, (ii) For a participant born after 1937 and before 1955, the first day of the calendar month coincident with or next following his/her sixty-sixth (66th) birthday, and (iii) For a participant born after 1954, the first day of the calendar month coincident with or next following his/her sixty-seventh (67th) birthday.

Schedule SB, Part V – Summary of Plan Provisions

-
- Actuarial equivalence

Contributing and noncontributing participants: Interest rate used by the PBGC for valuing immediate annuities on the October 1st (or December 1st, if less) preceding the plan year including the annuity start date and the 1971 Group Annuity Mortality Table 80% males, 20% females.

General Dynamics salaried employees:

- For nondecreasing annuities – 7% and the 1984 Uninsured Pension Mortality Table (including specified setbacks) for nondecreasing annuities
- Other forms of payment – Interest rate used by the PBGC for valuing immediate annuities on the January 1st of the calendar year in which distributions commence and the 1984 Uninsured Pension Mortality Table (including specified setbacks)

Actuarial equivalence is subject to “applicable interest rate” and “applicable mortality table” pursuant to 417(e)(3)(A)(ii) of the Internal Revenue Code for benefits that are not payable in the form of a nondecreasing annuity.

Normal retirement

- Eligibility

First of the month coinciding with or next following the attainment of age 65.

Schedule SB, Part V – Summary of Plan Provisions

- Benefit

Contributing participants: The benefit is the greatest of (i), (ii), or (iii) below:

- (i) Accrued benefit through December 31, 1975 plus 1% of the first \$3,600 of compensation and 2% of compensation in excess of \$3,600, for all compensation received after December 31, 1975.
- (ii) The product of (1) and (2):
 - (1) Benefit Accrual Service
 - (2) \$156 plus 0.5% of Final Average Compensation
- (iii) The result of (1) less (2):
 - (1) The product of Benefit Accrual Service and 1.75% of Final Average Compensation
 - (2) The product of Benefit Accrual Service (maximum 33-1/3 years) and 1.5% of Primary Insurance Amount.

Noncontributing participants: Benefit A offset by Benefit B, where:

- (i) Benefit A equals the sum of:
 - (1) 1.5% of Final Average Compensation multiplied by years of Benefit Accrual Service (not in excess of 35 years)
 - (2) 0.5% of Final Average Compensation multiplied by years of Benefit Accrual Service in excess of 35 years
- (ii) Benefit B equals 0.6% of Final Average Compensation (not in excess of Covered Compensation) multiplied by years of Benefit Accrual Service (not in excess of 35 years).

General Dynamics salaried employees: The monthly benefit is the greatest of (i), (ii), or (iii) below:

- (i) Accrued benefit through December 31, 1998, plus 1.75% (2.00% for Benefit Accrual Service in excess of 35 years) of the first \$23,400 in base pay plus 2.00% of base pay in excess of \$23,400 for all compensation received after December 31, 1998
 - (ii) The product of Benefit Accrual Service and 1.33% of Final Average Compensation
 - (iii) The product of Benefit Accrual Service and \$312.
-

Schedule SB, Part V – Summary of Plan Provisions

Early retirement	
• Eligibility	Age 55 and 5 years of vesting service.
• Benefit	<p>Contributing participants: Actuarial equivalent of Normal Retirement benefit unless eligible for unreduced benefit under Rule of 75 (sum of attained age and continuous service is at least 75).</p> <p>Noncontributing participants: Accrued benefit reduced based on Actuarial Equivalence or 6% per year prior to Social Security Normal Retirement Age, whichever produces a greater amount. Unreduced early retirement available three years prior to Social Security Normal Retirement Age with ten years of continuous service.</p> <p>General Dynamics salaried employees: If eligible for unreduced final average pay benefit (10 years of continuous service), accrued benefit reduced 2.5% per year prior to age 62. If eligible for unreduced career average pay benefit (satisfaction of required points based on sum of attained age and continuous service), accrued benefit reduced by the lesser of 2.5% per year prior to Normal Retirement and 2.5% times excess of required over actual points. Otherwise, Actuarial Equivalent of Normal Retirement benefit.</p>
Late retirement	
• Benefit	Normal Retirement Benefit determined as of actual retirement date.
Deferred vested	
• Eligibility	Termination for reasons other than death or retirement after completing five years of Vesting Service.
• Benefit	Benefit accrued to date of termination payable at age 65 or the Actuarial Equivalent, as described in the “Early Retirement” section above, payable for commencement after age 55 and prior to age 65.
Pre-retirement death	
• Eligibility	5 years of vesting service.
• Benefit	Benefit accrued to date of death, calculated as if the participant had retired at the earliest retirement age and elected the 50% contingent annuitant option or, if already eligible for early retirement, elected to retire and had elected the 100% contingent annuitant option on the day before death. The benefit is actuarially reduced with benefit payments to the spouse commencing on the date when the participant would have become eligible for retirement benefits.
Unpredictable contingent event benefits	Not applicable

Schedule SB, Part V – Summary of Plan Provisions

Form of benefits	
• Automatic form for unmarried participants	Single life annuity
• Automatic form for married participants	Actuarially equivalent 50% Joint & Survivor Annuity
• Optional forms	50% Joint & Survivor Annuity 66-2/3% Joint & Survivor Annuity 75% Joint & Survivor Annuity 100% Joint & Survivor Annuity 5,10 or 15 year Certain Only 5,10 or 15 year Certain & Life Single life annuity Temporary modified cash refund Social Security leveling options
• Optional form conversion factors	See Actuarial Equivalence section above
Miscellaneous	
• Cost of Living	Automatic cost-of-living adjustments of up to 4.0% are payable on retirement benefits after age 55 for contributing participants.
• Maximum compensation	Compensation for any 12-month period used to determine accrued benefits may not exceed the limits in IRC Section 401(a)(17) for the calendar year in which the 12-month period begins. This limit is indexed annually. For 2012, the limit is \$250,000.
• Maximum benefits	Annual benefits may not exceed the limits in IRC Section 415. This limit is indexed annually. For 2012, the limit is \$200,000.

Schedule SB, Part V – Summary of Plan Provisions**Former Hughes Personal Retirement Account Plan Provisions**

Definitions	
• Former Singer Employee	An employee with the Singer Company on August 22, 1988 and subsequently hired by Hughes on or before July 1, 1990.
• Participation	Age 21 after completing 1 year of service. Former Singer Employees are eligible on the later of March 31, 1989 or the date of employment with Hughes. As of December 1, 1995, no new employees will be eligible to participate in the Plan.
• Vesting service	Service measured on an elapsed time basis from date of hire with Hughes. For Former Singer employees, all periods of service with the Singer Company, including periods during which required contributions were not made to the Singer Plan and including the period prior to the May 1, 1986 Allen acquisition date.
• Credited service	100% of the service with the Singer Company credited to the employee through August 31, 1988 during the time the employee made required contributions to the Singer Plan. Service measured on an elapsed time basis from the later of September 1, 1988 or date of hire with Hughes.
• Pensionable earnings	Regular or base salary or wages (excluding overtime or bonus), including 401(k) salary deferrals. There is a \$200,000 limit, indexed each year beginning in 2002 (\$250,000 for 2012), on compensation used for benefit accrual purposes.
Estimated Singer Accrued Benefit	The estimated accrued benefit, whether or not fully vested, determined as of August 22, 1988 using the provisions of the Singer Plan payable at age 65 under the normal form of payment.
Account Balance	The notional value assigned to a participant's account based on the participant's initial account balance, pay-based credits (3% of Compensation before age 40 and 4% of Compensation after age 40) and increases based upon Periodic Adjustment Percentage or Minimum Adjustment Percentage (a factor equal to 1/12th of the applicable annual rate of interest set forth in the plan document). As of November 30, 1995 (Training Systems employees) or June 30, 1996 (other employees), no additional pay credits will be made to a participant's account, and interest adjustments will be based solely on the Minimum Adjustment Percentage. The Minimum Adjustment Percentage is set forth in the plan document based on the Periodic Adjustment Percentage.
Periodic Adjustment Percentage	The three year average of the yield on one-year treasury constant maturities for October through December, as published in the Wall Street Journal, subject to plan maximums.

Schedule SB, Part V – Summary of Plan Provisions

Accrued Benefit	<p>A monthly amount of benefit, payable in the form of a straight life annuity commencing at the participant's Normal Retirement Date (NRD) equal to one-twelfth of the amount determined in accordance with the formula $[(A/F) \cdot (1+M)^n]$ where:</p> <ul style="list-style-type: none"> • A equals the participant's Account Balance; • F equals the Actuarial Factor (GAM-83 mortality and the plan's annuity purchase rate) at the later of the determination date and the participant's NRD; • M equals the Minimum Adjustment Percentage as of the determination date; • n equals the number of months, if any, from the determination date until the participant's NRD. <p>The plan's annuity purchase rate is set each year and equals the yield on 10-year Treasury notes plus 100 basis points.</p>
Normal retirement	
• Eligibility	First of the month coincident with or next following attainment of age 65 with 5 years of vesting service.
• Benefit	The Accrued Benefit payable at Normal Retirement.
Late retirement	
• Eligibility	Retirement after Normal Retirement eligibility.
• Benefit	The Accrued Benefit calculated as of late retirement.
Early retirement	
• Eligibility	Age 55 and 5 years of vesting service.
• Benefit	The Accrued Benefit calculated as of late retirement.
Deferred vested	
• Eligibility	5 years of vesting service.
• Benefit	Accrued Benefit payable at age 65 or the actuarial equivalent, as described in the "Early Retirement" section above, of the participant's Account Balance as of the determination date.
Disability	
• Eligibility	First of the month coincident with or next following Total and Permanent Disability provided the employee has at least 15 years of Vesting Service. Total and Permanent Disability means disability as determined by the Social Security Administration.
• Benefit	Accrued Benefit payable at Normal Retirement. Interest and pay-based credits continue to accrue during a participant's Disability Retirement until Normal Retirement, or, if earlier until recovery from disability. Accruals for all employees ceased as of the applicable freeze date, as described under Account Balance.

Schedule SB, Part V – Summary of Plan Provisions

Pre-retirement death	
• Eligibility	If a vested married participant dies prior to Normal Retirement eligibility, the surviving spouse is entitled to a lifetime benefit as described below.
• Benefit	The actuarial equivalent of the participant's Account Balance, or if greater, 50% of the amount which would have been payable to the spouse had the participant terminated or retired on the first day of the month in which death occurred, having elected a 50% joint and survivor annuity. Benefits begin immediately if the participant was at least age 55. Otherwise, benefits begin on the first of the month when the participant would have attained the age of 55.
Unpredictable contingent event benefits	Not applicable
Form of benefits	
• Automatic form for unmarried participants	Single life annuity
• Automatic form for married participants	Actuarially equivalent 50% Joint & Survivor Annuity
• Optional forms	50% Joint & Survivor Annuity 75% Joint & Survivor Annuity 100% Joint & Survivor Annuity Lump Sum Single life annuity
• Optional form conversion factors	See Actuarial Equivalence section above.
Miscellaneous	
• Maximum compensation	Compensation for any 12-month period used to determine accrued benefits may not exceed the limits in IRC Section 401(a)(17) for the calendar year in which the 12-month period begins. This limit is indexed annually. For 2012, the limit is \$250,000.
• Maximum benefits	Annual benefits may not exceed the limits in IRC Section 415. This limit is indexed annually. For 2012, the limit is \$200,000.

Schedule SB, Part V – Summary of Plan Provisions**Summary of Major Plan Provisions – Raytheon Subsidiary Retirement Plan**

Effective date and plan year	Original plan: December 17, 1997 Restated plan: March 28, 2005. Plan year: January 1
Status of the plan	The plan has ongoing benefit accruals but is closed to new entrants
Significant events that occurred during the year	None
Normal retirement	
• Eligibility	First of the month coinciding with or next following the attainment of age 65.
• Benefit	1.0% of Compensation during each period of Benefit Accrual Service.
Early retirement	
• Eligibility	Age 55 and 5 years of Vesting Service.
• Benefit	Actuarial equivalent of the Normal Retirement Benefit. Actuarial equivalence for this purpose is based on the interest rate used by the PBGC for valuing immediate annuities for the October 1st preceding the plan year including the annuity start date and the 1971 Group Annuity Mortality Table blended 80% males, 20% females.
Late retirement	
• Benefit	Normal Retirement Benefit determined as of actual retirement date.
Deferred vested	
• Eligibility	Termination for reasons other than death or retirement after completing five years of Vesting Service.
• Benefit	Benefit accrued to date of termination payable at age 65 or the actuarial equivalent, as described in the "Early Retirement" section above, payable for commencement after age 55 and prior to age 65.
Pre-retirement death	
• Eligibility	5 years of Vesting Service.
• Benefit	Benefit accrued to date of death, calculated as if the Participant had retired at the earliest retirement age and elected the 50% contingent annuitant option or, if already eligible for early retirement, elected to retire and had elected the 100% contingent annuitant option on the day before death. The benefit is actuarially reduced with benefit payments to the spouse commencing on the date when the Participant would have become eligible for retirement benefits.
Unpredictable contingent event benefits	Not applicable

Schedule SB, Part V – Summary of Plan Provisions

Form of benefits	
• Automatic form for unmarried participants	Single life annuity
• Automatic form for married participants	Actuarially equivalent 50% Joint & Survivor Annuity
• Optional forms	75% Joint & Survivor Annuity 100% Joint & Survivor Annuity 10 or 15 year Certain Only
• Optional form conversion factors	Optional forms are based on actuarial equivalence, i.e., the interest rate used by the PBGC for valuing immediate annuities for the October 1st preceding the plan year including the annuity start date and the 1971 Group Annuity Mortality Table blended 80% males, 20% females.
Miscellaneous	
• Maximum compensation	Compensation for any 12-month period used to determine accrued benefits may not exceed the limits in IRC Section 401(a)(17) for the calendar year in which the 12-month period begins. This limit is indexed annually. For 2012, the limit is \$250,000.
• Maximum benefits	Annual benefits may not exceed the limits in IRC Section 415. This limit is indexed annually. For 2012, the limit is \$200,000.

Schedule SB, Part V – Summary of Plan Provisions***Benefits Included or Excluded***

Unless noted below, all benefits provided by the plan, as restated and amended through December 15, 2010, are included in this valuation.

Most recent plan amendments included: December 15, 2010.

- **Plan amendments excluded:** None.
- **Late retirement increases:**
 - *Deferred vested participants:* Current deferred vested participants over normal retirement age are valued including the late retirement actuarial increase.
- **Internal Revenue Code limitations:** The limitations of Internal Revenue Code Section 415(b) and 401(a) (17) have been incorporated into our calculations.
- **IRC Section 416 rules for top-heavy plans:** We did not test whether this plan is top-heavy (when the present value of benefits for key employees equals or exceeds 60 percent of the present value for all participants). However, we expect that the plan is not top-heavy due to the large number of rank-and-file participants; therefore, the funding target and target normal cost do not reflect any liability for top-heavy benefit accruals.

Plan Provisions Specific to Funding***Additional Benefits Included or Excluded***

- **IRC Section 436 benefit restrictions:**
 - *Unpredictable contingent event benefits:* This valuation excludes restricted contingent event benefits that occurred before the valuation date but includes contingent event benefits which are expected to occur on or after the valuation date regardless of anticipated funding-based limitations.
 - *Plan amendments:* See above.
 - *Prohibited payments:* Limitations on prohibited benefits (if any) are reflected for annuity starting dates before the valuation date but are ignored for annuity starting dates on or after the valuation date.
 - *Benefit accruals:* The plan's funding target does not reflect any limitation on benefit accruals. The target normal cost does not reflect any limitation on benefit accruals.
- **Unpredictable contingent event benefits:** The plan does not have any unpredictable contingent event benefits.

Plan Provision Changes Since Prior Valuation

Maximum compensation and maximum benefits were updated from 2011 to 2012.

Schedule SB, Line 24 – Change in Actuarial Assumptions

- The component expenses of normal cost decreased from \$6,241,858 to \$4,764,891 to reflect our expectations for the current plan year.
- Mortality and interest rates were updated from 2011 to 2012 in accordance with PPA.
- The form of payment for contributing participants was updated from 20% Single Life and 80% 5-year Certain Only to 10% Single Life and 90% 5-year Certain Only for 2012 and 20% Single Life and 80% 5-year Certain Only for 2013 and later.
- Actuarial equivalence for certain only form of payment was changed to be based on either:
 - PBGC interest rate of 1.50% in 2012, 2.25% in 2013 and 3.00% thereafter (1.75% in 2011, 2.50% in 2012 and 3.20% thereafter in the prior valuation) and 1971 Group Annuity Mortality table (blended 80% males, 20% females), or
 - Segmented interest rates of 4.5% for 5 years, 5.5% for the next 15 years and 6.0% thereafter and RP-2000 mortality table projected to 2022 (RP-2000 mortality table projected to 2021 in the prior valuation) (blended 50% males, 50% females)

whichever yields a larger certain only payment.

Schedule SB, Line 25 – Change in Method

We changed to a new liability valuation system this year. This change did not materially affect liability amounts and qualified for automatic IRS approval under final Section 430 regulations.

Schedule SB, Line 26 – Schedule of Active Participant Data¹

Attained age	Years of credited service										Total
	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & up	
Under 25											
25-29											
30-34		1	20 87,140	72 95,330							93
35-39	2	1	40 96,515	551 108,436	32 122,871						626
40-44	4	6	35 99,989	461 111,584	161 128,285	47 126,607	1				715
45-49	11	23 90,556	94 113,901	552 121,237	417 122,957	618 140,700	116 127,317	2	1		1,834
50-54	24 109,220	52 82,399	149 119,391	655 119,730	687 121,848	1,433 142,282	667 138,881	121 137,318	5		3,793
55-59	19	38 79,302	98 104,517	439 112,359	465 114,498	672 129,133	397 124,208	212 137,364	10	1	2,351
60-64	6	13	44 93,366	228 114,270	291 108,761	229 118,230	165 118,665	100 123,929	35 143,617	4	1,115
65-69	3	11	10	69 112,826	94 112,346	60 123,395	54 123,324	40 130,183	7	5	353
70 & up	1	1	5	15	15	16	14	7	5	6	85
Total	70	146	495	3,042	2,162	3,075	1,414	482	63	16	10,965

In each cell, the top number is the count of active participants for each age/service combination and the bottom number is average pay for 2011 limited to \$ 245,000. Average pay is not shown for cells with fewer than 20 participants.

¹ Excludes 17 active transferred participants with a frozen accrued benefit.

Schedule SB, Line 32 – Schedule of Amortization Bases

The shortfall amortization charge is the sum of the shortfall base amortization for each plan year covered under PPA. Although a shortfall base can be negative, the combined shortfall amortization charge cannot be negative.

Shortfall bases				
Year established		Outstanding balance	Years remaining	Installment
2011	\$	934,169,421	6	\$ 178,962,402
2012		(820,756,173)	7	(139,302,698)
Total	\$	113,413,248		\$ 36,659,704

SCHEDULE SB (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2012 This Form is Open to Public Inspection
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

► **Round off amounts to nearest dollar.**
 ► **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>Raytheon Nonbargaining Retirement Plan</u>	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:60%;">B Three-digit plan number (PN) ►</td> <td style="width:40%; text-align: center;">021</td> </tr> <tr> <td colspan="2">D Employer Identification Number (EIN) 95-1778500</td> </tr> </table>	B Three-digit plan number (PN) ►	021	D Employer Identification Number (EIN) 95-1778500	
B Three-digit plan number (PN) ►	021				
D Employer Identification Number (EIN) 95-1778500					
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>Raytheon Company</u>					

E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500
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Part I Basic Information			
1 Enter the valuation date: Month <u>1</u> Day <u>1</u> Year <u>2012</u>			
2 Assets:			
a Market value	2a	5,647,596,401	
b Actuarial value	2b	5,842,673,414	
3 Funding target/participant count breakdown:			
		(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment.....	3a	14,670	2,341,649,759
b For terminated vested participants.....	3b	16,635	315,460,003
c For active participants:			
(1) Non-vested benefits	3c(1)		849,066,401
(2) Vested benefits	3c(2)		2,240,127,301
(3) Total active.....	3c(3)	10,982	3,089,193,702
d Total.....	3d	42,287	5,746,303,464
4 If the plan is in at-risk status, check the box and complete lines (a) and (b)..... ☐			
a Funding target disregarding prescribed at-risk assumptions	4a		
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor.....	4b		
5 Effective interest rate	5	6.81 %	
6 Target normal cost.....	6	202,358,275	

Statement by Enrolled Actuary
 To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	<div style="text-align: center;"> Signature of actuary <u>Jonathan R. Barry, F.S.A.</u> Type or print name of actuary <u>Mercer</u> Firm name <u>99 High Street</u> Address of the firm <u>Boston MA 02110-2320</u> </div>	<div style="text-align: center;"> Date <u>11-06048</u> Most recent enrollment number <u>(617) 747-9500</u> Telephone number (including area code) </div>
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If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

Part II Beginning of Year Carryover Prefunding Balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	419,355,411	0
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	419,355,411	0
9 Amount remaining (line 7 minus line 8)	0	0
10 Interest on line 9 using prior year's actual return of <u>(1.21)</u> %		
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year)		676,973,413
b Interest on (a) using prior year's effective interest rate of <u>5.67</u> % except as otherwise provided (see instructions)		9,532,740
c Total available at beginning of current plan year to add to prefunding balance		686,506,153
d Portion of (c) to be added to prefunding balance		209,783,198
12 Other reductions in balances due to elections or deemed elections	0	0
13 Balance at beginning of current year (line 9 + line 10 + line 11d - line 12)	0	209,783,198

Part III Funding Percentages

14 Funding target attainment percentage	14	98.02 %
15 Adjusted funding target attainment percentage	15	98.02 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	88.39 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and Liquidity Shortfalls**18** Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
01/15/2012		1,125,084	07/15/2012		1,078,579
02/15/2012		1,113,676	08/15/2012		1,064,806
03/15/2012		2,509,813	09/15/2012		1,044,721
04/15/2012		1,087,075	09/27/2012	34,000,000	
05/15/2012		1,113,855	10/15/2012		1,061,479
06/15/2012		1,637,272	11/15/2012		1,493,137
Totals ▶			18(b)	632,590,000	18(c) 15,291,935

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contributions from prior years	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	584,634,304

20 Quarterly contributions and liquidity shortfalls:

- a** Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No
- b** If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ Yes ☐ No
- c** If line 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year

(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:			
a Segment rates:	1st segment: 5.54 %	2nd segment: 6.85 %	3rd segment: 7.52 %
			☐ N/A, full yield curve used
b Applicable month (enter code).....			21b 0
22 Weighted average retirement age			22 61
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute			

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment.....	27

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28 Unpaid minimum required contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6).....	31a	202,358,275	
b Excess assets, if applicable, but not greater than line 31a	31b	0	
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment.....	113,413,248	39,659,704	
b Waiver amortization installment	0	0	
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33		
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33) ..	34	242,017,979	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....	0	209,783,198	209,783,198
36 Additional cash requirement (line 34 minus line 35).....	36	32,234,781	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c).....	37	584,634,304	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	552,399,523	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	209,783,198	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years	40	0	

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:			
a Schedule elected	☐ 2 plus 7 years ☐ 15 years		
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011		
42 Amount of acceleration adjustment	42		
43 Excess installment acceleration amount to be carried over to future plan years	43		

Continuation of 2012 Form 5500
Schedule SB, line 18 - Contributions Made to the Plan for the Plan Year

EIN: 95-1778500

PN: 021

[illegible]

Raytheon Non-Bargaining Retirement Plan

Financial Statements

To Accompany 2012 Form 5500

Annual Report of Employee Benefit Plan

Under ERISA of 1974

December 31, 2012 and 2011

Raytheon Non-Bargaining Retirement Plan
Index
December 31, 2012 and 2011

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Notes to Financial Statements as of December 31, 2012 and 2011	5-34

The supplemental schedules to the Plan's Form 5500 are not required since the Plan's assets are held in a Master Trust. Accordingly, the Plan Administrator must file detailed financial information for the Master Trust, including the supplemental schedules, separately with the Department of Labor.



Independent Auditor's Report

To the Participants and Administrator of Raytheon Non-Bargaining Retirement Plan

We have audited the accompanying financial statements of Raytheon Non-Bargaining Retirement Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2012 and December 31, 2011, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, information regarding the Plan's net assets available for benefits as of December 31, 2012 and changes therein for the year then ended and its financial status as of December 31, 2011, and changes therein for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Priscilla M. Couperis LLP

Boston, Massachusetts
September 23, 2013

Raytheon Non-Bargaining Retirement Plan
Statements of Net Assets Available for Benefits
December 31, 2012 and 2011

	2012	2011
Assets		
Investments at fair value (Notes 2 and 5)		
Raytheon Master Pension Trust	\$6,096,380,754	\$ 5,408,964,242
Receivables		
Employer contributions	<u>323,590,000</u>	<u>242,884,000</u>
Total assets	<u>6,419,970,754</u>	<u>5,651,848,242</u>
Liabilities		
Other liabilities	4,729,330	5,915,638
Accrued administrative expenses	<u>198,119</u>	<u>86,049</u>
Total liabilities	<u>4,927,449</u>	<u>6,001,687</u>
Net assets available for benefits	<u>\$6,415,043,305</u>	<u>\$ 5,645,846,555</u>

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

Raytheon Non-Bargaining Retirement Plan
Statements of Changes in Net Assets Available for Benefits
Years Ended December 31, 2012 and 2011

	2012	2011
Additions		
Raytheon Master Pension Trust investment income (Notes 2 and 5)	\$ 664,252,801	\$ -
Employer contributions	632,590,000	717,884,000
Employee contributions	15,291,935	16,840,739
Total additions	<u>1,312,134,736</u>	<u>734,724,739</u>
Deductions		
Raytheon Master Pension Trust investment loss (Notes 2 and 5)	\$ -	\$ 59,901,002
Benefit payments	537,854,371	559,899,691
Administrative expenses	5,083,615	4,608,106
Total deductions	<u>542,937,986</u>	<u>624,408,799</u>
Net increase in net assets available for benefits prior to Merger	769,196,750	110,315,940
Merger of Raytheon Subsidiary Retirement Plan (Note 1)	-	8,204,421
Net assets available for benefits, beginning of year	<u>5,645,846,555</u>	<u>5,527,326,194</u>
Net assets available for benefits, end of year	<u>\$ 6,415,043,305</u>	<u>\$5,645,846,555</u>

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

Raytheon Non-Bargaining Retirement Plan

Notes to Financial Statements

December 31, 2012 and 2011

1. Plan Description

General

The Raytheon Non-Bargaining Retirement Plan (the "Plan") was established on December 18, 1997 to provide retirement benefits to eligible non-bargaining employees as part of the Raytheon Company's (the "Company") merger with the Defense Business of Hughes Electronics on December 17, 1997. A proportionate allocation of the liabilities and assets of the preexisting Hughes Non-Bargaining Retirement Plan (the "Hughes Plan") was transferred to the Plan. Investments are held in the Raytheon Master Pension Trust ("Master Trust"). The Plan is a defined benefit pension plan covering eligible salaried employees of the Company and is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

The Plan was amended and restated in its entirety on February 26, 2002 with a retroactive effective date of December 18, 1997, to comply with statutory changes, and has been subsequently amended.

Effective October 1, 2011, the Raytheon Subsidiary Retirement Plan was merged into and became a part of the Plan. Assets totaling \$8,204,421 were transferred to the Plan on that date. Participants in the Raytheon Subsidiary Retirement Plan retain the provisions and benefits of that plan. Refer to Note 3 for details of estimate accumulated plan benefits transferred as part of the merger.

Benefits, Eligibility and Vesting

The Plan is a defined benefit plan covering certain employees of the Company. The Plan provides specified benefits to be paid from the net assets available for benefits. Each employee who was a participant in the Hughes Plan on December 17, 1997, continued as a participant in the Plan with all prior service maintained. Other salaried employees working in a non-bargaining unit in the defense business formerly operated by Hughes Electronics generally became eligible under this plan following completion of a year of service. The level of benefits depends upon the status of each participant as either a member of the contributory benefit structure of the Plan, the noncontributory portion, or the benefit structure applicable to former salaried employees of General Dynamics.

Benefits are based principally upon years of service and compensation. Annual earnings in excess of the limit provided for that year by Section 401(a)(17) of the Internal Revenue Code are not used in determining benefits under the Plan.

Effective January 1, 2007, employees who are either hired or rehired (after the expiration of any salary continuation payments) are not eligible to participate in the Plan. In addition, former employees who are rehired on or after March 1, 2007 and have received or are receiving payment from a Company-sponsored pension plan are not eligible to participate in the Plan.

Non-Contributory Benefit Structure

Most salaried employees of the defense businesses formerly operated by Hughes Electronics, who were hired between August 1, 1990 and September 1, 1999, participate in the non-contributory benefit structure of the Plan.

Raytheon Non-Bargaining Retirement Plan

Notes to Financial Statements

December 31, 2012 and 2011

After completing 5 years of service under the Plan, participants are entitled to annual pension benefits beginning at their Social Security Retirement Date based upon a percentage of their final average earnings multiplied by their years of service. The non-contributory portion of the plan provides for normal retirement, early retirement, deferred vested and death benefits. The standard form of retirement benefit to unmarried participants is a monthly payment beginning the month following retirement and continuing until death. The standard form of benefit to married participants is a reduced monthly payment for the participant's life and one-half of that payment for the life of the participant's surviving spouse (or same sex domestic partner, if appropriate forms have been filed with the Raytheon Benefit Center). Other optional forms of benefits are also available including a 10 Year Certain and Continuous Benefit, a 10 or 15 Year Period Certain Benefit, and 50%, 75%, and 100% Contingent Annuity.

Contributory Benefit Structure

Employees hired or rehired by Hughes on or before August 1, 1990 are eligible to participate in the contributory benefit structure of the Plan. Employees who, in 1990, chose to continue participation in the contributory benefit structure, may elect to contribute 3% of their pay to the Plan.

After completing 5 years of service as an employee of Hughes or Raytheon, a participant is entitled to annual pension benefits beginning at their normal retirement date based upon the greater of three formulas (a career average formula, a minimum benefit formula and a final average compensation formula). The pension under the contributory benefit may be adjusted annually to reflect changes in the cost of living (maximum annual increase or decrease of 4%). The contributory portion of the plan provides for normal retirement, early retirement, deferred vested and death benefits. The early retirement pension is the same as the age 65 pension for a retiree who is at least 55 at termination of employment and whose age plus continuous service (both at termination) total at least 75. The standard form of retirement benefit to unmarried participants is a monthly payment beginning the month following retirement and continuing until death. The standard form of benefit to married participants is a reduced monthly payment for the participant's life and one-half of that payment for the life of the participant's surviving spouse (or same sex domestic partner, if appropriate forms have been filed with the Raytheon Benefit Center). Other optional forms of benefits are also available including a 5, 10 or 15 Year Certain and Continuous Benefit, a 5, 10 or 15 Year Period Certain Benefit, and 50%, 66 2/3%, 75% and 100% Contingent Annuity.

Benefit Structure for Former Salaried Employees of General Dynamics

Employees who are former General Dynamics salaried employees whose employment was transferred to Hughes Electronics Corporation on August 22, 1992 are eligible to participate in the General Dynamics benefit structure of the Plan.

After completing 5 years of service under the General Dynamics benefit structure, participants are entitled to annual pension benefits beginning at their normal retirement date based upon the greater of three formulas (a career average formula, a minimum benefit formula and a final average compensation formula). The General Dynamics portion of the plan provides for normal retirement, early retirement, deferred vested and death benefits. The standard form of retirement benefit to unmarried participants is a monthly payment beginning the month following retirement and continuing until death. The standard form of benefit to married participants is a reduced monthly payment for the participant's life and one-half of that payment for the life of the participant's surviving spouse (or same sex domestic partner, if appropriate forms have been filed with the Raytheon Benefit Center). Other optional forms of benefits are also available including a 5 or 10 Certain and Continuous Benefit.

Raytheon Non-Bargaining Retirement Plan

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Contributions

The Company makes contributions to the Plan to ensure assets are sufficient to pay the benefits of the Plan. Participants in the contributory portion of the Plan, except those on inactive status, are required to contribute to the Plan.

The above description of the Plan is for general information purposes only. In addition, participants should refer to the Summary Plan Description or the Plan document for more complete information.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements are prepared on the accrual basis of accounting.

Investment Valuation and Income Recognition

The Plan's interest in the Master Trust is stated at fair value. Net investment income/ (loss) from the Master Trust is allocated proportionately on a monthly basis based on the Plan's interest in the Master Trust. See Note 5 for additional information.

Contributions

Employer contributions are funded and recorded as determined by actuarial computation. Participants in the contributory portion of the Plan contribute 3% of pay as defined under the Plan document. See Note 4 for additional information.

Benefit Payments

Benefit payments to participants are recorded when paid.

Administrative Expenses

The Plan is administered by the Plan Administrator appointed by the Company's Senior Vice President of Human Resources. All expenses of the Plan, which primarily consist of professional and administrative fees, are paid by the Plan. Expenses specifically related to the Plan are included in the Statements of Changes in Net Assets Available for Benefits under "Administrative expenses." Additionally, expenses paid directly by the Master Trust, which primarily consist of investment management fees, are included in the Statements of Changes in Net Assets Available for Benefits under "Raytheon Master Pension Trust investment income/ (loss)."

Use of Estimates

The preparation of the Plan's financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan Administrator to make significant estimates and assumptions that affect the reported amounts of net assets available for benefits at the date of the financial statements, the actuarial present value of accumulated plan benefits as of the benefit information date, the changes in net assets available for benefits during the reporting period and, when applicable, the disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Reclassifications

Certain prior year amounts of the Master Trust (see Note 5) have been reclassified to conform to the current year's presentation.

Raytheon Non-Bargaining Retirement Plan

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New Accounting Pronouncements

In May 2011, the Financial Accounting Standard board ("FASB") issued ASU No. 2011-4, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS*. The amendments in this update result in common fair value measurements and disclosure requirements in U.S. Generally Accepted Accounting Principles ("GAAP") and International Financial Reporting Standards. Consequently, the amendments change the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. Some of the amendments clarify FASB's intent about the application of existing fair value measurements, while other amendments change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements. The update is effective for annual periods beginning after December 15, 2011. The plan's financial statements reflect the adoption of this accounting standard.

In December 2011, the FASB issued ASU No. 2011-11, *Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities* that requires additional information regarding financial instruments and derivatives instruments that are offset or subject to an enforceable master netting arrangement or similar agreement. The amendment is effective for the Plan on January 1, 2013. Management is currently evaluating the impact ASU No. 2011-11 will have on the Plan's financial statements.

3. Actuarial Present Value of Accumulated Pension Plan Benefits

Accumulated plan benefits are those future periodic payments that are attributable, under the Plan's provisions, to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of deceased employees, and (c) active employees or their beneficiaries. The level of benefits depends upon the status of each participant as either in the contributory portion or the noncontributory portion of the Plan. Benefits are based principally upon years of service and compensation. Benefits payable under all circumstances – retirement, termination of employment, and death – are included to the extent that they are deemed attributable to employee service rendered to the valuation date.

The actuarial present value of accumulated plan benefits is determined by the Company's consulting actuary, Mercer, and is the amount which results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements for retirement, death, or withdrawal) between the valuation date and the expected date of payment.

Raytheon Non-Bargaining Retirement Plan

Notes to Financial Statements

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The significant actuarial assumptions used in the valuation as of December 31, 2011 and 2010, are as follows:

Assumed rate of return on investments	
for accumulated benefits	- 8.75% as of December 31, 2011
	- 8.50% as of December 31, 2010
Mortality basis	
	- Section 430(h)(3) prescribed separate static annuitant and non annuitant mortality tables for PPA projected with mortality improvement to the valuation year plus 7 and 15 years based on scale AA.
Retirement	-Several rates, varying by age from 55 to 70
Post-retirement cost-of-living adjustment	- 2.5% for contributory participants

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. If the Plan were to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

Assumption Changes

There have been changes in the actuarial assumptions since December 31, 2010, the last valuation of the Plan, as follows:

- The assumed rate of return increased from 8.50% to 8.75%.
- Actuarial equivalence for certain only form of payment is based on either:
 - 1) The Pension Benefit Guaranty Corporation (the "PBGC") interest rate of 1.50% for 2012, 2.25% for 2013 and 3.00% thereafter (1.75% for 2011, 2.50% for 2012 and 3.20% thereafter in prior valuation) and 1971 Group Annuity Mortality table (blended 80% males, 20% females), or
 - 2) Segmented interest rates of 4.5% for 5 years, 5.5% for the next 15 years and 6.0% thereafter and RP-2000 mortality table projected to 2022 (RP-2000 mortality table projected to 2021 in the prior valuation) (blended 50% males, 50% females), whichever yields a larger certain only payment.
- Mortality rates were updated from 2011 to 2012 in accordance with PPA
- The form of payment for contributing participants was updated from 20% Single Life and 80% 5-year Certain Only to 10% Single Life and 90% 5-year Certain Only for 2012 and 20% Single Life and 80% 5-year Certain Only for 2013 and later.

The above changes were made to better reflect anticipated experience.

Raytheon Non-Bargaining Retirement Plan

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As of December 31, 2011, the most recent valuation date, the actuarial present value of accumulated plan benefits is as follows:

Vested benefits	
Participants receiving benefits	\$ 2,138,260,043
Participants with deferred benefits	250,192,275
Active participants	<u>1,892,693,723</u>
Total vested benefits	<u>4,281,146,041</u>
Nonvested benefits	<u>757,284,619</u>
Total actuarial present value of accumulated plan benefits	<u>\$ 5,038,430,660</u>

Employee contributions with interest (at a stated rate of 1.40% as of December 31, 2011)	<u>\$ 445,382,163</u>
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The following is an analysis of changes in the present value of accumulated benefits:

Actuarial present value of accumulated plan benefits as of December 31, 2010	\$ 4,796,616,683
Benefits accumulated and non-investment (gains)/ losses	405,323,631
Increase for interest due to decrease in discount period	382,066,565
Benefits paid	(559,899,691)
Change in actuarial assumptions	8,071,162
Other Changes*	<u>6,252,310</u>
Actuarial present value of accumulated plan benefits as of December 31, 2011	<u>\$ 5,038,430,660</u>

*On October 1, 2011, accumulated plan benefits of \$6,252,310 were transferred from the Raytheon Subsidiary Retirement Plan to the Plan as a result of the merger (Note 1).

4. Funding Policy

The employer's contributions are actuarially determined to fund the Plan's current normal costs on a current basis and to generally fund the existing unfunded liability on account of qualified service prior to the valuation date in accordance with the amortization schedules prescribed by ERISA minimum funding requirements (as amended by the Pension Protection Act). At the Company's discretion, and to the extent allowable under maximum tax deductibility regulations, contributions above the ERISA minimum requirements may be made to the Plan. Contributions for the years ended December 31, 2012 and 2011 met the minimum funding requirements of ERISA.

Participants, who choose the option to participate in the Contributory Benefit feature of the plan, contribute 3% of their eligible compensation. Employee contributions are placed into a trust fund. If a participant does not earn a benefit under the Plan, any contributions made to the Plan, plus interest will be returned to the participant or designated beneficiary.

Participants are always vested in their contributions and interest in the Plan.

Raytheon Non-Bargaining Retirement Plan

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5. Master Trust

Summary Financial Information

The Plan's assets are held in the Master Trust, which was established for the investment of assets of the Plan and several other Company sponsored retirement plans. The assets of the Master Trust are held by the Trustee. The Investment Committee, appointed by the Chairman and CEO of the Company, periodically reviews the asset allocation and performance of the investments held in the Master Trust. The investment policy, as approved by the Investment Committee, permits asset diversification to include a combination of cash and cash equivalents, publicly traded equity securities, private equity funds, fixed-income securities, private real estate funds, commingled funds and other investments such as insurance contracts, derivatives and repurchase agreements.

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits.

Raytheon Non-Bargaining Retirement Plan

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At December 31, 2012 and 2011, the Plan owned approximately 36% of the fair value of the Master Trust net assets. The total net assets of the Master Trust at December 31, 2012 and 2011 were:

	2012	2011
Assets		
Investments at fair market value		
Interest-bearing cash	\$783,831	\$559,946
U.S. government bonds (includes securities on loan of \$3 and \$7,271,101)	61,721,457	312,387,991
Corporate debt instruments and other fixed income securities (includes securities on loan of \$900,998 and \$14,464,706)	2,264,916,176	1,926,830,164
Corporate stock - preferred	31,050,272	36,683,753
Corporate stock - common (includes securities on loan of \$13,384,258 and \$40,870,382)	3,750,728,645	3,745,316,736
Investment of securities lending collateral	11,246,750	56,532,293
Commingled funds	7,116,380,008	5,715,931,214
Registered investment companies	2,785,093,313	2,741,451,795
Unallocated insurance contracts	16,258,269	15,615,851
Purchased options (premiums paid of \$169,365)	17,980	-
Collateral for futures held	9,027,882	-
Other investments	-	936,063
	<u>\$16,047,224,583</u>	<u>\$14,552,245,806</u>
Investments at estimated fair market value		
Private equity funds	413,755,610	306,948,793
Private real estate funds	259,385,384	188,080,774
	<u>673,140,994</u>	<u>495,029,567</u>
Cash	6,341,266	716,617
Cash held at broker	6,296,213	8,042,544
Foreign cash	6,867,872	5,993,461
Interest and dividends receivable	44,207,823	36,180,330
Unrealized gain on future contracts	1,338,650	792,274
Receivable for forward foreign currency contracts	1,876,160	602,508
Receivable for securities sold	212,766,431	166,005,171
Other receivables	4,153,816	14,826,385
	<u>17,004,213,808</u>	<u>15,280,434,663</u>
Liabilities		
Interest and dividend payable	\$100,014	\$142,574
Unrealized loss on future contracts	2,273,927	2,494,292
Payable for forward foreign currency contracts	403,377	232,099
Payable for securities lending collateral	14,810,658	64,416,804
Payable for securities purchased	60,364,613	111,792,815
Other payables	7,922,387	-
	<u>\$85,874,976</u>	<u>\$179,078,584</u>
Master Trust net assets	<u>\$16,918,338,832</u>	<u>\$15,101,356,079</u>
Plan's interest in Master Trust	<u>\$6,096,380,754</u>	<u>\$5,408,964,242</u>

Raytheon Non-Bargaining Retirement Plan
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The following table is a summary of the investment earnings and the net appreciation (depreciation) in the fair market value of the Master Trust for the years ended December 31, 2012 and 2011:

	2012	2011
Net appreciation (depreciation) in fair value of investments		
Interest-bearing cash	(\$363,394)	(\$825,617)
U.S. government bonds	(950,744)	14,779,285
Corporate debt instruments and other fixed income securities	142,712,567	40,235,283
Corporate stock – preferred	345,705	(6,294,383)
Corporate stock – common	547,683,679	(279,781,043)
Investment of securities lending collateral	4,320,603	2,254,511
Investment in DB/DC Master Trust	-	2,656,364
Commingled funds	756,891,667	33,761,986
Registered investment companies	111,420,687	(191,879,218)
Purchased options	(151,385)	-
Forward currency contracts	1,343,796	(2,027,530)
Future contracts	(4,652,816)	(11,968,498)
Other investments	(375,823)	(2,705,468)
	<u>\$1,558,224,542</u>	<u>(\$401,794,328)</u>
Net appreciation (depreciation) in estimated fair value of investments		
Private equity funds	45,691,456	5,729,372
Private real estate funds	21,589,985	19,041,326
	<u>\$67,281,441</u>	<u>\$24,770,698</u>
Interest	129,697,049	100,788,837
Dividends	211,466,720	173,199,461
Securities lending program income	622,396	759,183
Other income	8,961,546	21,790,576
Subtotal Master Trust investment income (loss)	<u>\$1,976,253,694</u>	<u>(\$80,485,573)</u>
Total expenses	<u>\$110,077,732</u>	<u>\$98,129,108</u>
Total Master Trust net investment income (loss)	<u><u>\$1,866,175,962</u></u>	<u><u>(\$178,614,681)</u></u>
Portion allocated to the Plan	<u><u>\$664,252,801</u></u>	<u><u>(\$59,901,002)</u></u>

Raytheon Non-Bargaining Retirement Plan

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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. The 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 as well as the assets and liabilities that we value using those levels of inputs.

- Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2:** Observable inputs, other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs which are observable or have been corroborated by 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. In evaluating the level at which the Plan's commingled funds have been classified within this hierarchy, several factors have been assessed including, but not limited to price transparency, the ability to redeem these investments at net asset value at the measurement date, and the existence or absence of certain restrictions at the measurement date. See valuation policy section for further information.

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

For the years ended December 31, 2012 and December 31, 2011, there were no transfers in or out of Levels 1, 2 or 3.

Raytheon Non-Bargaining Retirement Plan

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The following tables summarize the fair value of investment assets and liabilities as of December 31, 2012.

Fair Value of Investment Assets as of 12/31/2012				
	Level 1	Level 2	Level 3	Total
Interest-bearing cash	\$ -	\$ 783,831	\$ -	\$ 783,831
U.S. government bonds	61,721,457	-	-	61,721,457
Corporate debt instruments and other fixed income securities *	-	2,264,916,176	-	2,264,916,176
Corporate stock – preferred				
U.S. equity	-	4,804,492	-	4,804,492
International equity	26,245,780	-	-	26,245,780
Corporate stock - common				
U.S. equity	1,495,132,009	4,875,897	157,716	1,500,165,622
International equity	2,250,487,336	75,687	-	2,250,563,023
Investment of securities lending collateral	-	11,246,750	-	11,246,750
Commingled funds				
103-12 investment entities				
International equity	-	209,036,213	-	209,036,213
Absolute return	-	719,149,388	-	719,149,388
US Equity	-	109,709,955	-	109,709,955
Absolute return	-	689,751,256	181,821,136	871,572,392
Common/collective trusts				
Liquidity	-	538,628,463	-	538,628,463
U.S. equity	-	2,451,958,184	-	2,451,958,184
International equity	-	347,284,340	-	347,284,340
Absolute return	-	143,010,426	-	143,010,426
Fixed income	-	241,059,864	-	241,059,864
Equity	-	343,558,675	-	343,558,675
Fixed income	-	1,022,627,593	68,231,515	1,090,859,108
Real estate pooled separate accounts	-	50,553,000	-	50,553,000
Registered investment companies				
U.S. equity	342,578,862	-	-	342,578,862
International equity	135,959,753	-	-	135,959,753
Absolute return	505,757,363	-	-	505,757,363
Fixed income	1,476,427,294	-	-	1,476,427,294
Money market funds	324,370,041	-	-	324,370,041
Unallocated insurance contracts	-	-	16,258,269	16,258,269
Purchased options	17,980	-	-	17,980
Collateral for futures held	9,027,882	-	-	9,027,882
Private equity funds	-	-	413,755,610	413,755,610
Private real estate funds	-	-	259,385,384	259,385,384
Unrealized gain on future contracts	1,338,650	-	-	1,338,650
Receivable for forward foreign currency contracts	-	1,876,160	-	1,876,160
Total assets	\$ 6,629,064,407	\$ 9,154,906,350	\$ 939,609,630	\$ 16,723,580,387
Fair Value of Investment Liabilities as of 12/31/2012				
	Level 1	Level 2	Level 3	Total
Unrealized loss on future contracts	\$ 2,273,927	\$ -	\$ -	\$ 2,273,927
Payable for forward foreign currency contracts	-	403,377	-	403,377
Total liabilities	\$ 2,273,927	\$ 403,377	\$ -	\$ 2,677,304

* Corporate debt instruments and other fixed income securities includes \$66,632,882 of asset backed securities and \$149,333,331 of term loans.

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The following tables summarize the fair value of investment assets and liabilities as of December 31, 2011.

Fair Value of Investment Assets as of 12/31/2011				
	Level 1	Level 2	Level 3	Total
Interest-bearing cash	\$ -	\$ 559,946	\$ -	\$ 559,946
U.S. government bonds	297,640,061	14,747,930	-	312,387,991
Corporate debt instruments and other fixed income securities *	-	1,926,830,164	-	1,926,830,164
Corporate stock – preferred				
U.S. equity	-	4,293,542	-	4,293,542
International equity	32,390,211	-	-	32,390,211
Corporate stock - common				
U.S. equity	1,816,120,591	11,930,231	167,895	1,836,793,942
International equity	1,917,023,974	74,045	-	1,908,522,794
Investment of securities lending collateral	-	56,532,293	-	56,532,293
Commingled funds				
103-12 investment entities				
International equity	-	132,203,112	-	132,203,112
Absolute return	-	382,577,720	-	382,577,720
Absolute return	-	1,006,966,597	102,540,210	1,210,166,359
Common/collective trusts				
Liquidity	-	614,852,251	-	614,852,251
U.S. equity	-	1,580,830,791	-	1,580,830,791
International equity	-	221,467,699	-	221,467,699
Absolute return	-	143,082,879	-	143,082,879
Fixed income	-	410,945,583	-	410,945,583
Equity	-	273,094,869	-	273,094,869
Fixed income	-	793,823,011	53,546,492	746,709,951
Registered investment companies				
U.S. equity	1,012,735,076	-	-	1,012,735,076
International equity	12,357,699	-	-	12,357,699
Absolute return	196,145,883	-	-	196,145,883
Fixed income	1,071,707,890	-	-	1,071,707,890
Money market funds	448,505,247	-	-	448,505,247
Unallocated insurance contracts	-	-	15,615,851	15,615,851
Other investments	-	936,063	-	936,063
Private equity funds	-	-	306,948,793	306,948,793
Private real estate funds	-	-	188,080,774	188,080,774
Unrealized gain on future contracts	792,274	-	-	792,274
Receivable for forward foreign currency contracts	-	602,508	-	602,508
Total assets	\$ 6,804,523,938	\$ 7,577,246,202	\$ 666,900,015	\$ 15,048,670,155

Fair Value of Investment Liabilities as of 12/31/2011				
	Level 1	Level 2	Level 3	Total
Unrealized loss on future contracts	\$ 2,494,292	\$ -	\$ -	\$ 2,494,292
Payable for forward foreign currency contracts	-	232,099	-	232,099
Total liabilities	\$ 2,494,292	\$ 232,099	\$ -	\$ 2,726,391

* Corporate debt instruments and other fixed income securities includes \$52,798,148 of asset backed securities and \$139,998,453 of term loans.

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Level 3 Investments

The tables below summarize changes in the fair value of the Plan's Level 3 investment assets for the year ended December 31, 2012 and December 31, 2011.

Level 3 Investment Assets 12/31/2012							
	Balance, beginning of year	Realized gains (losses)	Change in unrealized gains (losses)	Purchases	Sales	Transfers in (out) of level 3	Balance, end of year
Corporate stock - common							
U.S. equity	\$ 167,895	\$ (30,420)	\$ 20,241	\$ 166,959	\$ (166,959)	\$ -	\$ 157,716
Commingled funds							
Absolute return	102,540,210	6,776,567	5,602,248	111,092,242	(44,190,131)	-	181,821,136
Fixed income	53,546,492	4,746,857	23,798,802	92,855,798	(106,716,434)	-	68,231,515
Unallocated insurance contracts	15,615,851	3,339	(3,339)	768,360	(125,942)	-	16,258,269
Private equity funds	306,948,793	59,650,042	(14,045,244)	178,907,934	(117,705,915)	-	413,755,610
Private real estate funds	188,080,774	2,010,401	19,579,585	76,754,220	(27,039,596)	-	259,385,384
Total	<u>\$ 666,900,015</u>	<u>\$ 73,156,786</u>	<u>\$ 34,952,293</u>	<u>\$ 460,545,513</u>	<u>\$ (295,944,977)</u>	<u>\$ -</u>	<u>\$ 939,609,630</u>

Change in unrealized gain of \$33,049,784 relates to investment assets held by the Plan at December 31, 2012.

Level 3 Investment Assets 12/31/2011							
	Balance, beginning of year	Realized gains (losses)	Change in unrealized gains (losses)	Purchases	Sales	Transfers in (out) of level 3	Balance, end of year
Corporate stock - common							
U.S. equity	\$ -	\$ -	\$ (29,484)	\$ 197,379	\$ -	\$ -	\$ 167,895
Investment in DB/DC Master Trust	41,346	(64,839)	64,851	-	(41,358)	-	-
Commingled funds							
Absolute return	60,109,668	2,519,162	(1,402,080)	46,813,373	(5,499,913)	-	102,540,210
Equity	21,945,751	4,917,029	(5,472,207)	2,013,639	(23,404,212)	-	-
Fixed income	55,001,845	(732,358)	2,696,819	(35,399)	(3,384,415)	-	53,546,492
Unallocated insurance contracts	14,940,345	3,534	(3,534)	802,194	(126,688)	-	15,615,851
Private equity funds	265,605,631	49,915,405	(43,209,965)	151,764,137	(117,126,415)	-	306,948,793
Private real estate funds	171,494,321	1,173,609	17,867,717	12,481,494	(14,936,367)	-	188,080,774
Total	<u>\$ 589,138,907</u>	<u>\$ 57,731,542</u>	<u>\$ (29,487,883)</u>	<u>\$ 214,036,817</u>	<u>\$ (164,519,368)</u>	<u>\$ -</u>	<u>\$ 666,900,015</u>

Change in unrealized loss of (\$17,090,044) relates to investment assets held by the Plan at December 31, 2011.

Level 3 investments, which are mainly commingled funds, private equity funds and private real estate funds, are estimated at fair market value which primarily utilizes net asset values reported by the investment manager or fund manager. Members of the Coordinating Investment Fiduciary's team and the Chief Accounting Officer's team review independently appraised values, audited financial statements and other pricing information to evaluate the net asset values. Further, for the very limited group of securities and other assets that do not utilize net asset values and for which market quotations are not readily available, additional information is obtained from the investment manager and evaluated to ensure the reported values reflect fair value. This group represents less than 1% of the Master Trust assets. See Valuation Policy section for further information.

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The table below summarizes the fair value measurements of the investments in certain entities that calculate net asset value per share as of December 31, 2012.

Category of Investment	Fair Value	Unfunded Commitments	Remaining Life	Redemption Terms	Redemption restrictions and terms	Redemption restrictions and terms in place at year end
Private Real Estate Funds	\$ 259,365,384	\$ 340,075,135	0-10 years	Redemption not permitted during life of the fund	Not applicable	Not applicable
Private Equity Funds	413,755,610	800,363,418	0-10 years	Redemption not permitted during life of the fund	Not applicable	Not applicable
Commingled Funds 103-12 Entities	1,037,895,556	Not applicable	Not applicable	Ranges from 5-15 days notice monthly	100% of funds are either not under lock or have a lock of one year or less.	Less than 5% of the funds have gates in place as of December 31, 2012.
Absolute Return	871,572,392	2,500,000	Not applicable	Ranges from 5-120 days notice monthly, 45-90 days notice quarterly, 60-180 days notice annually	88% of funds are either not under lock or have a lock of one year or less. 12% of funds have a lock up provision of two to ten years. Approximately 25% of the funds have fees of 5% or less if redeemed during the lock up period. The remainder are not subject to lock up fees.	Less than 15% of the funds have gates in place as of December 31, 2012.
Common/collective Trusts	3,721,941,277	Not applicable	Not applicable	Ranges from 1-7 days notice daily, 5 days notice monthly	None	None
Equity Funds	343,558,675	50,000,000	Not applicable	Ranges from 15-30 days notice monthly, 60 days notice quarterly	100% of funds are either not under lock or have a lock of one year or less. Less than 5% of the funds have fees of 1% or less if redeemed during the lock up period. The remainder are not subject to lock up fees.	Less than 5% of the funds have gates in place as of December 31, 2012.
Fixed Income Funds	1,090,859,108	Not applicable	Not applicable	Ranges from 10 days notice daily, 30-45 days notice monthly, 45-90 days notice quarterly	78% of funds are either not under lock or have a lock of one year or less. 22% of funds have a lock up provision of two to five years. Approximately 10% of the funds have fees of 5% or less if redeemed during the lock up period. The remainder are not subject to lock up fees.	Less than 10% of the funds have gates in place as of December 31, 2012.
Real Estate Pooled Separate Accounts	50,553,000	Not applicable	Not applicable	90 days notice quarterly	100% of funds are either not under lock or have a lock of one year or less.	None

Raytheon Non-Bargaining Retirement Plan

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The table below summarizes the fair value measurements of the investments in certain entities that calculate net asset value per share as of December 31, 2011.

Category of Investment	Fair Value	Unfunded Commitments	Remaining Life	Redemption Terms	Redemption restrictions and terms	Redemption restrictions and terms in place at year end
Private Real Estate Funds	\$ 188,080,774	\$ 118,683,541	0-9 years	Redemption not permitted during life of the fund	Not applicable	Not applicable
Private Equity Funds	306,948,793	224,010,211	0-11 years	Redemption not permitted during life of the fund	Not applicable	Not applicable
Commingled Funds 103-12 Entities	514,780,832	Not applicable	Not applicable	Ranges from 3-15 days notice monthly, 60 days notice quarterly	100% of funds are either not under lock or have a lock of one year or less. Less than 5% of the funds have fees of 3% or less if redeemed during the lock up period. The remainder are not subject to lock up fees.	Less than 5% of the funds have gates in place as of December 31, 2011.
Absolute Return	1,210,166,359	20,000,000	Not applicable	Ranges from 3-90 days notice monthly, 30-90 days notice quarterly, 180 days notice annually	75% of funds are either not under lock or have a lock of one year or less. 25% of funds have a lock up provision of two to ten years. Approximately 35% of the funds have fees of 5% or less if redeemed during the lock up period. The remainder are not subject to lock up fees.	Less than 5% of the funds have gates in place as of December 31, 2011.
Common/collective Trusts	2,356,326,952	Not applicable	Not applicable	Ranges from 7 days notice daily, weekly, 10-45 days notice monthly	None	None
Equity Funds	273,094,869	Not applicable	Not applicable	Ranges from 15-16 days notice monthly	100% of funds are either not under lock or have a lock of one year or less	Less than 5% of the funds have gates in place as of December 31, 2011.
Fixed Income Funds	746,709,951	Not applicable	Not applicable	Ranges from 10 days notice daily, 30-45 days notice monthly, 45-90 days notice quarterly, annually	70% of funds are either not under lock or have a lock of one year or less. 30% of funds have a lock up provision of two to five years. Approximately 15% of the funds have fees of 5% or less if redeemed during the lock up period. The remainder are not subject to lock up fees.	Less than 5% of the funds have gates in place as of December 31, 2011.

Raytheon Non-Bargaining Retirement Plan

Notes to Financial Statements

December 31, 2012 and 2011

Valuation Policy

The Plan's interest in the Master Trust is stated at fair value. The Trustee values Master Trust investments as follows:

Cash and cash equivalents are valued at amortized cost, which approximates fair value.

Investments in equity securities (common and preferred) and equity securities sold short, if any, are valued at the exchange traded closing price.

Investments in fixed income securities (U.S. Government, domestic and foreign bonds, asset backed securities and term loans) are valued by a pricing service which determines valuations for normal institutional-size trading units of such securities using methods based upon market transactions for comparable securities and various relationships between securities which are generally recognized by institutional traders, or at fair value as determined in good faith by the trustee of the Master Trust and management.

Investments denominated in foreign currencies are translated into U.S. Dollars using the last reported exchange rate.

Commingled funds, registered investment companies, private equity funds and private real estate funds are generally valued at their last reported net asset value. Certain commingled funds, private equity funds and private real estate funds are recorded at fair market value which considers, but is not limited to fair values reported by the investment advisor, audited financial statements, and independently appraised values. In the event that audited financial statements for these investments are not available in time to prepare our financial statements or management believes the value reported by the investment advisor does not accurately reflect fair value due to an event in the market place, such as a prime-broker filing for bankruptcy, management will adjust the reported value to fair value based upon information provided by the investment manager or independent valuation experts.

Unallocated insurance contracts are valued at their contract price which approximates fair value.

Securities and other assets for which market quotations are not readily available or for which the above valuation procedures are deemed not to reflect fair value are valued in a manner that is intended to reflect their fair value.

Valuation policies for derivative investments are disclosed in the Derivative Policy paragraph.

Raytheon Non-Bargaining Retirement Plan

Notes to Financial Statements

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Investment Income (Loss)

The Trustee maintains separate records of each plan's proportionate share in the Master Trust's investment accounts. The Plan's share of investment income (loss) and net appreciation (depreciation) in the fair value of investments of the Master Trust is included in the Statements of Changes in Net Assets Available for Benefits as Master Trust investment income (loss). The net appreciation (depreciation) in the fair value of investments consists of the realized gains or losses and the change in unrealized appreciation (depreciation) on those investments.

Under the Master Trust Agreement, each plan's assets are jointly invested. The Plan uses the unit participation method to calculate the Plan's interest in the Master Trust. Under this method, contributions made to and benefits paid from the Master Trust result in increases or decreases in units of participation. All Master Trust income or loss results in a change in unit value.

Dividends are recorded on the ex-dividend date and interest income is accrued as earned. All security transactions are recorded on the trade date. Premiums and discounts on debt securities are amortized to maturity. Gains or losses on sales of securities are based on average cost.

Defined Benefit / Defined Contribution Master Trust

The Defined Benefit / Defined Contribution Master Trust (the "DB/DC Master Trust") is a master trust established for the investment of assets of the Company sponsored defined benefit and defined contribution plans. The assets of the DB/DC Master Trust are held by the Trustee. Under the DB/DC Master Trust Agreement, the assets of the Master Trust and the Company sponsored defined contribution plan, the Raytheon Savings and Investment Plan, (the "Defined Contribution Plan"), are jointly invested. The unit participation method is used to calculate the Master Trust's interest in the DB/DC Master Trust. The DB/DC Master Trust was closed effective March 31, 2011.

For the year ended December 31, 2011, the net income (loss) related to the DB/DC Master Trust was \$8,686,729. During 2011, the Master Trust was allocated \$2,655,865 net income gain, which consisted of \$(206,528) unrealized appreciation/depreciation principally on corporate stock-common, \$251,926 dividend and interest income, \$(102,810) expenses and \$2,713,277 net appreciation/ depreciation, which consists principally of net realized gain/loss from sale of assets.

Raytheon Non-Bargaining Retirement Plan

Notes to Financial Statements

December 31, 2012 and 2011

Investments Sold Short

As of December 31, 2012 and 2011, the Master Trust was not invested in any securities sold short.

The Master Trust may sell a security it does not own in anticipation of a decline in the fair value of that security or as part of its core investment strategy. The Master Trust, in "selling short," sells borrowed securities that must at some date be repurchased and returned to the lender. The risk associated with this practice is that if the market value of the securities sold short increases, the Master Trust may realize losses upon repurchase at prices which may exceed the proceeds received from the sale of the security. Further, in unusual circumstances, the Master Trust may be unable to purchase securities to close its short positions. The Master Trust is obligated to pay a prime broker interest based on the value of the securities sold short and any dividends declared on the securities sold short. Such fees and dividends are recorded on the accrual basis as an expense to the Master Trust.

Repurchase Agreements

As of December 31, 2012 and 2011, the Master Trust was not invested in any repurchase agreements.

The Master Trust may lend extra cash through the use of repurchase agreements whereby the Master Trust agrees to purchase and automatically agrees to sell certain securities at a mutually agreed-upon date and price. At the same time, the counterparty to this agreement agrees to pledge some of its securities. The underlying collateral securities consist of securities in which the Master Trust is permitted to invest.

Raytheon Non-Bargaining Retirement Plan

Notes to Financial Statements

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Securities Lending Program

The Master Trust directly participates in a securities lending program with the Trustee. The program allows the Trustee to loan securities, which are assets of the Master Trust, to approved brokers (the "Borrowers"). The Trustee requires Borrowers, pursuant to a security loan agreement, to deliver collateral to secure each loan. The collateral requires 102% of the fair value of U.S. securities borrowed and 105% for non-U.S. securities borrowed. The Master Trust bears the risk of loss with respect to the unfavorable change in fair value of the invested cash collateral. However, the Borrower bears the risk of loss related to the decrease in the fair value of the securities collateral and, therefore, will have to deliver additional securities to maintain the required collateral. In the event of default by the Borrower, the Trustee shall indemnify the Master Trust by purchasing replacement securities equal to the number of unreturned loaned securities or, if replacement securities are not able to be purchased, the Trustee shall credit the Master Trust for the market value of the unreturned securities. In each case, the Trustee would apply the proceeds from the collateral for such a loan to make the Master Trust whole.

The market value of the securities on loan to Borrowers at December 31, 2012 and 2011 was \$14,285,259 and \$62,606,189, respectively. The market value of the securities on loan decreased and is expected to continue to decrease as the Master Trust exits the program. Cash collateral obligations of \$14,810,658 and \$64,416,804 were received for securities on loan at December 31, 2012 and 2011, respectively. Cash collateral was invested in a separately maintained and managed cash collateral investment account and had a fair market value of \$11,246,750 and \$56,532,293 at December 31, 2012 and 2011, respectively. At December 31, 2012 investments include, \$4,670,266 invested in overnight repurchase agreements and \$6,581,089 invested in asset backed securities. At December 31, 2011 investments include, \$789,977 invested in overnight repurchase agreements and \$55,739,637 invested in asset backed securities.

A portion of the income generated upon investment of cash collateral is remitted to the Borrowers, and the remainder is allocated between the Master Trust and the Trustee in its capacity as a security agent. Securities lending income allocated to the Master Trust amounted to \$622,396 and \$759,183 as of December 31, 2012 and 2011, respectively. Security lending income allocated to the Trustee amounted to \$157,306 and \$193,055 as of December 31, 2012 and 2011, respectively.

Raytheon Non-Bargaining Retirement Plan

Notes to Financial Statements

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Derivative Policy

The Master Trust enters into contractual arrangements classified as derivatives in carrying out its investment strategy, principally to: (1) hedge a portion of the Master Trust's portfolio to limit or minimize exposure to certain risks, (2) gain exposure to a market more rapidly or less expensively than could be accomplished through the use of the cash markets, and (3) increase investment returns by reducing the cost of structuring the portfolio. The Master Trust may utilize both exchange traded investment instruments such as equity and future contracts, options, forward contracts and swaps. Select major financial institutions are used in derivatives transactions. When engaging in over the counter derivatives and forward foreign exchange contracts, there is exposure to credit loss in the event of nonperformance by the counterparties to these transactions. The Master Trust manages this exposure through credit approvals, limits, monitoring procedures, and to the extent possible, by restricting the period over which unpaid balances are allowed to accumulate. Procedures are in place to regularly monitor and report market and counterparty credit risks associated with these instruments. The Master Trust does not anticipate nonperformance by counterparties to these contracts.

The following tables present the values of derivatives carried on the Statement of Net Assets and the Statement of Changes in Net Assets of the Master Trust as of and for the year ended December 31, 2012:

Fair value of asset and liability derivative contracts

Derivatives not accounted for as hedging instruments

	Credit	Equity	Foreign Exchange	Interest Rate	Total
Assets					
Unrealized gain on options	\$ -	\$ 17,980	\$ -	\$ -	\$ 17,980
Unrealized gain on future contracts	1,338,650	-	-	-	1,338,650
Unrealized gain on forward currency contracts	-	-	1,876,160	-	1,876,160
	<u>\$ 1,338,650</u>	<u>\$ 17,980</u>	<u>\$ 1,876,160</u>	<u>\$ -</u>	<u>\$ 3,232,790</u>
Liabilities					
Unrealized loss on future contracts	\$ 2,025,307	\$ 248,620	\$ -	\$ -	\$ 2,273,927
Unrealized loss on forward currency contracts	-	-	403,377	-	403,377
	<u>\$ 2,025,307</u>	<u>\$ 248,620</u>	<u>\$ 403,377</u>	<u>\$ -</u>	<u>\$ 2,677,304</u>

Effect of Derivative Instruments on the Statements of Changes in Net Assets

	Net Appreciation/ (Depreciation)	Average Number of Contracts
Derivatives not accounted for as hedging instruments		
Options	\$ (151,385)	425
Future contracts	(4,652,816)	5,000
Forward currency contracts	<u>1,343,796</u>	<u>70</u>
	<u>\$ (3,460,405)</u>	<u>5,495 *</u>

* Number of contracts represents volume of derivative activity and is based on a quarterly average.

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The following tables present the values of derivatives carried on the Statement of Net Assets and the Statement of Changes in Net Assets of the Master Trust as of and for the year ended December 31, 2011:

Fair value of asset and liability derivative contracts

Derivatives not accounted for as hedging instruments

Assets	Credit	Equity	Foreign Exchange	Interest Rate	Total
Unrealized gain on future contracts	\$ 792,274	\$ -	\$ -	\$ -	\$ 792,274
Unrealized gain on forward currency contracts	-	-	602,508	-	602,508
	<u>\$ 792,274</u>	<u>\$ -</u>	<u>\$ 602,508</u>	<u>\$ -</u>	<u>\$ 1,394,782</u>
Liabilities					
Unrealized loss on future contracts	\$2,494,292	\$ -	\$ -	\$ -	\$ 2,494,292
Unrealized loss on forward currency contracts	-	-	232,099	-	232,099
	<u>\$2,494,292</u>	<u>\$ -</u>	<u>\$ 232,099</u>	<u>\$ -</u>	<u>\$ 2,726,391</u>

Effect of derivative instruments on the Statements of Changes in Net Assets

Derivatives not accounted for as hedging instruments	Net Appreciation/ (Depreciation)	Average Number of Contracts
Future contracts	\$ (11,968,498)	2,700
Forward currency contracts	<u>(2,027,530)</u>	<u>115</u>
	<u>\$ (13,996,028)</u>	<u>2,815</u> *

* Number of contracts represents volume of derivative activity and is based on a quarterly average.

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The following is a summary of the significant accounting policies associated with the Master Trust's use of derivatives:

Forward Foreign Currency Exchange Contracts

A forward foreign currency exchange contract ("forward currency contract") is a commitment to purchase or sell a foreign currency at a future settlement date and at a negotiated rate.

Forward currency contracts are utilized to hedge a portion of the currency exposure that results from the Master Trust's holdings of equity and fixed income securities denominated in foreign currencies.

Forward currency contracts are marked-to-market at the prevailing forward exchange rate of the underlying currencies and the difference between contract value and market value is recorded as unrealized appreciation (depreciation) in Master Trust net assets. When the forward exchange contract is closed, the Master Trust transfers the unrealized appreciation (depreciation) to a realized gain (loss) equal to the change in the value of the forward exchange contract when it was opened and the value at the time it was closed or offset. Sales and purchases of forward currency contracts having the same settlement date and broker are offset and any gain (loss) is realized on the date of offset.

Certain risks may arise upon entering into a forward currency contract from the potential inability of counterparties to meet the terms of their contracts. Additionally, when utilizing forward currency contracts to hedge, the Master Trust gives up the opportunity to profit from favorable exchange rate movements during the term of the contract.

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A summary of open forward currency contracts at December 31, 2012 is presented below:

2012				
Currency Purchased	Settlement Date	Aggregate Face Value	Market Value	Unrealized Appreciation (Depreciation)
Canadian Dollar	1/2/2013-1/3/2013	\$103,886	\$103,823	(\$63)
Euro Currency Unit	1/2/2013	13,221	13,184	(37)
Hong Kong Dollar	1/2/2013-1/3/2013	349,363	349,355	(8)
Japanese Yen	1/7/2013-2/15/2013	789,606	754,064	(35,542)
Malaysian Ringgit	1/2/2013-1/3/2013	5,121	5,126	5
New Taiwan Dollar	1/2/2013	35,911	35,912	1
S African Comm Rand	1/4/2013-1/7/2013	157,340	157,532	192
Singapore Dollar	1/3/2013	7,857	7,868	11
Thailand Baht	1/3/2013	318,768	316,215	(2,553)
		<u>\$1,781,073</u>	<u>\$1,743,079</u>	<u>(\$37,994)</u>

2012				
Currency Sold	Settlement Date	Aggregate Face Value	Market Value	Unrealized Appreciation (Depreciation)
Canadian Dollar	1/2/2013	\$4,780	\$4,776	\$4
Euro Currency Unit	1/2/2013-6/19/2013	9,276,569	9,641,127	(364,558)
Hong Kong Dollar	1/2/2013-1/3/2013	114,102	114,111	(9)
Japanese Yen	1/4/2013-6/19/2013	24,093,655	22,217,708	1,875,947
Malaysian Ringgit	1/2/2013-1/4/2013	83,204	83,280	(76)
Pound Sterling	1/2/2013-1/4/2013	80,256	80,758	(502)
Singapore Dollar	1/2/2013	13,221	13,250	(29)
		<u>\$33,665,787</u>	<u>\$32,155,010</u>	<u>\$1,510,777</u>

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A summary of open forward currency contracts at December 31, 2011 is presented below:

2011				
	Settlement Date	Aggregate Face Value	Market Value	Unrealized Appreciation (Depreciation)
Currency Purchased				
Australian Dollar	1/3/2012-1/5/2012	\$592,835	\$598,080	\$5,245
Canadian Dollar	1/4/2012	127,641	127,983	342
Euro Currency Unit	1/18/2012-5/16/2012	1,438,519	1,416,477	(22,042)
Hong Kong Dollar	1/3/2012-1/4/2012	58,858	58,875	17
Japanese Yen	1/4/2012-1/6/2012	62,387	62,930	543
Mexican New Peso	1/3/2012	162,277	162,694	417
Pound Sterling	1/3/2012-1/5/2012	139,009	139,867	858
S African Comm Rand	1/3/2012-1/6/2012	65,913	66,624	711
		<u>\$2,647,439</u>	<u>\$2,633,530</u>	<u>(\$13,909)</u>

2011				
	Settlement Date	Aggregate Face Value	Market Value	Unrealized Appreciation (Depreciation)
Currency Sold				
Euro Currency Unit	1/3/2012-7/18/2012	\$13,224,943	\$12,630,568	\$594,375
Hong Kong Dollar	1/3/2012	41,842	41,876	(34)
Japanese Yen	1/4/2012-6/13/2012	26,634,631	26,843,604	(208,973)
Malaysian Ringgit	1/3/2012	31,127	31,201	(74)
New Taiwan Dollar	1/3/2012	30,686	30,702	(16)
Norwegian Krone	1/3/2012	29,834	30,161	(327)
Philippines Peso	1/3/2012	2,523	2,531	(8)
Pound Sterling	1/3/2012	61,560	62,164	(604)
South Korean Won	1/3/2012	10,066	10,087	(21)
		<u>\$40,067,212</u>	<u>\$39,682,894</u>	<u>\$384,318</u>

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Future Contracts

A future contract is a contractual agreement to make or take delivery of a standardized quantity of a specified grade or type of commodity or financial instrument at a specified future date in accordance with terms specified by a regulated future exchange.

The Master Trust may use equity index, fixed income, cash and cash equivalents and commodities future contracts to manage exposure to the market. Buying futures tends to increase the Master Trust's exposure to the underlying instrument. Selling futures tends to decrease the Master Trust's exposure to the underlying instrument held, or hedge the fair value of other fund investments.

Future contracts are valued at the last settlement price at the end of each day on the exchange upon which they are traded. Upon entering into a future contract, the Master Trust is required to deposit either in cash or securities an amount equal to a certain percentage of the nominal value of the contract ("initial margin"). Pursuant to the future contract, the Master Trust agrees to receive from, or pay to, the broker an amount of cash equal to the daily fluctuation in the value of the future contract. Such receipts or payments are recorded as "margin flows," and the accumulated balances resulting from those flows are represented on the balance sheet as "cash held at broker." The Master Trust will also record an unrealized gain or loss on futures, which is calculated as the difference between the notional cost and the notional market value of open futures contracts.

Future contracts involve, to varying degrees, credit and market risks. The Master Trust enters into future contracts on exchanges where the exchange acts as the counterparty to the transaction. Thus, credit risk on such transactions is limited to the failure of the exchange. The daily settlement on the future contracts serves to greatly reduce credit risk. Losses in value may arise from changes in the value of the underlying instrument or if there is an illiquid secondary market for the contracts. In addition, there is the risk that there may not be an exact correlation between a future contract and the underlying index or security.

At December 31, 2012, U.S. Government Bonds with a par value of \$9,034,000 (\$9,027,882 fair value) were pledged as collateral for open equity and fixed income future positions. These bonds are restricted from trading until the future positions for which they are pledged as collateral are settled. A cash balance of \$6,296,213 was pledged to cover margin requirements for open future contracts.

At December 31, 2011, no securities were pledged as collateral or restricted from trading. A cash balance of \$8,042,544 was pledged to cover margin requirements for open future contracts.

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A summary of the open fixed income futures as of December 31, 2012 is presented below:

	Long Contracts		Short Contracts	
	2012		2012	
	Number of Contracts	Aggregate Face Value	Number of Contracts	Aggregate Face Value
U.S. Treasury Bond Futures (CBT)	236	34,810,000	17	\$ 2,507,500
U.S. 10-year Treasury Notes Futures (CBT)	-	-	2,616	347,355,750
U.S. 5-year Treasury Notes Futures (CBT)	1,708	212,499,220	132	16,422,656
U.S. 2- Year Treasury Notes Futures (CBT)	-	-	403	88,848,906
U.S. Ultra Bond (CBT)	448	72,842,000	66	10,731,188
Grand Total	<u>2,392</u>	<u>320,151,220</u>	<u>3,234</u>	<u>\$ 465,866,000</u>

A summary of the open equity futures as of December 31, 2012 is presented below:

	Long Contracts	
	2012	
	Number of Contracts	Aggregate Face Value
S&P 500 Emini Index Fut (CME)	2,162	\$ 153,512,810
Grand Total	<u>2,162</u>	<u>\$ 153,512,810</u>

A summary of the open fixed income futures as of December 31, 2011 is presented below:

	Long Contracts		Short Contracts	
	2011		2011	
	Number of Contracts	Aggregate Face Value	Number of Contracts	Aggregate Face Value
U.S. Treasury Bond Futures (CBT)	-	\$ -	89	\$ 12,888,313
U.S. 10-year Treasury Notes Futures (CBT)	-	-	1,941	254,513,625
U.S. 5-year Treasury Notes Futures (CBT)	1,123	138,418,524	8	986,063
U.S. 2- Year Treasury Notes Futures (CBT)	-	-	112	24,701,250
U.S. Ultra Bond (CBT)	340	54,463,750	-	-
Grand Total	<u>1,463</u>	<u>\$ 192,882,274</u>	<u>2,150</u>	<u>\$ 293,089,251</u>

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Options

The Master Trust may invest in option contracts. An option contract is a contract in which the writer of the option grants the buyer of the option the right to purchase from ("call option"), or sell to ("put option"), the writer a designated instrument at a specified price within a specified period of time. Certain options, including options on indices, will require cash settlement by the Master Trust if the option is exercised. The Master Trust may enter into put or call option contracts in order to: hedge against potential adverse price movements in the value of the portfolio assets; as a temporary substitute for selling selected investments; to lock in the purchase price of a security or currency which it expects to purchase in the near future; as a temporary substitute for the purchase of selected investments; and to enhance potential gain.

When the Master Trust purchases or writes an option, an amount equal to the premium paid or received by the Master Trust is recorded as an asset or liability and is subsequently adjusted to the current market value of the option purchased or written. Options purchased or written are valued at the last sale price or, in the absence of a sale, the mean between the closing bid and asked prices or at the most recent asked price (bid for purchased options) if no bid and asked price are available. Over-the-counter purchased or written options are valued using dealer supplied quotations. Gain and loss is recognized when the option contract expires or is closed.

If the Master Trust writes a covered call option, the Master Trust foregoes, in exchange for the premium, the opportunity to profit during the option period from an increase in the value of the underlying security above the exercise price. If the Master Trust writes a put option, it accepts the risk of a decline in the value of the underlying security below the exercise price. Over-the-counter options have a risk of the potential inability of counterparties to meet the terms of their contracts. The Master Trust's maximum exposure to purchased options is limited to the premium initially paid. In addition, certain risks may arise upon entering into option contracts prior to the expiration date and that a change in value of the option contract may not correlate exactly with changes in the value of the securities or currencies hedged.

As of December 31, 2011, the Master Trust did not have any options.

A summary of open purchased equity options as of December 31, 2012 is presented below:

Put Options	
2012	
Number of Contracts	Market Value
Total purchased equity options	155
	\$ 17,980
Premiums paid in aggregate as of December 31, 2012	\$ 169,365

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Swaps

As of December 31, 2012 and 2011, the Master Trust was not invested in any swaps.

The Master Trust may invest in interest rate swap contracts. The Master Trust uses interest rate swap contracts to manage its exposure to interest rates. Interest rate swap contracts entered into by the Master Trust typically represent the exchange by the Master Trust with a counterparty of a commitment to make variable rate and fixed rate payments with respect to a notional amount of principal. Such contracts may have a term of one to ten years, but typically require periodic interim settlement in cash, at which time both the value of the index or security and the specified interest rate are reset for the next settlement period. During the period that the swap contract is open, the contract is marked-to-market as the net amount due to or from the Plan in accordance with the terms of the contract based on the closing level of the relevant index or security and interest accrual through the valuation date. Changes in the value of the swap contract are recorded as unrealized gains or losses, while periodic cash settlements are recorded as realized gains or losses.

The Master Trust may invest in credit default swaps. Credit default swap contracts entered into by the Master Trust typically represent the exchange by the Master Trust with a counterparty of a commitment to provide a level of credit protection for a commitment to receive interest at a fixed rate based on the potential risk of default of the relevant underlying issuer. Providing credit protection to a counterparty tends to increase a Master Trust's exposure to the underlying instrument. Receiving credit protection from a counterparty tends to decrease a Master Trust's exposure to the underlying instrument held by a Master Trust, or hedge the fair value of other Master Trust investments. Such contracts may have a term of one to ten years, but typically require periodic interim settlement in cash. During the period that the credit default swap contract is open, the contract is marked-to-market in accordance with the terms of the contract based on the current interest rate spreads and credit risk of the referenced obligation of the underlying issuer and interest accrual through valuation date. Changes in the value of the credit default swap are recorded as unrealized gains or losses, while periodic cash settlements are recorded as realized gains or losses.

Entering into a swap contract involves, to varying degrees, elements of credit, market and interest rate risk in excess of the amounts reported in the statement of net assets available for benefits. Notional principal amounts are used to express the extent of involvement in the transactions, but are not delivered under the contract. Accordingly, credit risk is limited to any amounts receivable from the counterparty. To reduce credit risk from potential counterparty default, the Master Trust enters into swap contracts with counterparties whose creditworthiness has been approved by the trustee of the Trust. The Master Trust bears the market risk arising from any change in index or security values or interest rates.

Raytheon Non-Bargaining Retirement Plan

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6. Termination Policies

The Company has not expressed any intent to terminate the Plan or discontinue its contributions. However, in the event the Plan is discontinued:

- (a) The assets comprising the Plan, including the net income/ (loss) of the Plan shall be revalued at market by the Trustee.
- (b) The Plan provides that the net assets of the Plan shall be allocated among the participants and beneficiaries of the Plan in the order provided by ERISA.
- (c) To the extent unfunded vested benefits exist, ERISA provides that such benefits are payable by the PBGC to participants, up to specified limitations, as described in ERISA.

Whether all participants receive their full or partial benefits should the Plan terminate at some future time will depend on the sufficiency, at that time, of the Plan's net assets to provide for accumulated plan benefit obligations, and may also depend on the financial condition of the plan sponsor and the level of benefits guaranteed by the PBGC.

The Company may terminate the Plan in whole or in part at any time. This summary of termination priorities is provided for general information purposes only. Participants should refer to the Plan document for more information.

7. Party-in-Interest Transactions

Certain investments within the Master Trust were advised by or affiliated with The Bank of New York Mellon ("BNY Mellon"), the Trustee and Custodian, and related party. Transactions with BNY Mellon qualify as party-in-interest transactions. For the years ended December 31, 2012 and 2011, \$256,013 and \$325,436 of expenses paid to BNY Mellon, which were specifically related to the Plan, were incurred and included in "Administrative expenses." In addition, the Plan was allocated approximately \$2,092,912 and \$3,569,515 of expenses paid directly by the Master Trust to BNY Mellon and are included in "Raytheon Master Pension Trust investment income/ (loss)."

As of December 31, 2012 and 2011, \$370,086 and \$379,811 of expenses to be paid to BNY Mellon were accrued, including the Plan's allocation of Master Trust accrued expenses to be paid to BNY Mellon.

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8. Tax Status

The Internal Revenue Service (the “IRS”) has determined and informed the Company by letter dated May 1, 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 continued qualification of the Plan and exemption of the Trust in the context of applicable IRS procedures.

The Plan adopted the provisions of uncertain tax positions that provide criteria for the recognition, measurement, presentations and disclosure of uncertain tax positions beginning January 1, 2009. 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, 2012 and 2011, respectively. The Plan is subject to examinations by taxing jurisdictions. Pursuant to a letter to the Company dated March 28, 2011, the IRS is conducting an examination of the Plan for the Plan year ended December 31, 2009.

9. Risks and Uncertainties

The Plan financial statements are based on the application of U.S. Generally Accepted Accounting Principles (GAAP), which require the Plan to make estimates and assumptions about future events that affect the amounts reported in financial statements and the accompanying notes.

Contributions to the Plan are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee compensation and demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions will occur in the near term and, due to the uncertainties inherent in setting assumptions, that the effect of such changes could be material to the financial statements. The investments of the Plan, which are held in the Master Trust, are exposed to various risks, such as interest rate, market and credit risks. See Note 5 for additional information with respect to investment risk.

10. Subsequent Events

The Plan has evaluated subsequent events and transactions subsequent to December 31, 2012 through the date the Plan’s financial statements were available to be issued, September 23, 2013.