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| <b>Form 5500</b><br><br>Department of the Treasury<br>Internal Revenue Service<br><br>Department of Labor<br>Employee Benefits Security<br>Administration<br><br>Pension Benefit Guaranty Corporation | <b>Annual Return/Report of Employee Benefit Plan</b><br><br>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).<br><br><p style="text-align: center;">▶ <b>Complete all entries in accordance with the instructions to the Form 5500.</b></p> | OMB Nos. 1210-0110<br>1210-0089<br><br><b>2013</b><br><br><b>This Form is Open to Public Inspection</b> |
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|                                                                                                          |                                                                                                                                                                                                                                                                 |
|----------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Part I</b>                                                                                            | <b>Annual Report Identification Information</b>                                                                                                                                                                                                                 |
| For calendar plan year 2013 or fiscal plan year beginning <u>12/01/2013</u> and ending <u>07/01/2014</u> |                                                                                                                                                                                                                                                                 |
| A This return/report is for:                                                                             | <input type="checkbox"/> a multiemployer plan; <input type="checkbox"/> a multiple-employer plan; or<br><input checked="" type="checkbox"/> a single-employer plan; <input type="checkbox"/> a DFE (specify) ____                                               |
| B This return/report is:                                                                                 | <input type="checkbox"/> the first return/report; <input checked="" type="checkbox"/> the final return/report;<br><input type="checkbox"/> an amended return/report; <input checked="" type="checkbox"/> a short plan year return/report (less than 12 months). |
| C If the plan is a collectively-bargained plan, check here. . . . .                                      | <input type="checkbox"/>                                                                                                                                                                                                                                        |
| D Check box if filing under:                                                                             | <input checked="" type="checkbox"/> Form 5558; <input type="checkbox"/> automatic extension; <input type="checkbox"/> the DFVC program;<br><input type="checkbox"/> special extension (enter description)                                                       |

|                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                          |            |                                                       |  |                                                                     |  |                                                             |  |                                                             |  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|------------|-------------------------------------------------------|--|---------------------------------------------------------------------|--|-------------------------------------------------------------|--|-------------------------------------------------------------|--|
| <b>Part II</b>                                                                                                                                                                                                    | <b>Basic Plan Information—enter all requested information</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                          |            |                                                       |  |                                                                     |  |                                                             |  |                                                             |  |
| <b>1a</b> Name of plan<br><u>RAYTHEON MARINE SYSTEMS RETIREMENT PLAN</u>                                                                                                                                          | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;"><b>1b</b> Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>032</u></td> </tr> <tr> <td colspan="2"><b>1c</b> Effective date of plan<br/><u>02/28/1997</u></td> </tr> <tr> <td colspan="2"><b>2b</b> Employer Identification Number (EIN)<br/><u>95-1778500</u></td> </tr> <tr> <td colspan="2"><b>2c</b> Sponsor's telephone number<br/><u>781-522-3000</u></td> </tr> <tr> <td colspan="2"><b>2d</b> Business code (see instructions)<br/><u>335900</u></td> </tr> </table> | <b>1b</b> Three-digit plan number (PN) ▶ | <u>032</u> | <b>1c</b> Effective date of plan<br><u>02/28/1997</u> |  | <b>2b</b> Employer Identification Number (EIN)<br><u>95-1778500</u> |  | <b>2c</b> Sponsor's telephone number<br><u>781-522-3000</u> |  | <b>2d</b> Business code (see instructions)<br><u>335900</u> |  |
| <b>1b</b> Three-digit plan number (PN) ▶                                                                                                                                                                          | <u>032</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                          |            |                                                       |  |                                                                     |  |                                                             |  |                                                             |  |
| <b>1c</b> Effective date of plan<br><u>02/28/1997</u>                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                          |            |                                                       |  |                                                                     |  |                                                             |  |                                                             |  |
| <b>2b</b> Employer Identification Number (EIN)<br><u>95-1778500</u>                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                          |            |                                                       |  |                                                                     |  |                                                             |  |                                                             |  |
| <b>2c</b> Sponsor's telephone number<br><u>781-522-3000</u>                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                          |            |                                                       |  |                                                                     |  |                                                             |  |                                                             |  |
| <b>2d</b> Business code (see instructions)<br><u>335900</u>                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                          |            |                                                       |  |                                                                     |  |                                                             |  |                                                             |  |
| <b>2a</b> Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan)<br><br><u>RAYTHEON COMPANY</u><br><br><u>870 WINTER STREET</u><br><u>WALTHAM, MA 02451-1449</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.

|                                                                                                            |                                                                                         |                    |                                                                                  |
|------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|--------------------|----------------------------------------------------------------------------------|
| <b>SIGN HERE</b>                                                                                           | Filed with authorized/valid electronic signature.<br>Signature of plan administrator    | 04/15/2015<br>Date | DEBORAH A. TULLY<br>Enter name of individual signing as plan administrator       |
| <b>SIGN HERE</b>                                                                                           | Filed with authorized/valid electronic signature.<br>Signature of employer/plan sponsor | 04/15/2015<br>Date | DEBORAH A. TULLY<br>Enter name of individual signing as employer or plan sponsor |
| <b>SIGN HERE</b>                                                                                           | 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)                                           |

|                                                                                                                                                                                                                                                                                                                                                                                                                                       |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>3a</b> Plan administrator's name and address <input type="checkbox"/> Same as Plan Sponsor Name <input type="checkbox"/> Same as Plan Sponsor Address<br><br>DEBORAH A. TULLY RAYTHEON COMPANY<br><br>870 WINTER STREET<br>WALTHAM, MA 02451-1449                                                                                                                                                                                  |  | <b>3b</b> Administrator's EIN<br>95-1778500<br><br><b>3c</b> Administrator's telephone number<br>781-522-5080                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>4</b> 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:<br><b>a</b> Sponsor's name                                                                                                                                                                                                                     |  | <b>4b</b> EIN<br><br><b>4c</b> PN                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>5</b> Total number of participants at the beginning of the plan year                                                                                                                                                                                                                                                                                                                                                               |  | <b>5</b> 323                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>6</b> Number of participants as of the end of the plan year (welfare plans complete only lines <b>6a</b> , <b>6b</b> , <b>6c</b> , and <b>6d</b> ).                                                                                                                                                                                                                                                                                |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>a</b> Active participants .....                                                                                                                                                                                                                                                                                                                                                                                                    |  | <b>6a</b> 0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>b</b> Retired or separated participants receiving benefits .....                                                                                                                                                                                                                                                                                                                                                                   |  | <b>6b</b> 0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>c</b> Other retired or separated participants entitled to future benefits .....                                                                                                                                                                                                                                                                                                                                                    |  | <b>6c</b> 0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>d</b> Subtotal. Add lines <b>6a</b> , <b>6b</b> , and <b>6c</b> .....                                                                                                                                                                                                                                                                                                                                                              |  | <b>6d</b> 0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>e</b> Deceased participants whose beneficiaries are receiving or are entitled to receive benefits .....                                                                                                                                                                                                                                                                                                                            |  | <b>6e</b> 0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>f</b> Total. Add lines <b>6d</b> and <b>6e</b> .....                                                                                                                                                                                                                                                                                                                                                                               |  | <b>6f</b> 0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>g</b> Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) .....                                                                                                                                                                                                                                                                                       |  | <b>6g</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>h</b> Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested .....                                                                                                                                                                                                                                                                                           |  | <b>6h</b> 0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>7</b> Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item) .....                                                                                                                                                                                                                                                                                                  |  | <b>7</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>8a</b> If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:<br>1A 1C                                                                                                                                                                                                                                                                 |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>b</b> If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:                                                                                                                                                                                                                                                                           |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>9a</b> Plan funding arrangement (check all that apply)<br>(1) <input type="checkbox"/> Insurance<br>(2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts<br>(3) <input checked="" type="checkbox"/> Trust<br>(4) <input type="checkbox"/> General assets of the sponsor                                                                                                                                         |  | <b>9b</b> Plan benefit arrangement (check all that apply)<br>(1) <input type="checkbox"/> Insurance<br>(2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts<br>(3) <input checked="" type="checkbox"/> Trust<br>(4) <input type="checkbox"/> General assets of the sponsor                                                                                                                                                                                                                |
| <b>10</b> Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)                                                                                                                                                                                                                                                                     |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>a Pension Schedules</b><br>(1) <input checked="" type="checkbox"/> <b>R</b> (Retirement Plan Information)<br><br>(2) <input type="checkbox"/> <b>MB</b> (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary<br><br>(3) <input checked="" type="checkbox"/> <b>SB</b> (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary |  | <b>b General Schedules</b><br>(1) <input checked="" type="checkbox"/> <b>H</b> (Financial Information)<br>(2) <input type="checkbox"/> <b>I</b> (Financial Information – Small Plan)<br>(3) <input type="checkbox"/> <b>A</b> (Insurance Information)<br>(4) <input checked="" type="checkbox"/> <b>C</b> (Service Provider Information)<br>(5) <input checked="" type="checkbox"/> <b>D</b> (DFE/Participating Plan Information)<br>(6) <input type="checkbox"/> <b>G</b> (Financial Transaction Schedules) |

|                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                    |                                                                                           |
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| <b>SCHEDULE SB</b><br><b>(Form 5500)</b><br><br>Department of the Treasury<br>Internal Revenue Service<br><br>Department of Labor<br>Employee Benefits Security Administration<br><br>Pension Benefit Guaranty Corporation | <b>Single-Employer Defined Benefit Plan</b><br><b>Actuarial Information</b><br><br>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).<br><br>▶ <b>File as an attachment to Form 5500 or 5500-SF.</b> | OMB No. 1210-0110<br><br><b>2013</b><br><br><b>This Form is Open to Public Inspection</b> |
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For calendar plan year 2013 or fiscal plan year beginning 12/01/2013 and ending 07/01/2014

▶ **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.

|                                                                                                                                           |                                                                                                                                                         |
|-------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>A</b> Name of plan<br><u>RAYTHEON MARINE SYSTEMS RETIREMENT PLAN</u>                                                                   | <b>B</b> Three-digit plan number (PN) ▶ <u>032</u>                                                                                                      |
| <b>C</b> Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF<br><u>RAYTHEON COMPANY</u>                                       | <b>D</b> Employer Identification Number (EIN)<br><u>95-1778500</u>                                                                                      |
| <b>E</b> Type of plan: <input checked="" type="checkbox"/> Single <input type="checkbox"/> Multiple-A <input type="checkbox"/> Multiple-B | <b>F</b> Prior year plan size: <input type="checkbox"/> 100 or fewer <input type="checkbox"/> 101-500 <input checked="" type="checkbox"/> More than 500 |

|                                                                                                                                                                                                                |                                        |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|
| <b>Part I</b>                                                                                                                                                                                                  | <b>Basic Information</b>               |
| <b>1</b> Enter the valuation date: Month <u>12</u> Day <u>01</u> Year <u>2013</u>                                                                                                                              |                                        |
| <b>2</b> Assets:                                                                                                                                                                                               |                                        |
| <b>a</b> Market value .....                                                                                                                                                                                    | <b>2a</b> <u>50635574</u>              |
| <b>b</b> Actuarial value .....                                                                                                                                                                                 | <b>2b</b> <u>47608707</u>              |
| <b>3</b> Funding target/participant count breakdown:                                                                                                                                                           |                                        |
| <b>a</b> For retired participants and beneficiaries receiving payment.....                                                                                                                                     | <b>3a</b> <u>87</u> <u>16371999</u>    |
| <b>b</b> For terminated vested participants.....                                                                                                                                                               | <b>3b</b> <u>170</u> <u>9468487</u>    |
| <b>c</b> For active participants:                                                                                                                                                                              |                                        |
| <b>(1)</b> Non-vested benefits .....                                                                                                                                                                           | <b>3c(1)</b> <u>651573</u>             |
| <b>(2)</b> Vested benefits .....                                                                                                                                                                               | <b>3c(2)</b> <u>14729331</u>           |
| <b>(3)</b> Total active.....                                                                                                                                                                                   | <b>3c(3)</b> <u>66</u> <u>15380904</u> |
| <b>d</b> Total.....                                                                                                                                                                                            | <b>3d</b> <u>323</u> <u>41221390</u>   |
| <b>4</b> If the plan is in at-risk status, check the box and complete lines (a) and (b)..... <input type="checkbox"/>                                                                                          |                                        |
| <b>a</b> Funding target disregarding prescribed at-risk assumptions .....                                                                                                                                      | <b>4a</b>                              |
| <b>b</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..... | <b>4b</b>                              |
| <b>5</b> Effective interest rate .....                                                                                                                                                                         | <b>5</b> <u>6.18</u> %                 |
| <b>6</b> Target normal cost .....                                                                                                                                                                              | <b>6</b> <u>609880</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.

|                                                              |                                                      |
|--------------------------------------------------------------|------------------------------------------------------|
| <b>SIGN HERE</b>                                             |                                                      |
| Signature of actuary<br><u>JONATHAN R. BARRY, F.S.A.</u>     | Date<br><u>14-06048</u>                              |
| Type or print name of actuary<br><u>MERCER</u>               | Most recent enrollment number<br><u>617-747-9500</u> |
| Firm name<br><u>99 HIGH STREET<br/>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) 2013**  
**v. 130118**

| Part II Beginning of Year Carryover and Prefunding Balances                                                                         |                       |                        |
|-------------------------------------------------------------------------------------------------------------------------------------|-----------------------|------------------------|
|                                                                                                                                     | (a) Carryover balance | (b) Prefunding balance |
| 7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year) .....                                   | 0                     | 1995694                |
| 8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year) .....                                | 0                     | 1995694                |
| 9 Amount remaining (line 7 minus line 8) .....                                                                                      | 0                     | 0                      |
| 10 Interest on line 9 using prior year's actual return of <u>14.82</u> % .....                                                      |                       |                        |
| 11 Prior year's excess contributions to be added to prefunding balance:                                                             |                       |                        |
| a Present value of excess contributions (line 38a from prior year) .....                                                            |                       | 0                      |
| b Interest on (a) using prior year's effective interest rate of <u>6.81</u> % except as otherwise provided (see instructions) ..... |                       | 0                      |
| c Total available at beginning of current plan year to add to prefunding balance .....                                              |                       | 0                      |
| d Portion of (c) to be added to prefunding balance .....                                                                            |                       | 0                      |
| 12 Other reductions in balances due to elections or deemed elections .....                                                          |                       | 0                      |
| 13 Balance at beginning of current year (line 9 + line 10 + line 11d – line 12) .....                                               | 0                     | 0                      |

| Part III Funding Percentages                                                                                                                                        |    |          |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|----------|
| 14 Funding target attainment percentage .....                                                                                                                       | 14 | 115.49 % |
| 15 Adjusted funding target attainment percentage .....                                                                                                              | 15 | 115.49 % |
| 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 | 106.45 % |
| 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<br>(MM-DD-YYYY)                                                          | (b) Amount paid by<br>employer(s) | (c) Amount paid by<br>employees | (a) Date<br>(MM-DD-YYYY) | (b) Amount paid by<br>employer(s) | (c) Amount paid by<br>employees |
|                                                                                   |                                   |                                 |                          |                                   |                                 |
|                                                                                   |                                   |                                 |                          |                                   |                                 |
|                                                                                   |                                   |                                 |                          |                                   |                                 |
|                                                                                   |                                   |                                 |                          |                                   |                                 |
|                                                                                   |                                   |                                 |                          |                                   |                                 |
|                                                                                   |                                   |                                 |                          |                                   |                                 |
| Totals ►                                                                          |                                   |                                 | 18(b)                    | 0                                 | 18(c) 0                         |

|                                                                                                                               |                                                                     |   |
|-------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|---|
| 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                                                                 | 0 |
| 20 Quarterly contributions and liquidity shortfalls:                                                                          |                                                                     |   |
| a Did the plan have a "funding shortfall" for the prior year? .....                                                           | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |   |
| b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? .....              | <input type="checkbox"/> Yes <input type="checkbox"/> 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**

|                                                                                                                                                                                              |                       |                       |                        |                                                     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|------------------------|-----------------------------------------------------|
| <b>21</b> Discount rate:                                                                                                                                                                     |                       |                       |                        |                                                     |
| <b>a</b> Segment rates:                                                                                                                                                                      | 1st segment:<br>4.94% | 2nd segment:<br>6.15% | 3rd segment:<br>6.76 % | <input type="checkbox"/> N/A, full yield curve used |
| <b>b</b> Applicable month (enter code).....                                                                                                                                                  |                       |                       |                        | <b>21b</b> 0                                        |
| <b>22</b> Weighted average retirement age .....                                                                                                                                              |                       |                       |                        | <b>22</b> 59                                        |
| <b>23</b> Mortality table(s) (see instructions) <input type="checkbox"/> Prescribed - combined <input checked="" type="checkbox"/> Prescribed - separate <input type="checkbox"/> Substitute |                       |                       |                        |                                                     |

**Part VI Miscellaneous Items**

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

**Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years**

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

**Part VIII Minimum Required Contribution For Current Year**

| <b>31</b> Target normal cost and excess assets (see instructions):                                                                                                                   |                                                                                                                                                                                                                                                                                                                              |                   |                    |  |                     |             |                                                      |   |   |                                                |   |   |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|--------------------|--|---------------------|-------------|------------------------------------------------------|---|---|------------------------------------------------|---|---|
| <b>a</b> Target normal cost (line 6).....                                                                                                                                            | <b>31a</b>                                                                                                                                                                                                                                                                                                                   | 609880            |                    |  |                     |             |                                                      |   |   |                                                |   |   |
| <b>b</b> Excess assets, if applicable, but not greater than line 31a .....                                                                                                           | <b>31b</b>                                                                                                                                                                                                                                                                                                                   | 609880            |                    |  |                     |             |                                                      |   |   |                                                |   |   |
| <b>32</b> Amortization installments:                                                                                                                                                 | <table border="1"> <thead> <tr> <th></th> <th>Outstanding Balance</th> <th>Installment</th> </tr> </thead> <tbody> <tr> <td><b>a</b> Net shortfall amortization installment.....</td> <td>0</td> <td>0</td> </tr> <tr> <td><b>b</b> Waiver amortization installment .....</td> <td>0</td> <td>0</td> </tr> </tbody> </table> |                   |                    |  | Outstanding Balance | Installment | <b>a</b> Net shortfall amortization installment..... | 0 | 0 | <b>b</b> Waiver amortization installment ..... | 0 | 0 |
|                                                                                                                                                                                      | Outstanding Balance                                                                                                                                                                                                                                                                                                          | Installment       |                    |  |                     |             |                                                      |   |   |                                                |   |   |
| <b>a</b> Net shortfall amortization installment.....                                                                                                                                 | 0                                                                                                                                                                                                                                                                                                                            | 0                 |                    |  |                     |             |                                                      |   |   |                                                |   |   |
| <b>b</b> Waiver amortization installment .....                                                                                                                                       | 0                                                                                                                                                                                                                                                                                                                            | 0                 |                    |  |                     |             |                                                      |   |   |                                                |   |   |
| <b>33</b> 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 ..... | <b>33</b>                                                                                                                                                                                                                                                                                                                    |                   |                    |  |                     |             |                                                      |   |   |                                                |   |   |
| <b>34</b> Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)...                                                            | <b>34</b>                                                                                                                                                                                                                                                                                                                    | 0                 |                    |  |                     |             |                                                      |   |   |                                                |   |   |
|                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                              | Carryover balance | Prefunding balance |  |                     |             |                                                      |   |   |                                                |   |   |
| <b>35</b> Balances elected for use to offset funding requirement.....                                                                                                                | 0                                                                                                                                                                                                                                                                                                                            | 0                 | 0                  |  |                     |             |                                                      |   |   |                                                |   |   |
| <b>36</b> Additional cash requirement (line 34 minus line 35).....                                                                                                                   | <b>36</b>                                                                                                                                                                                                                                                                                                                    | 0                 |                    |  |                     |             |                                                      |   |   |                                                |   |   |
| <b>37</b> Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c).....                                                   | <b>37</b>                                                                                                                                                                                                                                                                                                                    | 0                 |                    |  |                     |             |                                                      |   |   |                                                |   |   |
| <b>38</b> Present value of excess contributions for current year (see instructions)                                                                                                  |                                                                                                                                                                                                                                                                                                                              |                   |                    |  |                     |             |                                                      |   |   |                                                |   |   |
| <b>a</b> Total (excess, if any, of line 37 over line 36) .....                                                                                                                       | <b>38a</b>                                                                                                                                                                                                                                                                                                                   | 0                 |                    |  |                     |             |                                                      |   |   |                                                |   |   |
| <b>b</b> Portion included in line 38a attributable to use of prefunding and funding standard carryover balances .....                                                                | <b>38b</b>                                                                                                                                                                                                                                                                                                                   | 0                 |                    |  |                     |             |                                                      |   |   |                                                |   |   |
| <b>39</b> Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37) .....                                                                      | <b>39</b>                                                                                                                                                                                                                                                                                                                    | 0                 |                    |  |                     |             |                                                      |   |   |                                                |   |   |
| <b>40</b> Unpaid minimum required contributions for all years .....                                                                                                                  | <b>40</b>                                                                                                                                                                                                                                                                                                                    | 0                 |                    |  |                     |             |                                                      |   |   |                                                |   |   |

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

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

|                                                                                                                                                                                                                                              |                                                                                                                                                                                                                             |                                         |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|
| <div>SCHEDULE C</div> <div>(Form 5500)</div> <div>Department of the Treasury<br/>Internal Revenue Service</div> <div>Department of Labor<br/>Employee Benefits Security Administration</div> <div>Pension Benefit Guaranty Corporation</div> | <div>Service Provider Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</div> <div>▶ File as an attachment to Form 5500.</div> | OMB No. 1210-0110                       |
|                                                                                                                                                                                                                                              |                                                                                                                                                                                                                             | 2013                                    |
|                                                                                                                                                                                                                                              |                                                                                                                                                                                                                             | This Form is Open to Public Inspection. |

|                                                                                            |                                                      |
|--------------------------------------------------------------------------------------------|------------------------------------------------------|
| For calendar plan year 2013 or fiscal plan year beginning 12/01/2013 and ending 07/01/2014 |                                                      |
| A Name of plan<br>RAYTHEON MARINE SYSTEMS RETIREMENT PLAN                                  | B Three-digit plan number (PN) ▶ 032                 |
| C Plan sponsor's name as shown on line 2a of Form 5500<br>RAYTHEON COMPANY                 | D Employer Identification Number (EIN)<br>95-1778500 |

|        |                                                 |
|--------|-------------------------------------------------|
| 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 |
|------------------------------------------------------------------------------------------------------------|

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

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

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

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

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

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

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

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

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

---

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

---

**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)<br>Service Code(s) | (c)<br>Relationship to employer, employee organization, or person known to be a party-in-interest | (d)<br>Enter direct compensation paid by the plan. If none, enter -0-. | (e)<br>Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f)<br>Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g)<br>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)<br>Did the service provider give you a formula instead of an amount or estimated amount? |
|------------------------|---------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| 11                     | NONE                                                                                              | 40648                                                                  | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>                                  | Yes <input type="checkbox"/> No <input type="checkbox"/>                                                                       |                                                                                                                                                                                 | Yes <input type="checkbox"/> No <input type="checkbox"/>                                     |

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

PRICEWATERHOUSECOOPERS LLP

13-4008324

| (b)<br>Service Code(s) | (c)<br>Relationship to employer, employee organization, or person known to be a party-in-interest | (d)<br>Enter direct compensation paid by the plan. If none, enter -0-. | (e)<br>Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f)<br>Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g)<br>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)<br>Did the service provider give you a formula instead of an amount or estimated amount? |
|------------------------|---------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| 10                     | NONE                                                                                              | 29333                                                                  | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>                                  | Yes <input type="checkbox"/> No <input type="checkbox"/>                                                                       |                                                                                                                                                                                 | Yes <input type="checkbox"/> No <input type="checkbox"/>                                     |

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

| (b)<br>Service Code(s) | (c)<br>Relationship to employer, employee organization, or person known to be a party-in-interest | (d)<br>Enter direct compensation paid by the plan. If none, enter -0-. | (e)<br>Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f)<br>Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g)<br>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)<br>Did the service provider give you a formula instead of an amount or estimated amount? |
|------------------------|---------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
|                        |                                                                                                   |                                                                        | Yes <input type="checkbox"/> No <input type="checkbox"/>                                             | Yes <input type="checkbox"/> No <input type="checkbox"/>                                                                       |                                                                                                                                                                                 | Yes <input type="checkbox"/> No <input type="checkbox"/>                                     |

**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)

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

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

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

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

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

**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<br>(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<br>(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<br>(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)

|                    |                     |
|--------------------|---------------------|
| <b>a</b> Name:     | <b>b</b> EIN:       |
| <b>c</b> Position: |                     |
| <b>d</b> Address:  | <b>e</b> Telephone: |
|                    |                     |

Explanation:

|                    |                     |
|--------------------|---------------------|
| <b>a</b> Name:     | <b>b</b> EIN:       |
| <b>c</b> Position: |                     |
| <b>d</b> Address:  | <b>e</b> Telephone: |
|                    |                     |

Explanation:

|                    |                     |
|--------------------|---------------------|
| <b>a</b> Name:     | <b>b</b> EIN:       |
| <b>c</b> Position: |                     |
| <b>d</b> Address:  | <b>e</b> Telephone: |
|                    |                     |

Explanation:

|                    |                     |
|--------------------|---------------------|
| <b>a</b> Name:     | <b>b</b> EIN:       |
| <b>c</b> Position: |                     |
| <b>d</b> Address:  | <b>e</b> Telephone: |
|                    |                     |

Explanation:

|                    |                     |
|--------------------|---------------------|
| <b>a</b> Name:     | <b>b</b> EIN:       |
| <b>c</b> Position: |                     |
| <b>d</b> Address:  | <b>e</b> Telephone: |
|                    |                     |

Explanation:

|                                                                                                                                                                               |                                                                                                                                                                                                                              |                                                |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|
| <b>SCHEDULE D</b><br><b>(Form 5500)</b><br><br>Department of the Treasury<br>Internal Revenue Service<br><br>Department of Labor<br>Employee Benefits Security Administration | <b>DFE/Participating Plan Information</b><br><br>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).<br><br>▶ <b>File as an attachment to Form 5500.</b> | OMB No. 1210-0110                              |
|                                                                                                                                                                               |                                                                                                                                                                                                                              | <b>2013</b>                                    |
|                                                                                                                                                                               |                                                                                                                                                                                                                              | <b>This Form is Open to Public Inspection.</b> |

|                                                                                                          |                                                                        |            |
|----------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|------------|
| For calendar plan year 2013 or fiscal plan year beginning <u>12/01/2013</u> and ending <u>07/01/2014</u> |                                                                        |            |
| <b>A</b> Name of plan<br><u>RAYTHEON MARINE SYSTEMS RETIREMENT PLAN</u>                                  | <b>B</b> Three-digit plan number (PN) ▶                                | <u>032</u> |
|                                                                                                          |                                                                        |            |
| <b>C</b> Plan or DFE sponsor's name as shown on line 2a of Form 5500<br><u>RAYTHEON COMPANY</u>          | <b>D</b> Employer Identification Number (EIN)<br><br><u>95-1778500</u> |            |

|               |                                                                                                                                                                                  |
|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Part I</b> | <b>Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)</b><br>(Complete as many entries as needed to report all interests in DFEs) |
|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|                                                |                                      |
|------------------------------------------------|--------------------------------------|
| <b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE: | <u>RAYTHEON MASTER PENSION TRUST</u> |
|------------------------------------------------|--------------------------------------|

|                                                   |                                    |
|---------------------------------------------------|------------------------------------|
| <b>b</b> Name of sponsor of entity listed in (a): | <u>THE BANK OF NEW YORK MELLON</u> |
|---------------------------------------------------|------------------------------------|

|                                       |                               |                                                                                                              |
|---------------------------------------|-------------------------------|--------------------------------------------------------------------------------------------------------------|
| <b>c</b> EIN-PN <u>04-3172773-001</u> | <b>d</b> Entity code <u>M</u> | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>0</u> |
|---------------------------------------|-------------------------------|--------------------------------------------------------------------------------------------------------------|

|                                                |  |
|------------------------------------------------|--|
| <b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE: |  |
|------------------------------------------------|--|

|                                                   |  |
|---------------------------------------------------|--|
| <b>b</b> Name of sponsor of entity listed in (a): |  |
|---------------------------------------------------|--|

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

|                                                |  |
|------------------------------------------------|--|
| <b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE: |  |
|------------------------------------------------|--|

|                                                   |  |
|---------------------------------------------------|--|
| <b>b</b> Name of sponsor of entity listed in (a): |  |
|---------------------------------------------------|--|

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

|                                                |  |
|------------------------------------------------|--|
| <b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE: |  |
|------------------------------------------------|--|

|                                                   |  |
|---------------------------------------------------|--|
| <b>b</b> Name of sponsor of entity listed in (a): |  |
|---------------------------------------------------|--|

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

|                                                |  |
|------------------------------------------------|--|
| <b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE: |  |
|------------------------------------------------|--|

|                                                   |  |
|---------------------------------------------------|--|
| <b>b</b> Name of sponsor of entity listed in (a): |  |
|---------------------------------------------------|--|

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

|                                                |  |
|------------------------------------------------|--|
| <b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE: |  |
|------------------------------------------------|--|

|                                                   |  |
|---------------------------------------------------|--|
| <b>b</b> Name of sponsor of entity listed in (a): |  |
|---------------------------------------------------|--|

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

|                                                |  |
|------------------------------------------------|--|
| <b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE: |  |
|------------------------------------------------|--|

|                                                   |  |
|---------------------------------------------------|--|
| <b>b</b> Name of sponsor of entity listed in (a): |  |
|---------------------------------------------------|--|

|                 |                      |                                                                                                     |
|-----------------|----------------------|-----------------------------------------------------------------------------------------------------|
| <b>c</b> EIN-PN | <b>d</b> Entity code | <b>e</b> 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)**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

|                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                              |                                                                                                          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| <b>SCHEDULE H</b><br><b>(Form 5500)</b><br><br><small>Department of the Treasury<br/>Internal Revenue Service</small><br><br><small>Department of Labor<br/>Employee Benefits Security Administration</small><br><br><small>Pension Benefit Guaranty Corporation</small> | <b>Financial Information</b><br><br>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).<br><br><b>► File as an attachment to Form 5500.</b> | <small>OMB No. 1210-0110</small><br><br><b>2013</b><br><br><b>This Form is Open to Public Inspection</b> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|

|                                                                                                          |                                                                            |            |
|----------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|------------|
| For calendar plan year 2013 or fiscal plan year beginning <u>12/01/2013</u> and ending <u>07/01/2014</u> |                                                                            |            |
| <b>A</b> Name of plan<br><u>RAYTHEON MARINE SYSTEMS RETIREMENT PLAN</u>                                  | <b>B</b> Three-digit plan number (PN) <span style="float: right;">►</span> | <u>032</u> |
| <b>C</b> Plan sponsor's name as shown on line 2a of Form 5500<br><u>RAYTHEON COMPANY</u>                 | <b>D</b> Employer Identification Number (EIN)<br><br><u>95-1778500</u>     |            |

| Part I                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Asset and Liability Statement |                              |                        |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|------------------------------|------------------------|
| <b>1</b> 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. <b>Round off amounts to the nearest dollar.</b> 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. |                               |                              |                        |
| <b>Assets</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                               | <b>(a) Beginning of Year</b> | <b>(b) End of Year</b> |
| <b>a</b> Total noninterest-bearing cash .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>1a</b>                     |                              |                        |
| <b>b</b> Receivables (less allowance for doubtful accounts):                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                               |                              |                        |
| <b>(1)</b> Employer contributions.....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>1b(1)</b>                  |                              |                        |
| <b>(2)</b> Participant contributions.....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>1b(2)</b>                  |                              |                        |
| <b>(3)</b> Other.....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>1b(3)</b>                  |                              |                        |
| <b>c</b> General investments:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                               |                              |                        |
| <b>(1)</b> Interest-bearing cash (include money market accounts & certificates of deposit).....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>1c(1)</b>                  |                              |                        |
| <b>(2)</b> U.S. Government securities .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>1c(2)</b>                  |                              |                        |
| <b>(3)</b> Corporate debt instruments (other than employer securities):                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                               |                              |                        |
| <b>(A)</b> Preferred .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>1c(3)(A)</b>               |                              |                        |
| <b>(B)</b> All other.....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>1c(3)(B)</b>               |                              |                        |
| <b>(4)</b> Corporate stocks (other than employer securities):                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                               |                              |                        |
| <b>(A)</b> Preferred .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>1c(4)(A)</b>               |                              |                        |
| <b>(B)</b> Common.....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>1c(4)(B)</b>               |                              |                        |
| <b>(5)</b> Partnership/joint venture interests .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>1c(5)</b>                  |                              |                        |
| <b>(6)</b> Real estate (other than employer real property).....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>1c(6)</b>                  |                              |                        |
| <b>(7)</b> Loans (other than to participants) .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>1c(7)</b>                  |                              |                        |
| <b>(8)</b> Participant loans.....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>1c(8)</b>                  |                              |                        |
| <b>(9)</b> Value of interest in common/collective trusts .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>1c(9)</b>                  |                              |                        |
| <b>(10)</b> Value of interest in pooled separate accounts .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>1c(10)</b>                 |                              |                        |
| <b>(11)</b> Value of interest in master trust investment accounts .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>1c(11)</b>                 | <u>50635574</u>              |                        |
| <b>(12)</b> Value of interest in 103-12 investment entities.....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>1c(12)</b>                 |                              |                        |
| <b>(13)</b> Value of interest in registered investment companies (e.g., mutual funds).....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>1c(13)</b>                 |                              |                        |
| <b>(14)</b> Value of funds held in insurance company general account (unallocated contracts).....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>1c(14)</b>                 |                              |                        |
| <b>(15)</b> Other.....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>1c(15)</b>                 |                              |                        |

| <b>1d</b> Employer-related investments:                              |              | (a) Beginning of Year | (b) End of Year |
|----------------------------------------------------------------------|--------------|-----------------------|-----------------|
| (1) Employer securities .....                                        | <b>1d(1)</b> |                       |                 |
| (2) Employer real property .....                                     | <b>1d(2)</b> |                       |                 |
| <b>e</b> Buildings and other property used in plan operation .....   | <b>1e</b>    |                       |                 |
| <b>f</b> Total assets (add all amounts in lines 1a through 1e) ..... | <b>1f</b>    | 50635574              | 0               |

**Liabilities**

|                                                                           |           |       |   |
|---------------------------------------------------------------------------|-----------|-------|---|
| <b>g</b> Benefit claims payable .....                                     | <b>1g</b> |       |   |
| <b>h</b> Operating payables .....                                         | <b>1h</b> | 8775  |   |
| <b>i</b> Acquisition indebtedness .....                                   | <b>1i</b> |       |   |
| <b>j</b> Other liabilities .....                                          | <b>1j</b> | 30942 |   |
| <b>k</b> Total liabilities (add all amounts in lines 1g through 1j) ..... | <b>1k</b> | 39717 | 0 |

**Net Assets**

|                                                           |           |          |   |
|-----------------------------------------------------------|-----------|----------|---|
| <b>l</b> Net assets (subtract line 1k from line 1f) ..... | <b>1l</b> | 50595857 | 0 |
|-----------------------------------------------------------|-----------|----------|---|

**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 |
|------------------------------------------------------------------------------------------------------------|-----------------|------------|-----------|
| <b>a Contributions:</b>                                                                                    |                 |            |           |
| (1) Received or receivable in cash from: <b>(A)</b> Employers .....                                        | <b>2a(1)(A)</b> |            |           |
| <b>(B)</b> Participants .....                                                                              | <b>2a(1)(B)</b> |            |           |
| <b>(C)</b> Others (including rollovers) .....                                                              | <b>2a(1)(C)</b> |            |           |
| (2) Noncash contributions .....                                                                            | <b>2a(2)</b>    |            |           |
| (3) Total contributions. Add lines <b>2a(1)(A)</b> , <b>(B)</b> , <b>(C)</b> , and line <b>2a(2)</b> ..... | <b>2a(3)</b>    |            | 0         |
| <b>b Earnings on investments:</b>                                                                          |                 |            |           |
| (1) Interest:                                                                                              |                 |            |           |
| <b>(A)</b> Interest-bearing cash (including money market accounts and certificates of deposit) .....       | <b>2b(1)(A)</b> |            |           |
| <b>(B)</b> U.S. Government securities .....                                                                | <b>2b(1)(B)</b> |            |           |
| <b>(C)</b> Corporate debt instruments .....                                                                | <b>2b(1)(C)</b> |            |           |
| <b>(D)</b> Loans (other than to participants) .....                                                        | <b>2b(1)(D)</b> |            |           |
| <b>(E)</b> Participant loans .....                                                                         | <b>2b(1)(E)</b> |            |           |
| <b>(F)</b> Other .....                                                                                     | <b>2b(1)(F)</b> |            |           |
| (G) Total interest. Add lines <b>2b(1)(A)</b> through <b>(F)</b> .....                                     | <b>2b(1)(G)</b> |            | 0         |
| (2) Dividends: <b>(A)</b> Preferred stock .....                                                            | <b>2b(2)(A)</b> |            |           |
| <b>(B)</b> Common stock .....                                                                              | <b>2b(2)(B)</b> |            |           |
| <b>(C)</b> Registered investment company shares (e.g. mutual funds) .....                                  | <b>2b(2)(C)</b> |            |           |
| (D) Total dividends. Add lines <b>2b(2)(A)</b> , <b>(B)</b> , and <b>(C)</b> .....                         | <b>2b(2)(D)</b> |            | 0         |
| (3) Rents .....                                                                                            | <b>2b(3)</b>    |            |           |
| (4) Net gain (loss) on sale of assets: <b>(A)</b> Aggregate proceeds .....                                 | <b>2b(4)(A)</b> |            |           |
| <b>(B)</b> Aggregate carrying amount (see instructions) .....                                              | <b>2b(4)(B)</b> |            |           |
| <b>(C)</b> Subtract line <b>2b(4)(B)</b> from line <b>2b(4)(A)</b> and enter result .....                  | <b>2b(4)(C)</b> |            | 0         |
| (5) Unrealized appreciation (depreciation) of assets: <b>(A)</b> Real estate .....                         | <b>2b(5)(A)</b> |            |           |
| <b>(B)</b> Other .....                                                                                     | <b>2b(5)(B)</b> |            |           |
| (C) Total unrealized appreciation of assets. Add lines <b>2b(5)(A)</b> and <b>(B)</b> .....                | <b>2b(5)(C)</b> |            | 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)  |            | 3286873   |
| (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 <b>income</b> amounts in column (b) and enter total.....               | 2d     |            | 3286873   |

**Expenses**

|                                                                                     |       |         |         |
|-------------------------------------------------------------------------------------|-------|---------|---------|
| e Benefit payment and payments to provide benefits:                                 |       |         |         |
| (1) Directly to participants or beneficiaries, including direct rollovers.....      | 2e(1) | 1932263 |         |
| (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) |         | 1932263 |
| 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) | 74388   |         |
| (5) Total administrative expenses. Add lines 2i(1) through (4).....                 | 2i(5) |         | 74388   |
| j Total expenses. Add all <b>expense</b> amounts in column (b) and enter total..... | 2j    |         | 2006651 |

**Net Income and Reconciliation**

|                                                         |       |  |          |
|---------------------------------------------------------|-------|--|----------|
| k Net income (loss). Subtract line 2j from line 2d..... | 2k    |  | 1280222  |
| l Transfers of assets:                                  |       |  |          |
| (1) To this plan.....                                   | 2l(1) |  |          |
| (2) From this plan.....                                 | 2l(2) |  | 51876079 |

**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   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|----|----------|
| <b>c</b> 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  |          |
| <b>d</b> 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  |          |
| <b>e</b> Was this plan covered by a fidelity bond? .....                                                                                                                                                                      | X   |    | 20000000 |
| <b>f</b> Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty? .....                                                                                       |     | X  |          |
| <b>g</b> 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  |          |
| <b>h</b> 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  |          |
| <b>i</b> Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.) .....                                                                |     | X  |          |
| <b>j</b> 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  |          |
| <b>k</b> Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC? .....                                                           | X   |    |          |
| <b>l</b> Has the plan failed to provide any benefit when due under the plan? .....                                                                                                                                            |     | X  |          |
| <b>m</b> If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.) .....                                                                                                  |     |    |          |
| <b>n</b> 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. ....                                      |     |    |          |

**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) |
|----------------------------------------|--------------|-------------|
| RAYTHEON NONBARGAINING RETIREMENT PLAN | 95-1778500   | 021         |
|                                        |              |             |
|                                        |              |             |
|                                        |              |             |
|                                        |              |             |

**5c** If the plan is a defined benefit plan, is it covered under the PBGC insurance program (see ERISA section 4021)? ..... ☒ Yes ☐ No ☐ Not determined

## Part V Trust Information (optional)

|                         |                       |
|-------------------------|-----------------------|
| <b>6a</b> Name of trust | <b>6b</b> Trust's EIN |
|                         |                       |

|                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                            |                                                                                            |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| <b>SCHEDULE R</b><br><b>(Form 5500)</b><br><br>Department of the Treasury<br>Internal Revenue Service<br><br>Department of Labor<br>Employee Benefits Security Administration<br><br>Pension Benefit Guaranty Corporation | <b>Retirement Plan Information</b><br><br>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).<br><br>▶ <b>File as an attachment to Form 5500.</b> | OMB No. 1210-0110<br><br><b>2013</b><br><br><b>This Form is Open to Public Inspection.</b> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|

For calendar plan year 2013 or fiscal plan year beginning 12/01/2013 and ending 07/01/2014

|                                                                                          |                                                                    |
|------------------------------------------------------------------------------------------|--------------------------------------------------------------------|
| <b>A</b> Name of plan<br><u>RAYTHEON MARINE SYSTEMS RETIREMENT PLAN</u>                  | <b>B</b> Three-digit plan number (PN) ▶<br><u>032</u>              |
| <b>C</b> Plan sponsor's name as shown on line 2a of Form 5500<br><u>RAYTHEON COMPANY</u> | <b>D</b> Employer Identification Number (EIN)<br><u>95-1778500</u> |

|               |                      |
|---------------|----------------------|
| <b>Part I</b> | <b>Distributions</b> |
|---------------|----------------------|

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

|                                                                                                                                                                                                                                                                    |          |           |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-----------|
| <b>1</b> Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....                                                                                                                              | <b>1</b> | <u>0</u>  |
| <b>2</b> 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):<br><br>EIN(s): <u>13-5160382</u> |          |           |
| <b>Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.</b>                                                                                                                                                                                            |          |           |
| <b>3</b> Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....                                                                                                                                    | <b>3</b> | <u>15</u> |

|                |                                                                                                                                                                              |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Part II</b> | <b>Funding Information</b> (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) |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|                                                                                                                                                                                                                                                                                                                                                                           |                              |                                        |                                         |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|----------------------------------------|-----------------------------------------|
| <b>4</b> Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....                                                                                                                                                                                                                                                       | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | <input type="checkbox"/> N/A            |
| <b>If the plan is a defined benefit plan, go to line 8.</b>                                                                                                                                                                                                                                                                                                               |                              |                                        |                                         |
| <b>5</b> 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. <b>Date:</b> Month _____ Day _____ Year _____<br><b>If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.</b> |                              |                                        |                                         |
| <b>6 a</b> Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived).....                                                                                                                                                                                                                             | <b>6a</b>                    |                                        |                                         |
| <b>b</b> Enter the amount contributed by the employer to the plan for this plan year.....                                                                                                                                                                                                                                                                                 | <b>6b</b>                    |                                        |                                         |
| <b>c</b> 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) .....                                                                                                                                                                                                                          | <b>6c</b>                    |                                        |                                         |
| <b>If you completed line 6c, skip lines 8 and 9.</b>                                                                                                                                                                                                                                                                                                                      |                              |                                        |                                         |
| <b>7</b> Will the minimum funding amount reported on line 6c be met by the funding deadline?.....                                                                                                                                                                                                                                                                         | <input type="checkbox"/> Yes | <input type="checkbox"/> No            | <input type="checkbox"/> N/A            |
| <b>8</b> 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?.....                                                                                                | <input type="checkbox"/> Yes | <input type="checkbox"/> No            | <input checked="" type="checkbox"/> N/A |

|                 |                   |
|-----------------|-------------------|
| <b>Part III</b> | <b>Amendments</b> |
|-----------------|-------------------|

|                                                                                                                                                                                                                            |                                              |                                   |                               |                             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|-----------------------------------|-------------------------------|-----------------------------|
| <b>9</b> 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..... | <input checked="" type="checkbox"/> Increase | <input type="checkbox"/> Decrease | <input type="checkbox"/> Both | <input type="checkbox"/> No |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|-----------------------------------|-------------------------------|-----------------------------|

|                |                                                                                                                                                   |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Part IV</b> | <b>ESOPs</b> (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. |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------|

|                                                                                                                                                                                             |                              |                             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-----------------------------|
| <b>10</b> Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? .....                                                     | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| <b>11 a</b> Does the ESOP hold any preferred stock? .....                                                                                                                                   | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| <b>b</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.)..... | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| <b>12</b> Does the ESOP hold any stock that is not readily tradable on an established securities market? .....                                                                              | <input type="checkbox"/> Yes | <input type="checkbox"/> 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:

|                                                                          |            |  |
|--------------------------------------------------------------------------|------------|--|
| <b>a</b> The current year .....                                          | <b>14a</b> |  |
| <b>b</b> The plan year immediately preceding the current plan year ..... | <b>14b</b> |  |
| <b>c</b> The second preceding plan year .....                            | <b>14c</b> |  |

- 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:

|                                                                                                       |            |  |
|-------------------------------------------------------------------------------------------------------|------------|--|
| <b>a</b> The corresponding number for the plan year immediately preceding the current plan year ..... | <b>15a</b> |  |
| <b>b</b> The corresponding number for the second preceding plan year .....                            | <b>15b</b> |  |

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

|                                                                                                                                                                        |            |  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|--|
| <b>a</b> Enter the number of employers who withdrew during the preceding plan year .....                                                                               | <b>16a</b> |  |
| <b>b</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 ..... | <b>16b</b> |  |

- 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: \_\_\_\_\_% Investment-Grade Debt: \_\_\_\_\_% High-Yield Debt: \_\_\_\_\_% Real Estate: \_\_\_\_\_% Other: \_\_\_\_\_%

**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 Marine Systems Retirement Plan

We have audited the accompanying financial statements of Raytheon Marine Systems Retirement Plan (the "Plan"), which comprise the statements of net assets available for benefits as of July 1, 2014 and November 30, 2013, and the related statements of changes in net assets available for benefits for the period from December 1, 2013 to July 1, 2014 and the year ended November 30, 2013, 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 July 1, 2014 and changes therein for the period from December 1, 2013 to July 1, 2014 and its financial status as of November 30, 2013, and changes therein for the year then ended in accordance with accounting principles generally accepted in the United States of America.



*Emphasis of Matter*

As described in Note 1, effective July 1, 2014, the Plan was merged into and became a part of Raytheon Non-Bargaining Retirement Plan.

*Princeton Loopers LLP*

Boston, Massachusetts  
April 14, 2015

# **Raytheon Marine Systems Retirement Plan**

**Financial Statements**

**To Accompany 2013 Form 5500**

**Annual Report of Employee Benefit Plan**

**Under ERISA of 1974**

**July 1, 2014 and November 30, 2013**

**Raytheon Marine Systems Retirement Plan**  
**Index**  
**July 1, 2014 and November 30, 2013**

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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.

\* Period ended July 1, 2014 is defined as December 1, 2013 through July 1, 2014.



## Independent Auditor's Report

To the Participants and Administrator of Raytheon Marine Systems Retirement Plan

We have audited the accompanying financial statements of Raytheon Marine Systems Retirement Plan (the "Plan"), which comprise the statements of net assets available for benefits as of July 1, 2014 and November 30, 2013, and the related statements of changes in net assets available for benefits for the period from December 1, 2013 to July 1, 2014 and the year ended November 30, 2013, 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 July 1, 2014 and changes therein for the period from December 1, 2013 to July 1, 2014 and its financial status as of November 30, 2013, and changes therein for the year then ended in accordance with accounting principles generally accepted in the United States of America.



*Emphasis of Matter*

As described in Note 1, effective July 1, 2014, the Plan was merged into and became a part of Raytheon Non-Bargaining Retirement Plan.

*Princeton Loopers LLP*

Boston, Massachusetts  
April 14, 2015

**Raytheon Marine Systems Retirement Plan**  
**Statements of Net Assets Available for Benefits**  
**July 1, 2014 and November 30, 2013**

---

|                                           | July 1, 2014 | November 30, 2013 |
|-------------------------------------------|--------------|-------------------|
| <b>Assets</b>                             |              |                   |
| Investments at fair value (Notes 2 and 5) |              |                   |
| Raytheon Master Pension Trust             | \$ -         | \$50,635,574      |
| Total assets                              | -            | 50,635,574        |
| <b>Liabilities</b>                        |              |                   |
| Other liabilities                         | -            | 30,942            |
| Accrued administrative expenses           | -            | 8,775             |
| Total liabilities                         | -            | 39,717            |
| Net assets available for benefits         | \$ -         | \$50,595,857      |

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

**Raytheon Marine Systems Retirement Plan**  
**Statements of Changes in Net Assets Available for Benefits**  
**Period Ended July 1, 2014 and Year Ended November 30, 2013**

---

|                                                                                 | <u>December 1, 2013</u><br><u>– July 1, 2014</u> | <u>December 1, 2012 –</u><br><u>November 30, 2013</u> |
|---------------------------------------------------------------------------------|--------------------------------------------------|-------------------------------------------------------|
| <b>Additions</b>                                                                |                                                  |                                                       |
| Raytheon Master Pension Trust investment income (Notes 2 and 5)                 | \$ 3,286,873                                     | \$ 6,853,451                                          |
| Total additions                                                                 | <u>3,286,873</u>                                 | <u>6,853,451</u>                                      |
| <b>Deductions</b>                                                               |                                                  |                                                       |
| Benefit payments                                                                | 1,932,263                                        | 5,056,134                                             |
| Administrative expenses                                                         | <u>74,388</u>                                    | <u>168,245</u>                                        |
| Total deductions                                                                | <u>2,006,651</u>                                 | <u>5,224,379</u>                                      |
| Net increase in net assets available for benefits before Plan merger            | 1,280,222                                        | 1,629,072                                             |
| Net assets available for benefits, beginning of period / year                   | <u>50,595,857</u>                                | <u>48,966,785</u>                                     |
| Net increase/(decrease) in net assets available for benefits before Plan merger | 51,876,079                                       | 50,595,857                                            |
| Merger to Raytheon Non-Bargaining Retirement Plan (Note 1)                      | (51,876,079)                                     | -                                                     |
| Net assets available for benefits, end of period / year                         | <u>\$ -</u>                                      | <u>\$50,595,857</u>                                   |

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

# **Raytheon Marine Systems Retirement Plan**

## **Notes to Financial Statements**

### **July 1, 2014 and November 30, 2013**

---

#### **1. Plan Description**

The following description of the Raytheon Marine Systems Retirement Plan (the “Plan”) is for general information purposes only. Participants should refer to the Summary Plan Description or the Plan document for a complete description of the Plan’s provisions.

##### **General**

In February 1997, Hughes Aircraft Company (“Hughes Aircraft”) acquired the Marine Systems Division of Alliant Techsystems, Inc. (“Alliant”). Effective February 28, 1997, Hughes Aircraft established the Hughes Marine Systems Retirement Plan as a spin-off of the Alliant Techsystems Inc. Retirement Plan (“Alliant Plan”). On December 17, 1997, Hughes Electronics Corporation (“HEC”), the parent company of Hughes Aircraft, transferred the assets of its defense business, including Hughes Aircraft and Alliant into another General Motors subsidiary, HE Holdings, Inc. (“HE Holdings”). On December 17, 1997, Raytheon Company (the “Company”) merged into HE Holdings, and HE Holdings became a publicly held company, the name of which was changed to Raytheon Company. Effective December 18, 1997, the Company assumed sponsorship of the Plan and changed its name to the Raytheon Marine Systems Retirement Plan (the “Plan”).

Investments are held in the Raytheon Master Pension Trust (“Master Trust”). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”).

Effective July 1, 2014, the Plan was merged into and became a part of the Raytheon Non-Bargaining Retirement Plan. Assets totaling \$51,876,079 were transferred from the Plan on that date. The Company continues to operate the Plan and participants will remain in the Raytheon Non-Bargaining Retirement Plan under the same provisions as the Plan.

##### **Benefits, Eligibility and Vesting**

The Plan is a defined benefit pension plan covering certain employees of the Company. The Plan provides specified benefits to be paid from the net assets available for benefits. All employees who were eligible under the Alliant Plan, principally employees not covered under a collective bargaining agreement, who transferred to Hughes Aircraft on March 1, 1997 as a result of the acquisition of the Marine Systems Division of Alliant Techsystems, Inc. by Hughes Aircraft, are eligible to participate in the Plan. Additionally, any employee who was on leave from Alliant at the time of the transition and returned to active status, relocated or transferred within Hughes Aircraft before August 31, 1997 is eligible to participate in 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.

# **Raytheon Marine Systems Retirement Plan**

## **Notes to Financial Statements**

### **July 1, 2014 and November 30, 2013**

---

Plan members are entitled to monthly pension benefits beginning at age 65 equal to the greatest of (a) the accrued benefit available from the participant's account balance in the cash balance portion of the plan, (b) 39 times the years of credited service, or (c) (only for members of the Alliant Plan before April 1, 1992 meeting requirements specified in the plan document), the benefit specified in the Alliant Plan as of that date. The cash balance portion of the Plan has been in existence since plan inception, February 28, 1997. Participants earn pay credits which are determined as a percentage of pay plus a supplemental percentage for pay exceeding the Social Security wage base. Both percentages increase with the participant's years of service. An interest credit is applied to the cash balance account based on an interest rate benchmark described in the plan document. The Plan permits early retirement at age 55-64 with five years of credited service. The monthly early retirement benefit is the amount computed for the normal retirement, reduced by factors described in the plan document. Vested deferred retirement benefits are available after five years of vested service, are computed as the amount of normal retirement and may commence as early as age 55 with benefits reduced by factors described in the plan document. Participants may elect various optional forms of benefit payment as outlined in the plan document. The Plan also provides for disability and preretirement death benefits as outlined in the plan document.

#### **Contributions**

The Company makes contributions to the Plan to ensure assets are sufficient to pay the benefits of the Plan. The Plan does not permit contributions by participants.

## **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. See Note 4 for addition 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 and Global Security. 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 allocated proportionally on a monthly basis based on the Plan's interest in the Master Trust and are included in the Statements of Changes in Net Assets Available for Benefits under "Raytheon Master Pension Trust investment income."

# **Raytheon Marine Systems Retirement Plan**

## **Notes to Financial Statements**

### **July 1, 2014 and November 30, 2013**

---

#### **Use of Estimates**

The Plan's financial statements have been prepared in conformity with U.S. Generally Accepted Accounting Principles ("GAAP") and require 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 and 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.

#### **New Accounting Pronouncements**

In December 2011, the Financial Accounting Standard Board ("FASB") issued Accounting Standards Update ("ASU") No. 2011-11, "Disclosures about Offsetting Assets and Liabilities." ASU 2011-11 requires disclosures to make financial statements that are prepared under U.S. GAAP more comparable to those prepared under International Financial Reporting Standards ("IFRS"). The new disclosure requirements mandate that entities disclose both gross and net information about instruments and transactions eligible for offset in the statement of assets and liabilities as well as instruments and transactions subject to an agreement similar to a master netting agreement. In addition, ASU 2011-11 requires disclosure of collateral received and posted in connection with master netting agreements or similar arrangements. New disclosures are required for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. Management has evaluated the impact of ASU 2011-11 on the Plan's financial statements and has determined that an additional disclosure is not required.

### **3. Actuarial Present Value of Accumulated 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. Benefits are based principally upon years of service and compensation. Benefits payable under all circumstances - retirement, disability, 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 Marine Systems Retirement Plan

## Notes to Financial Statements

### July 1, 2014 and November 30, 2013

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The significant actuarial assumptions used in the valuation as of November 30, 2013 and 2012 are as follows:

|                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|----------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Assumed rate of return on investments for accumulated benefits | 8.75% as of November 30, 2013 and 2012                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Mortality basis                                                | <p>As of November 30, 2013:<br/> Section 430(h)(3) prescribed separate static annuitant and non-annuitant mortality tables. These tables are based on the RP-2000 mortality tables projected with mortality improvements to the valuation year plus 7 and 15 years based on scale BB.</p> <p>As of November 30, 2012:<br/> Section 430(h)(3) prescribed separate static annuitant and non-annuitant 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.</p> |
| Retirement                                                     | Several rates, varying by age, from 55 to 65                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

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 the prior valuation of the Plan, as follows:

- Mortality was updated from section 430(h)(3) prescribed separate static annuitant and non-annuitant mortality tables from 2012 using Scale AA to 2013 using Scale BB.
- The projection year for the annuity conversion mortality was updated from 2022 to 2023.
- The cash balance interest crediting rate decreased from 4.0% to 2.0% to align with long-term expectations of future treasury rates.
- The salary scale assumption was updated from 4.5% per year to an age-weighted table to reflect current plan demographics and management's expectation of future salary increases.

The above changes were made to reflect anticipated demographic and economic experience.

# Raytheon Marine Systems Retirement Plan

## Notes to Financial Statements

### July 1, 2014 and November 30, 2013

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As of November 30, 2013, the most recent valuation date, the actuarial present value of accumulated plan benefits is as follows:

|                                                            |                      |
|------------------------------------------------------------|----------------------|
| Actuarial present value of accumulated plan benefits       |                      |
| Vested benefits                                            |                      |
| Participants receiving benefits                            | \$ 14,017,446        |
| Participants with deferred benefits                        | 7,007,426            |
| Active participants                                        | <u>13,585,377</u>    |
| Total vested benefits                                      | 34,610,249           |
| Nonvested benefits                                         | <u>684,034</u>       |
| Total actuarial present value of accumulated plan benefits | <u>\$ 35,294,283</u> |

The following is an analysis of changes in present value of accumulated plan benefits:

|                                                                              |                      |
|------------------------------------------------------------------------------|----------------------|
| Actuarial present value of accumulated plan benefits as of November 30, 2012 | \$ 38,650,889        |
| Benefits accumulated and non-investment (gains)/losses                       | (1,239,721)          |
| Increase for interest due to decrease in discount period                     | 3,142,313            |
| Benefits paid                                                                | (5,056,134)          |
| Change in actuarial assumptions                                              | <u>(203,064)</u>     |
| Actuarial present value of accumulated plan benefits as of November 30, 2013 | <u>\$ 35,294,283</u> |

The obligation as of November 30, 2013 shown above does not reflect the updated mortality table and improvement scale assumptions changes made at December 31, 2014. The mortality assumptions were updated to a modified version of the RP-2014 employee/retiree no collar tables, which has the projection scale backed off to 2007 and projected future generational mortality improvement based on a modified version of the MP-2014 scale, which reflects a 10-year down grade period and an ultimate rate of improvement of 0.75%. The estimated impact on the November 30, 2013 obligation if the updated mortality assumptions described above were used is an increase of approximately \$441,000.

Estimated accumulated plan benefits (reflecting the updated mortality assumptions as described above) as of July 1, 2014 of \$35,797,773 were transferred to the Raytheon Non-Bargaining Retirement 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 period ended July 1, 2014 and year ended November 30, 2013 met the minimum funding requirement of ERISA.

**Raytheon Marine Systems Retirement Plan**  
**Notes to Financial Statements**  
**July 1, 2014 and November 30, 2013**

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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 Bank of New York Mellon ("BNY Mellon"), 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 Marine Systems Retirement Plan

## Notes to Financial Statements

### July 1, 2014 and November 30, 2013

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At July 1, 2014, the Plan owned 0.0% of the fair value of the Master Trust net assets. At November 30, 2013, the Plan owned approximately 0.3% of the fair value of the Master Trust net assets. The total net assets of the Master Trust at November 30, 2013 were:

|                                                              | <b>November 30, 2013</b>       |
|--------------------------------------------------------------|--------------------------------|
| <b>Assets</b>                                                |                                |
| Investments at fair market value                             |                                |
| U.S. government bonds                                        | \$35,209,920                   |
| Corporate debt instruments and other fixed income securities | 2,105,683,924                  |
| Corporate stock – preferred                                  | 25,355,501                     |
| Corporate stock – common and other equity securities         | 4,692,737,277                  |
| Commingled funds                                             | 7,540,400,127                  |
| Registered investment companies                              | 3,149,349,939                  |
| Unallocated insurance contracts                              | 16,861,548                     |
| Purchased options (premiums paid \$7,379,516)                | 6,842,480                      |
| Collateral for futures held                                  | 24,622,007                     |
|                                                              | <u>\$17,597,062,723</u>        |
| Investments at estimated fair market value                   |                                |
| Private equity funds                                         | 607,654,501                    |
| Private real estate funds                                    | 361,047,796                    |
|                                                              | <u>\$968,702,297</u>           |
| Cash                                                         | 6,189,384                      |
| Foreign cash                                                 | 6,226,238                      |
| Interest and dividends receivable                            | 32,251,753                     |
| Unrealized gain on futures contracts                         | 19,772,388                     |
| Receivable for forward foreign currency contracts            | 980,927                        |
| Receivable for securities sold                               | 155,520,237                    |
| Other receivables                                            | 51,751                         |
| Total assets                                                 | <u>\$18,786,757,698</u>        |
| <b>Liabilities</b>                                           |                                |
| Cash due to broker                                           | 15,841,742                     |
| Interest and dividends payable                               | 123,318                        |
| Written options (premiums received \$2,815,000)              | 2,321,341                      |
| Unrealized loss on futures contracts                         | 427,229                        |
| Payable for forward foreign currency contracts               | 505,156                        |
| Payable for securities purchased                             | 167,369,868                    |
| Other payable                                                | 7,956,420                      |
| Total liabilities                                            | <u>\$194,545,074</u>           |
| Master Trust net assets                                      | <u><u>\$18,592,212,624</u></u> |
| Plan's interest in Master Trust                              | <u><u>\$50,635,574</u></u>     |

# Raytheon Marine Systems Retirement Plan

## Notes to Financial Statements

### July 1, 2014 and November 30, 2013

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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 period ended July 1, 2014 and year ended November 30, 2013:

|                                                              | <u>December 1, 2013 –<br/>July 1, 2014</u> | <u>December 1, 2012 –<br/>November 30, 2013</u> |
|--------------------------------------------------------------|--------------------------------------------|-------------------------------------------------|
| Net appreciation (depreciation) in fair value of investments |                                            |                                                 |
| Interest bearing and foreign cash                            | \$124,782                                  | (\$288,034)                                     |
| U.S. government bonds                                        | 8,656,012                                  | (5,220,438)                                     |
| Corporate debt instruments and other fixed income securities | 90,857,774                                 | (78,619,421)                                    |
| Corporate stock - preferred                                  | 2,038,653                                  | 87,015                                          |
| Corporate stock – common and other equity securities         | 358,172,277                                | 830,879,479                                     |
| Commingled funds                                             | 643,706,528                                | 1,287,577,711                                   |
| Registered investment companies                              | 27,204,447                                 | 37,102,711                                      |
| Purchased options                                            | (2,705,056)                                | 87,735                                          |
| Written options                                              | (493,659)                                  | (968,629)                                       |
| Forward currency contracts                                   | (1,767,907)                                | 4,016,550                                       |
| Futures contracts                                            | (27,981,982)                               | 67,974,450                                      |
| Investment of securities lending collateral                  | -                                          | 71,170                                          |
| Other investments                                            | (333,760)                                  | (1,622,154)                                     |
|                                                              | <u>\$1,097,478,109</u>                     | <u>\$2,141,078,145</u>                          |
| Net appreciation in estimated fair value of investments      |                                            |                                                 |
| Private equity funds                                         | 5,243,620                                  | 96,533,650                                      |
| Private real estate funds                                    | 13,028,467                                 | 46,838,866                                      |
|                                                              | <u>\$18,272,087</u>                        | <u>\$143,372,516</u>                            |
| Interest                                                     | 62,183,050                                 | 85,184,734                                      |
| Dividends, net                                               | 115,796,066                                | 213,464,851                                     |
| Securities lending program income                            | -                                          | 62,488                                          |
| Other income                                                 | 971,694                                    | 1,328,211                                       |
| Subtotal Master Trust investment income                      | <u>\$1,294,701,006</u>                     | <u>\$2,584,490,945</u>                          |
| Total expenses                                               | \$78,778,703                               | \$111,282,747                                   |
| Total Master Trust net investment income                     | <u>\$1,215,922,303</u>                     | <u>\$2,473,208,198</u>                          |
| Portion allocated to the Plan                                | <u>\$3,286,873</u>                         | <u>\$6,853,451</u>                              |

# Raytheon Marine Systems Retirement Plan

## Notes to Financial Statements

### July 1, 2014 and November 30, 2013

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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.

- |                 |                                                                                                                                                                                                                                                                                                                     |
|-----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Level 1:</b> | Unadjusted quoted prices in active markets for identical assets or liabilities.                                                                                                                                                                                                                                     |
| <b>Level 2:</b> | 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. |
| <b>Level 3:</b> | 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 end of the reporting period.

Two absolute return commingled funds transferred from Level 2 to Level 3 during the period ended July 1, 2014 and were reported as transfers at the end of the reporting period. There were no other transfers in or out of Levels 1, 2 or 3.

# Raytheon Marine Systems Retirement Plan

## Notes to Financial Statements

### July 1, 2014 and November 30, 2013

The following tables summarize the fair value of investment assets and liabilities as of November 30, 2013.

|                                                                | Fair Value of Investment Assets as of 11/30/2013 |                  |                  |                   |
|----------------------------------------------------------------|--------------------------------------------------|------------------|------------------|-------------------|
|                                                                | Level 1                                          | Level 2          | Level 3          | Total             |
| U.S. government bonds                                          | \$ 35,209,920                                    | \$ -             | \$ -             | \$ 35,209,920     |
| Corporate debt instruments and other fixed income securities * | -                                                | 2,105,683,924    | -                | 2,105,683,924     |
| Corporate stock – preferred                                    |                                                  |                  |                  |                   |
| U.S. equity                                                    | -                                                | 1,077,374        | -                | 1,077,374         |
| International equity                                           | 24,278,127                                       | -                | -                | 24,278,127        |
| Corporate stock - common and other equity securities**         |                                                  |                  |                  |                   |
| U.S. equity                                                    | 2,371,338,702                                    | 3,602,440        | -                | 2,374,941,142     |
| International equity                                           | 2,317,796,135                                    | -                | -                | 2,317,796,135     |
| Commingled funds                                               |                                                  |                  |                  |                   |
| 103-12 investment entities                                     |                                                  |                  |                  |                   |
| International equity                                           | -                                                | 249,310,560      | -                | 249,310,560       |
| Us equity                                                      | -                                                | 148,638,844      | -                | 148,638,844       |
| Absolute return                                                | -                                                | 339,522,643      | -                | 339,522,643       |
| Absolute return                                                | -                                                | 838,863,682      | 397,560,667      | 1,236,424,349     |
| Common/collective trusts                                       |                                                  |                  |                  |                   |
| Liquidity                                                      | -                                                | 466,577,432      | -                | 466,577,432       |
| U.S. equity                                                    | -                                                | 3,142,169,847    | -                | 3,142,169,847     |
| International equity                                           | -                                                | 450,834,309      | -                | 450,834,309       |
| Absolute return                                                | -                                                | 117,438,850      | -                | 117,438,850       |
| Core real estate                                               | -                                                | 56,783,376       | -                | 56,783,376        |
| Fixed income                                                   | -                                                | 100,578,493      | -                | 100,578,493       |
| Equity                                                         | -                                                | 128,642,767      | -                | 128,642,767       |
| Real estate pooled separate accounts                           | -                                                | 110,604,806      | -                | 110,604,806       |
| Fixed income                                                   | -                                                | 978,474,648      | 14,399,203       | 992,873,851       |
| Registered investment companies                                |                                                  |                  |                  |                   |
| U.S. equity                                                    | 673,962,440                                      | -                | -                | 673,962,440       |
| International equity                                           | 409,046,909                                      | -                | -                | 409,046,909       |
| Fixed income                                                   | 1,634,886,049                                    | -                | -                | 1,634,886,049     |
| Money market funds                                             | 431,454,541                                      | -                | -                | 431,454,541       |
| Unallocated insurance contracts                                | -                                                | -                | 16,861,548       | 16,861,548        |
| Purchase options                                               | 424,484                                          | 6,417,996        | -                | 6,842,480         |
| Collateral for futures held                                    | 24,622,007                                       | -                | -                | 24,622,007        |
| Private equity funds                                           | -                                                | -                | 607,654,501      | 607,654,501       |
| Private real estate funds                                      | -                                                | -                | 361,047,796      | 361,047,796       |
| Unrealized gain on futures contracts                           | 19,772,388                                       | -                | -                | 19,772,388        |
| Receivable for forward foreign currency contracts              | -                                                | 980,927          | -                | 980,927           |
| Total assets                                                   | \$ 7,942,791,702                                 | \$ 9,246,202,918 | \$ 1,397,523,715 | \$ 18,586,518,335 |

|                                                | Fair Value of Investment Liabilities as of 11/30/2013 |              |         |              |
|------------------------------------------------|-------------------------------------------------------|--------------|---------|--------------|
|                                                | Level 1                                               | Level 2      | Level 3 | Total        |
| Written options                                | \$ -                                                  | \$ 2,321,341 | \$ -    | \$ 2,321,341 |
| Unrealized loss on futures contracts           | 427,229                                               | -            | -       | 427,229      |
| Payable for forward foreign currency contracts | -                                                     | 505,156      | -       | 505,156      |
| Total liabilities                              | \$ 427,229                                            | \$ 2,826,497 | \$ -    | \$ 3,253,726 |

\* Corporate debt instruments and other fixed income securities includes \$111,466,667 of asset backed securities and \$206,233,213 of term loans.

\*\* Corporate stock - common and other equity securities includes \$75,189,672 of master limited partnership securities in U.S. equity.

# Raytheon Marine Systems Retirement Plan

## Notes to Financial Statements

### July 1, 2014 and November 30, 2013

#### Level 3 Investments

The tables below summarize changes in the fair value of the Master Trust's Level 3 investment assets for the period ended July 1, 2014 and year ended November 30, 2013.

| Level 3 Investment Assets 7/1/2014 |                               |                            |                                           |                       |                       |                                  |                           |
|------------------------------------|-------------------------------|----------------------------|-------------------------------------------|-----------------------|-----------------------|----------------------------------|---------------------------|
|                                    | Balance,<br>beginning of year | Realized gains<br>(losses) | Change in<br>unrealized gains<br>(losses) | Purchases             | Sales                 | Transfers in (out)<br>of level 3 | Balance, end of<br>period |
| Commingled funds                   |                               |                            |                                           |                       |                       |                                  |                           |
| Absolute return                    | \$ 397,560,667                | \$ 19,184,452              | \$ 13,440,525                             | \$ 429,220,337        | \$ 206,969,265        | \$ 107,727,122                   | \$ 760,163,838            |
| Fixed income                       | 14,399,203                    | 13,224,608                 | (9,548,554)                               | -                     | 14,395,568            | -                                | 3,679,689                 |
| Unallocated insurance contracts    | 16,861,548                    | 1,787                      | (1,787)                                   | 447,426               | 73,044                | -                                | 17,235,930                |
| Private equity funds               | 607,654,501                   | 19,303,813                 | 7,637,484                                 | 293,512,375           | 103,394,131           | -                                | 824,714,042               |
| Private real estate funds          | 361,047,796                   | 56,732,438                 | (23,812,269)                              | 111,019,795           | 101,846,440           | -                                | 403,141,320               |
| Total                              | <u>\$ 1,397,523,715</u>       | <u>\$ 108,447,098</u>      | <u>\$ (12,284,601)</u>                    | <u>\$ 834,199,933</u> | <u>\$ 426,678,448</u> | <u>\$ 107,727,122</u>            | <u>\$ 2,008,934,819</u>   |

Change in unrealized gain of \$72,976,226 relates to investment assets held by the Master Trust at July 1, 2014.

| Level 3 Investment Assets 11/30/2013                    |                               |                            |                                           |                       |                       |                                  |                         |
|---------------------------------------------------------|-------------------------------|----------------------------|-------------------------------------------|-----------------------|-----------------------|----------------------------------|-------------------------|
|                                                         | Balance,<br>beginning of year | Realized gains<br>(losses) | Change in<br>unrealized gains<br>(losses) | Purchases             | Sales                 | Transfers in (out)<br>of level 3 | Balance, end of<br>year |
| Corporate stock - common and<br>other equity securities | \$ 162,045                    | \$ (4,914)                 | \$ 4,914                                  | \$ -                  | \$ 162,045            | \$ -                             | \$ -                    |
| Commingled funds                                        |                               |                            |                                           |                       |                       |                                  |                         |
| Absolute return                                         | 183,875,021                   | 18,576,329                 | 43,129,467                                | 288,295,484           | 136,315,634           | -                                | 397,560,667             |
| Fixed income                                            | 74,371,608                    | 18,258,125                 | 18,735,244                                | 3,169,439             | 100,135,213           | -                                | 14,399,203              |
| Unallocated insurance contracts                         | 16,206,422                    | 3,157                      | (3,158)                                   | 779,512               | 124,385               | -                                | 16,861,548              |
| Private equity funds                                    | 385,329,181                   | 54,352,757                 | 33,991,701                                | 275,193,021           | 141,212,159           | -                                | 607,654,501             |
| Private real estate funds                               | 250,846,358                   | 7,764,316                  | 41,965,236                                | 106,182,291           | 45,710,405            | -                                | 361,047,796             |
| Total                                                   | <u>\$ 910,790,635</u>         | <u>\$ 98,949,770</u>       | <u>\$ 137,823,404</u>                     | <u>\$ 673,619,747</u> | <u>\$ 423,659,841</u> | <u>\$ -</u>                      | <u>\$ 1,397,523,715</u> |

Change in unrealized gain of \$116,630,204 relates to investment assets held by the Master Trust at November 30, 2013.

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 limited group of investments represents less than 1% of the Master Trust assets. See Valuation Policy section for further information.

# Raytheon Marine Systems Retirement Plan

## Notes to Financial Statements

### July 1, 2014 and November 30, 2013

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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 November 30, 2013:

| Category of Investment               | Fair Value     | Unfunded Commitments | Remaining Life | Redemption Terms, if currently eligible                                                      | Redemption restrictions and terms                                                                                                      | Redemption restrictions and terms in place at year end                  |
|--------------------------------------|----------------|----------------------|----------------|----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|
| Private Real Estate Funds            | \$ 361,047,796 | 411,678,478          | 0-9 years      | Not applicable                                                                               | Not applicable                                                                                                                         | Not applicable                                                          |
| Private Equity Funds                 | 607,654,501    | 1,028,556,014        | 0-9 years      | Not applicable                                                                               | Not applicable                                                                                                                         | Not applicable                                                          |
| Commingled Funds                     |                |                      |                |                                                                                              |                                                                                                                                        |                                                                         |
| 103-12 Entities                      | 737,472,047    | 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, 2013.  |
| Absolute Return                      | 1,236,424,349  | 5,753,557            | Not applicable | Ranges from 15-120 days notice monthly, 45-90 days notice quarterly, 90 days notice annually | 92% of funds are either not under lock or have a lock of one year or less. 8% of funds have a lock up provision of two to ten years.   | Less than 15% of the funds have gates in place as of December 31, 2013. |
| Common/collective Trusts             | 4,334,382,307  | 50,000,000           | Not applicable | Ranges from 1-7 days notice daily                                                            | None                                                                                                                                   | None                                                                    |
| Equity Funds                         | 128,642,767    | Not applicable       | Not applicable | Ranges from 15-30 days notice monthly                                                        | 100% of funds are either not under lock or have a lock of one year or less.                                                            | None                                                                    |
| Fixed Income Funds                   | 992,873,851    | Not applicable       | Not applicable | Ranges from 45 days notice monthly, 60-90 days notice quarterly                              | 80% of funds are either not under lock or have a lock of one year or less. 20% of funds have a lock up provision of two to five years. | Less than 5% of the funds have gates in place as of December 31, 2013.  |
| Real Estate Pooled Separate Accounts | 110,604,806    | 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 Marine Systems Retirement Plan**

## **Notes to Financial Statements**

### **July 1, 2014 and November 30, 2013**

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#### **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 Marine Systems Retirement Plan**

## **Notes to Financial Statements**

### **July 1, 2014 and November 30, 2013**

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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 (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.

#### **Investments Sold Short**

As of July 1, 2014 and November 30, 2013, 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.

# **Raytheon Marine Systems Retirement Plan**

## **Notes to Financial Statements**

### **July 1, 2014 and November 30, 2013**

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#### **Repurchase Agreements**

As of July 1, 2014 and November 30, 2013, the Master Trust was not directly 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.

#### **Securities Lending Program**

The Master Trust directly participated in a securities lending program with the Trustee and exited the program by November 30, 2013. The program allowed the Trustee to loan securities, which are assets of the Master Trust, to approved brokers (the "Borrowers"). The Trustee required Borrowers, pursuant to a security loan agreement, to deliver collateral to secure each loan. The collateral required 102% of the fair value of U.S. securities borrowed and 105% for non-U.S. securities borrowed. The Master Trust bore the risk of loss with respect to the unfavorable change in fair value of the invested cash collateral. However, the Borrower bore 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.

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 \$62,488 as of November 30, 2013. Securities lending income allocated to the Trustee amounted to \$15,742 as of November 30, 2013.

**Raytheon Marine Systems Retirement Plan**  
**Notes to Financial Statements**  
**July 1, 2014 and November 30, 2013**

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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 or capturing value disparities between financial instruments. The Master Trust may utilize both exchange traded investment instruments such as equity and fixed income futures and options contracts and over-the-counter derivatives such as 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. 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 Changes in Net Assets of the Master Trust for the period ended July 1, 2014:

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

| Derivatives not accounted<br>for as hedging instruments | Net Appreciation/<br>(Depreciation) | Average<br>Number of<br>Contracts* |
|---------------------------------------------------------|-------------------------------------|------------------------------------|
| Options                                                 | \$ (3,198,715)                      | 1,225                              |
| Futures contracts                                       | (27,981,982)                        | 14,225                             |
| Forward currency contracts                              | (1,767,907)                         | 125                                |
|                                                         | <u>\$ (32,948,604)</u>              | <u>15,575</u>                      |

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

**Raytheon Marine Systems Retirement Plan**  
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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 November 30, 2013:

Fair value of asset and liability derivative contracts

Derivatives not accounted for as hedging instruments

|                                               | Credit              | Equity             | Foreign<br>Exchange | Interest<br>Rate | Total               |
|-----------------------------------------------|---------------------|--------------------|---------------------|------------------|---------------------|
| <b>Assets</b>                                 |                     |                    |                     |                  |                     |
| Unrealized gain on options                    | \$ 4,040,796        | \$ 2,801,684       | \$ -                | \$ -             | \$ 6,842,480        |
| Unrealized gain on futures contracts          | 19,772,388          | -                  | -                   | -                | 19,772,388          |
| Unrealized gain on forward currency contracts | -                   | -                  | 980,927             | -                | 980,927             |
|                                               | <u>\$23,813,184</u> | <u>\$2,801,684</u> | <u>\$ 980,927</u>   | <u>\$ -</u>      | <u>\$27,595,795</u> |
| <b>Liabilities</b>                            |                     |                    |                     |                  |                     |
| Unrealized loss on options                    | \$ 2,321,341        | \$ -               | \$ -                | \$ -             | \$ 2,321,341        |
| Unrealized loss on futures contracts          | 427,229             | -                  | -                   | -                | 427,229             |
| Unrealized loss on forward currency contracts | -                   | -                  | 505,156             | -                | 505,156             |
|                                               | <u>\$ 2,748,570</u> | <u>\$ -</u>        | <u>\$ 505,156</u>   | <u>\$ -</u>      | <u>\$ 3,253,726</u> |

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

|                                                         | Net<br>Appreciation/<br>(Depreciation) | Average<br>Number of<br>Contracts* |
|---------------------------------------------------------|----------------------------------------|------------------------------------|
| Derivatives not accounted<br>for as hedging instruments |                                        |                                    |
| Options                                                 | \$ (880,894)                           | 850                                |
| Futures contracts                                       | 67,974,450                             | 8,875                              |
| Forward currency contracts                              | <u>4,016,550</u>                       | <u>75</u>                          |
|                                                         | <u>\$ 71,110,106</u>                   | <u>9,800</u>                       |

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

# **Raytheon Marine Systems Retirement Plan**

## **Notes to Financial Statements**

### **July 1, 2014 and November 30, 2013**

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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.

# Raytheon Marine Systems Retirement Plan

## Notes to Financial Statements

### July 1, 2014 and November 30, 2013

A summary of open forward currency contracts at November 30, 2013 is presented below:

| 2013                      |                     |                      |                     |                                           |
|---------------------------|---------------------|----------------------|---------------------|-------------------------------------------|
|                           | Settlement Date     | Aggregate Face Value | Market Value        | Unrealized Appreciation<br>(Depreciation) |
| <b>Currency Purchased</b> |                     |                      |                     |                                           |
| Brazil Real               | 12/3/2013           | \$37,710             | \$37,743            | \$33                                      |
| Danish Krone              | 12/4/2013           | 599,863              | 599,934             | 71                                        |
| Euro Currency Unit        | 12/2/2013-5/13/2014 | 6,716,195            | 6,734,966           | 18,771                                    |
| Hong Kong Dollar          | 12/2/2013-12/3/2013 | 1,842,325            | 1,842,292           | (33)                                      |
| Japanese Yen              | 12/2/2013-5/13/2014 | 10,287,197           | 10,068,778          | (218,419)                                 |
| Malaysian Ringgit         | 12/2/2013           | 42,398               | 42,393              | (5)                                       |
| Norwegian Krone           | 12/4/2013           | 107,525              | 107,366             | (159)                                     |
| Pound Sterling            | 12/3/2013-12/4/2013 | 1,388,316            | 1,388,604           | 288                                       |
| S. African Comm<br>Rand   | 12/4/2013-12/5/2013 | 72,648               | 72,952              | 304                                       |
| Swedish Krona             | 12/3/2013-12/4/2013 | 712,108              | 713,634             | 1,526                                     |
| Swiss Franc               | 12/4/2013           | 245,655              | 245,562             | (93)                                      |
|                           |                     | <u>\$22,051,940</u>  | <u>\$21,854,224</u> | <u>(\$197,716)</u>                        |

| 2013                 |                     |                      |                     |                                           |
|----------------------|---------------------|----------------------|---------------------|-------------------------------------------|
|                      | Settlement Date     | Aggregate Face Value | Market Value        | Unrealized Appreciation<br>(Depreciation) |
| <b>Currency Sold</b> |                     |                      |                     |                                           |
| Brazil Real          | 12/2/2013-12/4/2013 | \$76,362             | \$76,422            | (\$60)                                    |
| Colombian Peso       | 12/2/2013           | 6,020                | 6,024               | (4)                                       |
| Danish Krone         | 12/2/2013           | 57,421               | 57,624              | (203)                                     |
| Euro Currency Unit   | 12/2/2013-5/13/2014 | 16,007,741           | 16,293,517          | (285,776)                                 |
| Hong Kong Dollar     | 12/2/2013-12/3/2013 | 121,216              | 121,218             | (2)                                       |
| Japanese Yen         | 12/2/2013-5/13/2014 | 24,201,431           | 23,241,516          | 959,915                                   |
| Mexican New Peso     | 12/2/2013           | 28,591               | 28,572              | 19                                        |
| Pound Sterling       | 12/2/2013-12/3/2013 | 83,095               | 83,391              | (296)                                     |
| Swiss Franc          | 12/2/2013           | 2,599                | 2,612               | (13)                                      |
| Thailand Baht        | 12/2/2013-12/3/2013 | 96,173               | 96,266              | (93)                                      |
|                      |                     | <u>\$40,680,649</u>  | <u>\$40,007,162</u> | <u>\$673,487</u>                          |

# **Raytheon Marine Systems Retirement Plan**

## **Notes to Financial Statements**

### **July 1, 2014 and November 30, 2013**

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#### **Futures Contracts**

A futures 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 futures exchange.

The Master Trust may use equity index, fixed income, cash and cash equivalents and commodities futures 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.

Futures 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 futures 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 futures 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 futures 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" and "cash due to 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.

Futures contracts involve, to varying degrees, credit and market risks. The Master Trust enters into futures 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 futures 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 futures contract and the underlying index or security.

At November 30, 2013, U.S. Government Bonds with a par value of \$24,813,000 (\$24,622,007 fair value) were pledged as collateral for open equity and fixed income futures positions. These bonds are restricted from trading until the futures positions for which they are pledged as collateral are settled. A cash balance of \$15,841,742 was posted to cover margin requirements for open futures contracts.

**Raytheon Marine Systems Retirement Plan**  
**Notes to Financial Statements**  
**July 1, 2014 and November 30, 2013**

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A summary of the open fixed income futures as of November 30, 2013 are presented below:

|                                           | <b>Long Contracts</b>          |                                 | <b>Short Contracts</b>         |                                 |
|-------------------------------------------|--------------------------------|---------------------------------|--------------------------------|---------------------------------|
|                                           | <b>2013</b>                    |                                 | <b>2013</b>                    |                                 |
|                                           | <b>Number of<br/>Contracts</b> | <b>Aggregate Face<br/>Value</b> | <b>Number of<br/>Contracts</b> | <b>Aggregate<br/>Face Value</b> |
| U.S. Treasury Bond Futures (CBT)          | 95                             | \$ 12,421,250                   | 216                            | \$ 28,242,000                   |
| U.S. 10-year Treasury Notes Futures (CBT) | -                              | -                               | 2,978                          | 373,366,750                     |
| U.S. 5-year Treasury Notes Futures (CBT)  | 844                            | 102,058,062                     | 635                            | 76,785,391                      |
| U.S. Ultra Bond (CBT)                     | 287                            | 39,928,875                      | 826                            | 114,917,250                     |
| Grand Total                               | <u>1,226</u>                   | <u>\$ 154,408,187</u>           | <u>4,655</u>                   | <u>\$ 593,311,391</u>           |

A summary of the open equity futures as of November 30, 2013 is presented below:

|                                     | <b>Long Contracts</b>          |                                 |
|-------------------------------------|--------------------------------|---------------------------------|
|                                     | <b>2013</b>                    |                                 |
|                                     | <b>Number of<br/>Contracts</b> | <b>Aggregate<br/>Face Value</b> |
| S&P Mid 400 Emini Futures(CME)      | 23                             | \$ 2,997,130                    |
| S & P 500 Emini Ind Futures (CME)   | 3,507                          | 316,348,935                     |
| Russell 2000 Mini Ind Futures (NYF) | 38                             | 4,338,460                       |
| Grand Total                         | <u>3,568</u>                   | <u>\$ 323,684,525</u>           |

**Raytheon Marine Systems Retirement Plan**  
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**July 1, 2014 and November 30, 2013**

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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 that 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.

A summary of opened purchased equity index options as of November 30, 2013 is presented below:

|                                      | <b>Call Options</b>                |                         |
|--------------------------------------|------------------------------------|-------------------------|
|                                      | <b>2013</b>                        |                         |
|                                      | <b>Number<br/>of<br/>Contracts</b> | <b>Market<br/>Value</b> |
| S & P 500 Index (SPX)                | 840                                | \$2,377,200             |
| Total purchased equity index options | 840                                | \$2,377,200             |

|                                      | <b>Put Options</b>                 |                         |
|--------------------------------------|------------------------------------|-------------------------|
|                                      | <b>2013</b>                        |                         |
|                                      | <b>Number<br/>of<br/>Contracts</b> | <b>Market<br/>Value</b> |
| CBOE Russell 2000 Index              | 1,311                              | \$ 424,484              |
| Total purchased equity index options | 1,311                              | \$ 424,484              |

|                                                    |             |
|----------------------------------------------------|-------------|
| Premiums paid in aggregate as of November 30, 2013 | \$2,854,516 |
|----------------------------------------------------|-------------|

**Raytheon Marine Systems Retirement Plan**  
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**July 1, 2014 and November 30, 2013**

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A summary of opened written fixed income options as of November 30, 2013 is presented below:

|                                                        | <b>Put Options</b>        |                         |
|--------------------------------------------------------|---------------------------|-------------------------|
|                                                        | <b>2013</b>               |                         |
|                                                        | <b>Notional<br/>Value</b> | <b>Market<br/>Value</b> |
| IRS R US0003M P 3.43% 06/05/25                         | \$60,000,000              | \$1,554,859             |
| IRS-R US0003M LIBOR P 3.9225%                          | 19,000,000                | 766,482                 |
| Total written fixed income options                     | <u>\$79,000,000</u>       | <u>\$2,321,341</u>      |
| Premiums received in aggregate as of November 30, 2013 |                           | <u>\$2,815,000</u>      |

A summary of opened purchased fixed income options as of November 30, 2013 is presented below:

|                                                    | <b>Put Options</b>        |                         |
|----------------------------------------------------|---------------------------|-------------------------|
|                                                    | <b>2013</b>               |                         |
|                                                    | <b>Notional<br/>Value</b> | <b>Market<br/>Value</b> |
| IRS R US0003M P 3.43% 06/05/25                     | \$60,000,000              | \$2,566,960             |
| IRS-R US0003M LIBOR P 3.9225%                      | 19,000,000                | 1,473,835               |
| Total purchased fixed income options               | <u>\$79,000,000</u>       | <u>\$4,040,795</u>      |
| Premiums paid in aggregate as of November 30, 2013 |                           | <u>\$4,525,000</u>      |

# **Raytheon Marine Systems Retirement Plan**

## **Notes to Financial Statements**

### **July 1, 2014 and November 30, 2013**

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#### **Swaps**

As of July 1, 2014 and November 30, 2013, 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 variable 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 Marine Systems Retirement Plan**

## **Notes to Financial Statements**

### **July 1, 2014 and November 30, 2013**

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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 Pension Benefit Guaranty Corporation (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 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, by way of terminating the Non-Bargaining Plan. 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 period ended July 1, 2014 and year ended November 30, 2013, expenses specifically related to the Plan of \$1,775 and \$2,251, respectively, were paid to BNY Mellon and were incurred and included in "Administrative expenses." Additionally, the Plan was allocated approximately \$9,522 and \$13,329 of expenses paid directly by the Master Trust to BNY Mellon for the period ended July 1, 2014 and year ended November 30, 2013, respectively, and are included in "Raytheon Master Pension Trust investment income."

As of November 30, 2013, expenses to be paid to BNY Mellon of \$2,167 were accrued. Accrued expenses to be paid to BNY Mellon specifically related to the Plan are included in "Accrued administrative expenses" and the Plan's allocation of Master Trust accrued expenses to be paid to BNY Mellon are included in "Other liabilities."

# **Raytheon Marine Systems Retirement Plan**

## **Notes to Financial Statements**

### **July 1, 2014 and November 30, 2013**

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#### **8. Tax Status**

The Internal Revenue Service (the “IRS”) has determined and informed the Company by letter dated October 28, 2013, 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 July 1, 2014 and November 30, 2013, respectively. The Plan is subject to examinations by taxing jurisdictions; however, there are currently no audits for any tax period in progress. The Plan Administrator believes the Plan is no longer subject to federal tax examination for years prior to 2011.

#### **9. Risks and Uncertainties**

The Plan financial statements are based on the application of U.S. 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 July 1, 2014 through the date the Plan’s financial statements were available to be issued, April 14, 2015.

|                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                    |                                                                                           |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
| <b>SCHEDULE SB</b><br><b>(Form 5500)</b><br><br><small>Department of the Treasury<br/>Internal Revenue Service</small><br><br><small>Department of Labor<br/>Employee Benefits Security Administration</small><br><br><small>Pension Benefit Guaranty Corporation</small> | <b>Single-Employer Defined Benefit Plan</b><br><b>Actuarial Information</b><br><br>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).<br><br><b>► File as an attachment to Form 5500 or 5500-SF.</b> | OMB No. 1210-0110<br><br><b>2013</b><br><br><b>This Form is Open to Public Inspection</b> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|

For calendar plan year 2013 or fiscal plan year beginning 12/01/2013 and ending 07/01/2014

► **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.

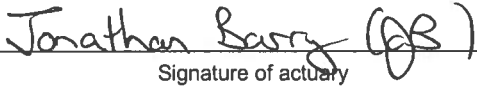
|                                                                                                                                                                          |                                                                 |     |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|-----|
| <b>A</b> Name of plan<br><br>Raytheon Marine Systems Retirement Plan                                                                                                     | <b>B</b> Three-digit plan number (PN) ►                         | 032 |
| <b>C</b> Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF<br><br>Raytheon Company                                                                         | <b>D</b> Employer Identification Number (EIN)<br><br>95-1778500 |     |
| <b>E</b> Type of plan: <input checked="" type="checkbox"/> Single <input type="checkbox"/> Multiple-A <input type="checkbox"/> Multiple-B <input type="checkbox"/> Other |                                                                 |     |
| <b>F</b> Prior year plan size: <input type="checkbox"/> 100 or fewer <input type="checkbox"/> 101-500 <input checked="" type="checkbox"/> More than 500                  |                                                                 |     |

**Part I Basic Information**

|   |                                                                                                                                                                                                          |                            |              |                    |  |
|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|--------------|--------------------|--|
| 1 | Enter the valuation date:                                                                                                                                                                                | Month <u>12</u>            | Day <u>1</u> | Year <u>2013</u>   |  |
| 2 | Assets:                                                                                                                                                                                                  |                            |              |                    |  |
|   | a Market value .....                                                                                                                                                                                     | <b>2a</b>                  | 50,635,574   |                    |  |
|   | b Actuarial value .....                                                                                                                                                                                  | <b>2b</b>                  | 47,608,707   |                    |  |
| 3 | Funding target/participant count breakdown:                                                                                                                                                              | (1) Number of participants |              | (2) Funding Target |  |
|   | a For retired participants and beneficiaries receiving payment .....                                                                                                                                     | <b>3a</b>                  | 87           | 16,371,999         |  |
|   | b For terminated vested participants .....                                                                                                                                                               | <b>3b</b>                  | 170          | 9,468,487          |  |
|   | c For active participants:                                                                                                                                                                               |                            |              |                    |  |
|   | (1) Non-vested benefits .....                                                                                                                                                                            | <b>3c(1)</b>               |              | 651,573            |  |
|   | (2) Vested benefits .....                                                                                                                                                                                | <b>3c(2)</b>               |              | 14,729,331         |  |
|   | (3) Total active .....                                                                                                                                                                                   | <b>3c(3)</b>               | 66           | 15,380,904         |  |
|   | d Total .....                                                                                                                                                                                            | <b>3d</b>                  | 323          | 41,221,390         |  |
| 4 | If the plan is in at-risk status, check the box and complete lines (a) and (b) .....                                                                                                                     | <input type="checkbox"/>   |              |                    |  |
|   | a Funding target disregarding prescribed at-risk assumptions .....                                                                                                                                       | <b>4a</b>                  |              |                    |  |
|   | 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 ..... | <b>4b</b>                  |              |                    |  |
| 5 | Effective interest rate .....                                                                                                                                                                            | <b>5</b>                   | 6.18 %       |                    |  |
| 6 | Target normal cost .....                                                                                                                                                                                 | <b>6</b>                   | 609,880      |                    |  |

**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.

|                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                             |
|----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>SIGN<br/>HERE</b> | <div style="text-align: center;"> <br/>         Signature of actuary       </div> <div style="text-align: center;">         Jonathan R. Barry, F.S.A.<br/>         Type or print name of actuary       </div> <div style="text-align: center;">         Mercer<br/>         Firm name       </div> <div style="text-align: center;">         99 High Street<br/>         Boston MA 02110-2320<br/>         Address of the firm       </div> | <div style="text-align: center;"> <br/>         Date       </div> <div style="text-align: center;">         14-06048<br/>         Most recent enrollment number       </div> <div style="text-align: center;">         (617) 747-9500<br/>         Telephone number (including area code)       </div> |
|----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

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) 2013  
v. 130118

| Part II Beginning of Year Carryover and Prefunding Balances                                                                 |                       |                        |
|-----------------------------------------------------------------------------------------------------------------------------|-----------------------|------------------------|
|                                                                                                                             | (a) Carryover balance | (b) Prefunding balance |
| 7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year) .....                           | 0                     | 1,995,694              |
| 8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year) .....                        | 0                     | 1,995,694              |
| 9 Amount remaining (line 7 minus line 8) .....                                                                              | 0                     | 0                      |
| 10 Interest on line 9 using prior year's actual return of 14.82% .....                                                      |                       |                        |
| 11 Prior year's excess contributions to be added to prefunding balance:                                                     |                       |                        |
| a Present value of excess contributions (line 38a from prior year) .....                                                    |                       | 0                      |
| b Interest on (a) using prior year's effective interest rate of 6.81% except as otherwise provided (see instructions) ..... |                       | 0                      |
| c Total available at beginning of current plan year to add to prefunding balance .....                                      |                       | 0                      |
| d Portion of (c) to be added to prefunding balance .....                                                                    |                       | 0                      |
| 12 Other reductions in balances due to elections or deemed elections .....                                                  |                       | 0                      |
| 13 Balance at beginning of current year (line 9 + line 10 + line 11d - line 12) .....                                       | 0                     | 0                      |

| Part III Funding Percentages                                                                                                                                        |    |          |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|----------|
| 14 Funding target attainment percentage .....                                                                                                                       | 14 | 115.49 % |
| 15 Adjusted funding target attainment percentage .....                                                                                                              | 15 | 115.49 % |
| 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 | 106.45 % |
| 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<br>(MM-DD-YYYY)                                                          | (b) Amount paid by<br>employer(s) | (c) Amount paid by<br>employees | (a) Date<br>(MM-DD-YYYY) | (b) Amount paid by<br>employer(s) | (c) Amount paid by<br>employees |
|                                                                                   |                                   |                                 |                          |                                   |                                 |
|                                                                                   |                                   |                                 |                          |                                   |                                 |
|                                                                                   |                                   |                                 |                          |                                   |                                 |
|                                                                                   |                                   |                                 |                          |                                   |                                 |
|                                                                                   |                                   |                                 |                          |                                   |                                 |
|                                                                                   |                                   |                                 |                          |                                   |                                 |
| Totals ►                                                                          |                                   |                                 | 18(b)                    | 0                                 | 18(c) 0                         |

|                                                                                                                               |     |   |
|-------------------------------------------------------------------------------------------------------------------------------|-----|---|
| 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 | 0 |

|                                                                                                                                                                     |         |         |         |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------|---------|
| 20 Quarterly contributions and liquidity shortfalls:                                                                                                                |         |         |         |
| a Did the plan have a "funding shortfall" for the prior year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No                                   |         |         |         |
| b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? <input type="checkbox"/> Yes <input type="checkbox"/> 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**

|                                                                                                                                                                                              |                        |                        |                        |                                                     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|------------------------|-----------------------------------------------------|
| <b>21</b> Discount rate:                                                                                                                                                                     |                        |                        |                        |                                                     |
| <b>a</b> Segment rates:                                                                                                                                                                      | 1st segment:<br>4.94 % | 2nd segment:<br>6.15 % | 3rd segment:<br>6.76 % | <input type="checkbox"/> N/A, full yield curve used |
| <b>b</b> Applicable month (enter code).....                                                                                                                                                  |                        |                        |                        | <b>21b</b> 0                                        |
| <b>22</b> Weighted average retirement age .....                                                                                                                                              |                        |                        |                        | <b>22</b> 59                                        |
| <b>23</b> Mortality table(s) (see instructions) <input type="checkbox"/> Prescribed - combined <input checked="" type="checkbox"/> Prescribed - separate <input type="checkbox"/> Substitute |                        |                        |                        |                                                     |

**Part VI Miscellaneous Items**

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

**Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years**

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

**Part VIII Minimum Required Contribution For Current Year**

| <b>31</b> Target normal cost and excess assets (see instructions):                                                                                                                   |                                                                                                                                                                                                                                                                                                                              |                   |                    |  |                     |             |                                                      |   |   |                                                |   |   |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|--------------------|--|---------------------|-------------|------------------------------------------------------|---|---|------------------------------------------------|---|---|
| <b>a</b> Target normal cost (line 6) .....                                                                                                                                           | <b>31a</b>                                                                                                                                                                                                                                                                                                                   | 609,880           |                    |  |                     |             |                                                      |   |   |                                                |   |   |
| <b>b</b> Excess assets, if applicable, but not greater than line 31a .....                                                                                                           | <b>31b</b>                                                                                                                                                                                                                                                                                                                   | 609,880           |                    |  |                     |             |                                                      |   |   |                                                |   |   |
| <b>32</b> Amortization installments:                                                                                                                                                 | <table border="1"> <thead> <tr> <th></th> <th>Outstanding Balance</th> <th>Installment</th> </tr> </thead> <tbody> <tr> <td><b>a</b> Net shortfall amortization installment.....</td> <td>0</td> <td>0</td> </tr> <tr> <td><b>b</b> Waiver amortization installment .....</td> <td>0</td> <td>0</td> </tr> </tbody> </table> |                   |                    |  | Outstanding Balance | Installment | <b>a</b> Net shortfall amortization installment..... | 0 | 0 | <b>b</b> Waiver amortization installment ..... | 0 | 0 |
|                                                                                                                                                                                      | Outstanding Balance                                                                                                                                                                                                                                                                                                          | Installment       |                    |  |                     |             |                                                      |   |   |                                                |   |   |
| <b>a</b> Net shortfall amortization installment.....                                                                                                                                 | 0                                                                                                                                                                                                                                                                                                                            | 0                 |                    |  |                     |             |                                                      |   |   |                                                |   |   |
| <b>b</b> Waiver amortization installment .....                                                                                                                                       | 0                                                                                                                                                                                                                                                                                                                            | 0                 |                    |  |                     |             |                                                      |   |   |                                                |   |   |
| <b>33</b> 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 ..... | <b>33</b>                                                                                                                                                                                                                                                                                                                    |                   |                    |  |                     |             |                                                      |   |   |                                                |   |   |
| <b>34</b> Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33) ..                                                            | <b>34</b>                                                                                                                                                                                                                                                                                                                    | 0                 |                    |  |                     |             |                                                      |   |   |                                                |   |   |
|                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                              | Carryover balance | Prefunding balance |  |                     |             |                                                      |   |   |                                                |   |   |
| <b>35</b> Balances elected for use to offset funding requirement.....                                                                                                                |                                                                                                                                                                                                                                                                                                                              | 0                 | 0                  |  |                     |             |                                                      |   |   |                                                |   |   |
| <b>36</b> Additional cash requirement (line 34 minus line 35).....                                                                                                                   | <b>36</b>                                                                                                                                                                                                                                                                                                                    | 0                 |                    |  |                     |             |                                                      |   |   |                                                |   |   |
| <b>37</b> Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c).....                                                   | <b>37</b>                                                                                                                                                                                                                                                                                                                    | 0                 |                    |  |                     |             |                                                      |   |   |                                                |   |   |
| <b>38</b> Present value of excess contributions for current year (see instructions)                                                                                                  |                                                                                                                                                                                                                                                                                                                              |                   |                    |  |                     |             |                                                      |   |   |                                                |   |   |
| <b>a</b> Total (excess, if any, of line 37 over line 36) .....                                                                                                                       | <b>38a</b>                                                                                                                                                                                                                                                                                                                   | 0                 |                    |  |                     |             |                                                      |   |   |                                                |   |   |
| <b>b</b> Portion included in line 38a attributable to use of prefunding and funding standard carryover balances .....                                                                | <b>38b</b>                                                                                                                                                                                                                                                                                                                   | 0                 |                    |  |                     |             |                                                      |   |   |                                                |   |   |
| <b>39</b> Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37) .....                                                                      | <b>39</b>                                                                                                                                                                                                                                                                                                                    | 0                 |                    |  |                     |             |                                                      |   |   |                                                |   |   |
| <b>40</b> Unpaid minimum required contributions for all years .....                                                                                                                  | <b>40</b>                                                                                                                                                                                                                                                                                                                    | 0                 |                    |  |                     |             |                                                      |   |   |                                                |   |   |

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

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

**Schedule SB, Part V — Summary of Plan Provisions****Summary of Major Plan Provisions**

|                              |                                                                                                          |
|------------------------------|----------------------------------------------------------------------------------------------------------|
| Effective date and plan year | February 28, 1997. Amended and restated as of May 17, 2004.<br>Plan year: December 1 through November 30 |
| Status of the plan           | The plan has ongoing benefit accruals but it is closed to new entrants                                   |
| Significant events           | Effective July 1, 2014 the Plan was merged into the Raytheon Nonbargaining Plan                          |

**Definitions**

- Account balance The actuarial equivalent of the participant's accrued benefit on April 1, 1992, plus pay and interest credits.  
Pay, credits are made monthly based on the following table:

| Credited Service | Percent of compensation | Percent of compensation in Excess of the Social Security Wage Base |
|------------------|-------------------------|--------------------------------------------------------------------|
| 0-4              | 3.5%                    | 3.5%                                                               |
| 5-9              | 4.5%                    | 4.5%                                                               |
| 10-14            | 5.5%                    | 5.5%                                                               |
| 15-19            | 6.5%                    | 5.5%                                                               |
| 20-24            | 7.5%                    | 5.5%                                                               |
| 25+              | 8.5%                    | 5.5%                                                               |

Interest is credited monthly on the account balance based on the average rate for one year Treasury Bills constant maturities for the 12 months ending September 30.

- Accrued Benefit Account balance divided by an appropriate factor as described in plan document -225.0 for increasing life annuity and a factor determined using applicable mortality and interest under Code section 417(e) for fixed life annuity.
- Actuarial equivalent Defined by factors described in the plan document.
- Compensation Total wages for federal income tax reporting, excluding expense reimbursement and fringe benefits.
- Credited service The elapsed time of employment with the Company.

**Normal retirement**

- Eligibility Age 65 with one year of credited service.
- Benefit The greater of (1) or (2) below.
  - The accrued benefit available from the participant's account balance
  - A minimum monthly benefit equal up to \$39 times years of credited service.

Participants whose age plus service totaled 50 or more on April 1, 1992 are guaranteed to receive at least the prior plan benefit.

**Schedule SB, Part V — Summary of Plan Provisions**

| <b>Early retirement</b>     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                             |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |      |
|-----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|--------|----|--------|----|--------|----|--------|----|--------|----|--------|----|--------|----|--------|----|--------|----|--------|----|--------|----|------|
| • Eligibility               | Age 55 with five years of credited service.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                             |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |      |
| • Benefit                   | <p><u>For benefits based on the participant's account balance:</u><br/>An amount computed as for normal retirement, reduced by the factor derived from the following for the straight life annuity:<br/>1- .009 * (65 – Participant's Age)</p> <p><u>For benefits based on minimum or prior plan benefits:</u><br/><b>Rule of 85:</b> For Participants at least age 55 at termination and the sum of age plus credited service is at least 85, an amount computed as for normal retirement, reduced by the factor derived from the following for the straight life annuity for commencement before age 60:<br/>1- .036 * (60 – Participant's Age)</p> <p><b>Age 55 with 10 years of credited service:</b> For Participants at least age 55 at termination with 10 years of credited service, an amount computed as for normal retirement, reduced by the factor derived from the following for the straight life annuity:<br/>1- .036 * (65 – Participant's Age)</p> <p><b>Other early commencement:</b> An amount computed as for normal retirement, multiplied by the factor derived from the following table for the straight life annuity:</p> <table> <tr> <th>Age at Benefit Commencement</th><th>Factor</th></tr> <tr><td>55</td><td>36.53%</td></tr> <tr><td>56</td><td>40.05%</td></tr> <tr><td>57</td><td>43.98%</td></tr> <tr><td>58</td><td>48.38%</td></tr> <tr><td>59</td><td>53.31%</td></tr> <tr><td>60</td><td>58.86%</td></tr> <tr><td>61</td><td>65.13%</td></tr> <tr><td>62</td><td>72.22%</td></tr> <tr><td>63</td><td>80.28%</td></tr> <tr><td>64</td><td>89.48%</td></tr> <tr><td>65</td><td>100%</td></tr> </table> | Age at Benefit Commencement | Factor | 55 | 36.53% | 56 | 40.05% | 57 | 43.98% | 58 | 48.38% | 59 | 53.31% | 60 | 58.86% | 61 | 65.13% | 62 | 72.22% | 63 | 80.28% | 64 | 89.48% | 65 | 100% |
| Age at Benefit Commencement | Factor                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                             |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |      |
| 55                          | 36.53%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                             |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |      |
| 56                          | 40.05%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                             |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |      |
| 57                          | 43.98%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                             |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |      |
| 58                          | 48.38%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                             |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |      |
| 59                          | 53.31%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                             |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |      |
| 60                          | 58.86%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                             |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |      |
| 61                          | 65.13%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                             |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |      |
| 62                          | 72.22%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                             |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |      |
| 63                          | 80.28%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                             |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |      |
| 64                          | 89.48%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                             |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |      |
| 65                          | 100%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                             |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |      |
| <b>Deferred vested</b>      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                             |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |      |
| • Eligibility               | Five years of vesting service.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                             |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |      |
| • Benefit                   | An amount computed as for normal retirement, reduced by factors described in the plan document.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                             |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |        |    |      |

**Schedule SB, Part V — Summary of Plan Provisions**

|                                             |                                                                                                                                                                                                                                                                                                                                                                                                          |
|---------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Disability</b>                           |                                                                                                                                                                                                                                                                                                                                                                                                          |
| • Eligibility                               | Termination on account of total and permanent disability.                                                                                                                                                                                                                                                                                                                                                |
| • Benefit                                   | An amount computed as for normal retirement, including contribution credits and interest while disabled.                                                                                                                                                                                                                                                                                                 |
| • Commencement                              | Payable at normal retirement or recovery from disability if then eligible for benefits.                                                                                                                                                                                                                                                                                                                  |
| <b>Pre-retirement Death Benefits</b>        |                                                                                                                                                                                                                                                                                                                                                                                                          |
| • Eligibility                               | Completion of 5 years of service but not yet receiving retirement benefits.                                                                                                                                                                                                                                                                                                                              |
| • Benefit                                   | 100% of the value of the participant's account balance.                                                                                                                                                                                                                                                                                                                                                  |
| • Unpredictable contingent event benefits   | N/A                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Form of benefits</b>                     |                                                                                                                                                                                                                                                                                                                                                                                                          |
| • Automatic form for unmarried participants | The equivalent increasing life annuity                                                                                                                                                                                                                                                                                                                                                                   |
| • Automatic form for married participants   | The equivalent increasing 50% Joint & Survivor Annuity                                                                                                                                                                                                                                                                                                                                                   |
| • Optional forms                            | Benefits are optionally available in the following forms: <ul style="list-style-type: none"> <li>• Life annuity</li> <li>• Increasing life annuity</li> <li>• Social Security level income option</li> <li>• 50% or 100% joint and survivor</li> <li>• Increasing 50% or 100%</li> <li>• Lump sum at 65</li> <li>• Lump sum at 62 (retirees only)</li> </ul> Annuity with lump sum at 62 (retirees only) |
| <b>Miscellaneous</b>                        |                                                                                                                                                                                                                                                                                                                                                                                                          |
| • 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 2013, the limit is \$255,000.                                                                                                                                                 |
| • Maximum benefits                          | Annual benefits may not exceed the limits in IRC Section 415. This limit is indexed annually. For 2013, the limit is \$205,000.                                                                                                                                                                                                                                                                          |

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

Unless noted below, all benefits provided by the plan, as restated effective May 17, 2004, are included in this valuation:

- **Most recent plan amendments included:** May 17, 2004
- **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% 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**

None.

**Schedule SB, Part V — Statement of Actuarial Assumptions/Methods****Actuarial Assumptions for December 1, 2013 Funding Valuation**

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**Discount rate sponsor elections**

|                                     |                                            |                                   |  |
|-------------------------------------|--------------------------------------------|-----------------------------------|--|
| • Segment rates or full yield curve | Segment                                    |                                   |  |
| • Look-back months                  | 0                                          |                                   |  |
|                                     | <b><u>Stabilized rates<sup>1</sup></u></b> | <b><u>Nonstabilized rates</u></b> |  |
| • First 5 years                     | 4.94%                                      | 1.28%                             |  |
| • Next 15 years                     | 6.15%                                      | 4.05%                             |  |
| • Over 20 years                     | 6.76%                                      | 5.07%                             |  |

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**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. |
| • Disabled participants | Same as healthy                                                                                                                                                                                                                                    |

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**Cash balance plans**

|                              |                                                                                                                                                                     |
|------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| • Interest accumulation rate | 2.00% per year and is based on the assumed one-year long term treasury rates periodically published by Mercer Investment Consulting's <i>Capital Market Outlook</i> |
| • Annuity conversion         |                                                                                                                                                                     |
| — Mortality table            | Unisex RP2000 combined healthy annuitant/non-annuitant mortality table projected using scale AA to 2023                                                             |
| — Interest rate basis        | First 5 years: 4.5%<br>Next 15 years: 5.5%<br>Next 20 years: 6.0%<br>These rates are based on long-term view of future IRS 417(e) rates                             |

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<sup>1</sup> Elected not to use interest rates available under the Highway and Transportation Funding Act of 2014, for the 2013 plan year.

**Schedule SB, Part V — Statement of Actuarial Assumptions/Methods****Other economic assumptions**

- Salary increases

| Attained age | Percentage |
|--------------|------------|
| 20           | 6.68%      |
| 25           | 6.55%      |
| 30           | 5.99%      |
| 35           | 5.08%      |
| 40           | 4.45%      |
| 45           | 3.94%      |
| 50           | 3.62%      |
| 55           | 3.34%      |
| 60           | 3.16%      |
| 65           | 2.94%      |

These rates are based on past experience and current plan membership, adjusted to reflect management's expectation of future wage increases

- Social Security wage base 3.75% per year and reflects long-term view of inflation and the average real wage increases for the U.S. economy as a whole
- Inflation 3.00% per year which is within a reasonable range of outcomes from the inflation assumption periodically published by Mercer Investment Consulting's *Capital Market Outlook*
- Expected investment return 8.75% per year, but not greater than the 3<sup>rd</sup> segment rate in effect for each year (7.52% for 2012 and 6.24% for 2011). The rate determined reflects a combination of historical and forward looking returns.
- Expenses \$165,236 (added to current year normal cost) as our best estimate of the current year's expenses given actual administrative expenses incurred in the prior plan year

**Schedule SB, Part V — Statement of Actuarial Assumptions/Methods****Demographic assumptions**

|                                |                                 |                                   |
|--------------------------------|---------------------------------|-----------------------------------|
| • Withdrawal                   | See table of sample rates.      |                                   |
| • Disability incidence         | None assumed.                   |                                   |
| • Retirement age               | <b>Attained age</b>             | <b>Percentage</b>                 |
|                                | Under 55                        | 0%                                |
|                                | 55                              | 10%                               |
|                                | 56                              | 15%                               |
|                                | 57                              | 15%                               |
|                                | 58                              | 20%                               |
|                                | 59                              | 20%                               |
|                                | 60                              | 20%                               |
|                                | 61                              | 30%                               |
|                                | 62                              | 50%                               |
|                                | 63                              | 50%                               |
|                                | 64                              | 50%                               |
|                                | 65 and above                    | 100%                              |
| • Benefit commencement age for |                                 |                                   |
| — Future vested deferred       | 65                              |                                   |
| — Current vested deferred      | 65                              |                                   |
| • Spouse assumptions           | <b><u>Male participants</u></b> | <b><u>Female participants</u></b> |
| — Percentage married           | 85%                             | 75%                               |
| — Spouse age difference        | 3 years younger                 | 3 years older                     |

**Form of payment**

|                           |                                                                                                 |
|---------------------------|-------------------------------------------------------------------------------------------------|
| • Active retirements      | Assumed to elect payment in the form of a single life temporary annuity with lump sum at age 62 |
| • Future vested deferred  | 100% Life annuity                                                                               |
| • Future deaths           | 100% Lump sum                                                                                   |
| • Current vested deferred | 100% Life annuity                                                                               |

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

| Attained age | Withdrawal  |
|--------------|-------------|
|              | Percentages |
| 20           | 10.16%      |
| 25           | 8.46%       |
| 30           | 6.75%       |
| 35           | 5.04%       |
| 40           | 4.14%       |
| 45           | 3.24%       |
| 50           | 1.62%       |
| 55           | 0.00%       |
| 60           | 0.00%       |
| 65           | 0.00%       |

As further allowance for heavy turnover in the early years of employment, the following additional turnover is based on years of service.

| Service | Percent Terminating |
|---------|---------------------|
| 1       | 15.0%               |
| 2       | 11.0%               |
| 3       | 7.0%                |
| 4       | 5.0%                |
| 5       | 3.0%                |

**Actuarial Methods for Funding*****Asset Methods***

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% and no less than 90% 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.

**Schedule SB, Part V — Statement of Actuarial Assumptions/Methods*****Participant Methods***

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

- **Participants included:** Xerox HR Solutions, LLP 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.
- **Participants excluded:** No actuarial liability is included for nonvested participants who terminated prior to the valuation date.
- **Insurance contracts:** The plan does not have any insurance contracts.

***Minimum Funding Methods***

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, line 26 — Schedule of Active Participant Data**

| Attained age | Years of credited service |     |     |       |       |       |       |       |       |         |       |
|--------------|---------------------------|-----|-----|-------|-------|-------|-------|-------|-------|---------|-------|
|              | Under 1                   | 1–4 | 5–9 | 10–14 | 15–19 | 20–24 | 25–29 | 30–34 | 35–39 | 40 & up | Total |
| Under 25     |                           |     |     |       |       |       |       |       |       |         |       |
| 25–29        |                           |     |     |       |       |       |       |       |       |         |       |
| 30–34        |                           |     |     |       |       |       |       |       |       |         |       |
| 35–39        |                           |     |     |       |       |       |       |       |       |         |       |
| 40–44        |                           |     |     |       |       | 1     |       |       |       |         | 1     |
| 45–49        |                           |     |     |       | 1     |       |       |       |       |         | 1     |
| 50–54        |                           |     |     |       | 5     | 5     | 9     | 1     |       |         | 20    |
| 55–59        |                           |     |     |       | 2     | 1     | 5     | 9     | 2     |         | 19    |
| 60–64        |                           |     |     |       | 1     | 2     | 5     | 6     | 3     | 2       | 19    |
| 65–69        |                           |     |     |       |       |       | 2     | 4     |       |         | 6     |
| 70 & up      |                           |     |     |       |       |       |       |       |       |         |       |
| Total        |                           |     |     |       | 9     | 9     | 21    | 20    | 5     | 2       | 66    |

In each cell, the number is the count of active participants for each age/service combination.

**Schedule SB, line 24 — Change in Actuarial Assumptions**

- Interest discounts and mortality rates were updated from 2012 to 2013 in accordance with PPA. Elected to not use the interest rates in the Highway and Transportation Funding Act of 2014 for the 2013 plan year.
- The expense component of normal cost decreased from \$169,311 to \$165,236 to reflect our best estimate of the current plan year's expenses.
- The projection year for the annuity conversion mortality was updated from 2022 to 2023.
- The cash balance interest crediting rate decreased from 4.0% to 2.0% to align with long-term expectations of future treasury rates.
- The salary scale assumption was updated from 4.5% per year to an age-weighted table to reflect current plan demographics and management's expectation of future salary increases.

**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 59.

| (A)<br>Retirement<br>age | (B)<br>Retirement<br>Percent | (C)<br>Lx | (D)<br>Number of<br>employees<br>expected to retire<br>(B) x (C) | (E)<br>(A) x (D) |
|--------------------------|------------------------------|-----------|------------------------------------------------------------------|------------------|
| 55                       | 10%                          | 10,000    | 1,000                                                            | 55,000           |
| 56                       | 15%                          | 9,000     | 1,350                                                            | 75,600           |
| 57                       | 15%                          | 7,650     | 1,148                                                            | 65,408           |
| 58                       | 20%                          | 6,503     | 1,301                                                            | 75,429           |
| 59                       | 20%                          | 5,202     | 1,040                                                            | 61,384           |
| 60                       | 20%                          | 4,162     | 832                                                              | 49,939           |
| 61                       | 30%                          | 3,329     | 999                                                              | 60,926           |
| 62                       | 50%                          | 2,330     | 1,165                                                            | 72,245           |
| 63                       | 50%                          | 1,165     | 583                                                              | 36,705           |
| 64                       | 50%                          | 583       | 291                                                              | 18,644           |
| 65                       | 100%                         | 291       | 291                                                              | 18,935           |
| Total                    |                              |           | 10,000                                                           | 590,215          |
| Average                  |                              |           |                                                                  | 59.02            |