

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 <div style="text-align: center; font-size: 24pt; font-weight: bold;">2017</div> This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2017 or fiscal plan year beginning <u>01/01/2017</u> and ending <u>12/31/2017</u>	
A	This return/report is for: <div style="display: flex; justify-content: space-between;"> <div> ☐ a multiemployer plan </div> <div> ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.) </div> </div>
	☒ a single-employer plan <div style="margin-left: 100px;">☐ a DFE (specify) _____</div>
B	This return/report is: <div style="display: flex; justify-content: space-between;"> <div> ☐ the first return/report ☐ an amended return/report </div> <div> ☐ the final return/report ☐ a short plan year return/report (less than 12 months) </div> </div>
C	If the plan is a collectively-bargained plan, check here. ☒
D	Check box if filing under: <div style="display: flex; justify-content: space-between;"> <div> ☒ Form 5558 ☐ special extension (enter description) </div> <div> ☐ automatic extension </div> <div> ☐ the DFVC program </div> </div>

Part II	Basic Plan Information —enter all requested information									
1a	Name of plan <u>RAYTHEON COMPANY PENSION PLAN FOR HOURLY EMPLOYEES</u>									
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;">1b</td> <td>Three-digit plan number (PN) ▶</td> <td><u>025</u></td> </tr> <tr> <td>1c</td> <td>Effective date of plan</td> <td><u>09/01/1958</u></td> </tr> </table>	1b	Three-digit plan number (PN) ▶	<u>025</u>	1c	Effective date of plan	<u>09/01/1958</u>			
1b	Three-digit plan number (PN) ▶	<u>025</u>								
1c	Effective date of plan	<u>09/01/1958</u>								
2a	Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>RAYTHEON COMPANY</u> <u>870 WINTER STREET</u> <u>WALTHAM, MA 02451-1449</u>									
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;">2b</td> <td>Employer Identification Number (EIN)</td> <td><u>95-1778500</u></td> </tr> <tr> <td>2c</td> <td>Plan Sponsor's telephone number</td> <td><u>781-522-3000</u></td> </tr> <tr> <td>2d</td> <td>Business code (see instructions)</td> <td><u>335900</u></td> </tr> </table>	2b	Employer Identification Number (EIN)	<u>95-1778500</u>	2c	Plan Sponsor's telephone number	<u>781-522-3000</u>	2d	Business code (see instructions)	<u>335900</u>
2b	Employer Identification Number (EIN)	<u>95-1778500</u>								
2c	Plan Sponsor's telephone number	<u>781-522-3000</u>								
2d	Business code (see instructions)	<u>335900</u>								

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

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

SIGN HERE	Filed with authorized/valid electronic signature.	09/12/2018	KELLY B. LAPPIN
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Form 5500 (2017)
v. 170203

3a Plan administrator's name and address ☐ Same as Plan Sponsor KELLY B. LAPPIN RAYTHEON COMPANY 870 WINTER STREET WALTHAM, MA 02451-1449	3b Administrator's EIN 95-1778500 3c Administrator's telephone number 781-522-5821 <div style="background-color: #cccccc; height: 40px; width: 100%;"></div>
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name	4b EIN 4d PN
5 Total number of participants at the beginning of the plan year	5 15730
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d).	
a(1) Total number of active participants at the beginning of the plan year	6a(1) 1876
a(2) Total number of active participants at the end of the plan year	6a(2) 1711
b Retired or separated participants receiving benefits	6b 7086
c Other retired or separated participants entitled to future benefits	6c 5255
d Subtotal. Add lines 6a(2) , 6b , and 6c	6d 14052
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	6e 1233
f Total. Add lines 6d and 6e	6f 15285
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	6g
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested	6h 0
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....	7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 1B 1E b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:	

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1) ☒ **R** (Retirement Plan Information)
- (2) ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- (3) ☒ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1) ☒ **H** (Financial Information)
- (2) ☐ **I** (Financial Information – Small Plan)
- (3) ☐ 0 **A** (Insurance Information)
- (4) ☒ **C** (Service Provider Information)
- (5) ☒ **D** (DFE/Participating Plan Information)
- (6) ☐ **G** (Financial Transaction Schedules)

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2017 Form M-1 annual report. If the plan was not required to file the 2017 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

<div>SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</div>	<div>Single-Employer Defined Benefit Plan Actuarial Information</div> <div>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).</div> <div>▶ File as an attachment to Form 5500 or 5500-SF.</div>	<div>OMB No. 1210-0110</div> <div>2017</div> <div>This Form is Open to Public Inspection</div>
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For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017

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

A Name of plan RAYTHEON COMPANY PENSION PLAN FOR HOURLY EMPLOYEES	B Three-digit plan number (PN) ▶ 025
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF RAYTHEON COMPANY	D Employer Identification Number (EIN) 95-1778500

E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500
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Part I	Basic Information
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1 Enter the valuation date: Month 01 Day 01 Year 2017			
2 Assets:			
a Market value	2a	1012645703	
b Actuarial value	2b	1035681643	
3 Funding target/participant count breakdown	(1) Number of participants	(2) Vested Funding Target	(3) Total Funding Target
a For retired participants and beneficiaries receiving payment	8141	564610633	564610633
b For terminated vested participants	5713	159361006	159361006
c For active participants	1876	279894818	284961685
d Total	15730	1003866457	1008933324
4 If the plan is in at-risk status, check the box and complete lines (a) and (b)..... ☐			
a Funding target disregarding prescribed at-risk assumptions	4a		
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b		
5 Effective interest rate	5	5.80 %	
6 Target normal cost	6	15386436	

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

SIGN HERE		
Signature of actuary	Date	
GRACE BARBIERI, F.S.A.	17-07481	
Type or print name of actuary	Most recent enrollment number	
MERCER	617-747-9500	
Firm name	Telephone number (including area code)	
99 HIGH STREET BOSTON, MA 02110-2320		
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 ☐

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	0
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9 Amount remaining (line 7 minus line 8)	0	0
10 Interest on line 9 using prior year's actual return of <u>6.64</u> %	0	0
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(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of <u>6.02</u> %		0
b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return		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	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	102.65%
15 Adjusted funding target attainment percentage	15	102.65%
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	109.41%
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.	17	%

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

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
12/28/2017	25010000	0	08/01/2018	3687000	0
04/02/2018	3687000	0	09/04/2018	3687000	0
05/01/2018	3687000	0			
06/01/2018	3687000	0			
07/02/2018	3687000	0			
07/26/2018	40000000	0			
Totals ▶			18(b)	87132000	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	80654108

20 Quarterly contributions and liquidity shortfalls:

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

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

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

21 Discount rate:				
a Segment rates:	1st segment: 4.16 %	2nd segment: 5.72 %	3rd segment: 6.48 %	☐ N/A, full yield curve used
b Applicable month (enter code)				21b 0
22 Weighted average retirement age				22 64
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous Items

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

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

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

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)	31a	15386436	
b Excess assets, if applicable, but not greater than line 31a	31b	15386436	
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment	0	0	
b Waiver amortization installment	0	0	
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33		
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)	34	0	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	0	0	0
36 Additional cash requirement (line 34 minus line 35)	36	0	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	80654108	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	80654108	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	0	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years	40	0	

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

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

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2017
		This Form is Open to Public Inspection.

For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017		
A Name of plan RAYTHEON COMPANY PENSION PLAN FOR HOURLY EMPLOYEES	B Three-digit plan number (PN) ▶	025
C Plan sponsor's name as shown on line 2a of Form 5500 RAYTHEON COMPANY	D Employer Identification Number (EIN) 95-1778500	

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

1 Information on Persons Receiving Only Eligible Indirect Compensation

- a** Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. ☐ Yes ☒ No
- b** If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

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

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

CONDUENT INC.

81-2983623

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
13	NONE	823689	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

THE BANK OF NEW YORK MELLON

13-5160382

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
21	NONE	159473	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

PRICEWATERHOUSECOOPERS LLP

13-4008324

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
10	NONE	99466	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

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

MERCER

13-2834414

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
11	NONE	96221	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

DELOITTE LLP

13-6044173

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
10 16	NONE	61311	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

PRINCE COMMUNICATIONS

54 LINCOLN AVE.
PORTSMOUTH, NH 03801

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
49	NONE	29779	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

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

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

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

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

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

SCHEDULE D (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small>	DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500.	OMB No. 1210-0110 <div style="border: 1px solid black; padding: 5px; font-size: 1.2em; font-weight: bold;">2017</div> This Form is Open to Public Inspection.
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For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017

A Name of plan <u>RAYTHEON COMPANY PENSION PLAN FOR HOURLY EMPLOYEES</u>	B Three-digit plan number (PN) ►	<u>025</u>
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 <u>RAYTHEON COMPANY</u>	D Employer Identification Number (EIN) <u>95-1778500</u>	

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

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

c EIN-PN <u>04-3172773-001</u>	d Entity code <u>M</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>1122744866</u>
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a Name of MTIA, CCT, PSA, or 103-12 IE:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2017
		This Form is Open to Public Inspection

For calendar plan year 2017 or fiscal plan year beginning <u>01/01/2017</u> and ending <u>12/31/2017</u>		
A Name of plan <u>RAYTHEON COMPANY PENSION PLAN FOR HOURLY EMPLOYEES</u>	B Three-digit plan number (PN) ▶	<u>025</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>RAYTHEON COMPANY</u>		
		D Employer Identification Number (EIN) <u>95-1778500</u>

Part I	Asset and Liability Statement
---------------	--------------------------------------

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	<u>0</u>	<u>62122000</u>
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities.....	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts.....	1c(9)		
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)	<u>1022958749</u>	<u>1122744866</u>
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

		(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:		
(1)	Employer securities	1d(1)	
(2)	Employer real property	1d(2)	
e	Buildings and other property used in plan operation	1e	
f	Total assets (add all amounts in lines 1a through 1e)	1f	1022958749 1184866866
Liabilities			
g	Benefit claims payable	1g	
h	Operating payables	1h	2728029 3648929
i	Acquisition indebtedness	1i	
j	Other liabilities	1j	8783429 9140000
k	Total liabilities (add all amounts in lines 1g through 1j)	1k	11511458 12788929
Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	1011447291 1172077937

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.

		(a) Amount	(b) Total
a	Contributions:		
(1)	Received or receivable in cash from: (A) Employers	2a(1)(A)	87162267
	(B) Participants	2a(1)(B)	145025
	(C) Others (including rollovers)	2a(1)(C)	
(2)	Noncash contributions	2a(2)	
(3)	Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)	87307292
b	Earnings on investments:		
(1)	Interest:		
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	
	(B) U.S. Government securities	2b(1)(B)	
	(C) Corporate debt instruments	2b(1)(C)	
	(D) Loans (other than to participants)	2b(1)(D)	
	(E) Participant loans	2b(1)(E)	
	(F) Other	2b(1)(F)	
	(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)	0
(2)	Dividends: (A) Preferred stock	2b(2)(A)	
	(B) Common stock	2b(2)(B)	
	(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	
	(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)	0
(3)	Rents	2b(3)	
(4)	Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)	
	(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)	0
(5)	Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)	
	(B) Other	2b(5)(B)	
	(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)	0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		153169970
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		240477262

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	62413088	
(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)		62413088
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)	8293528	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		8293528
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		70706616

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		169770646
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		9140000

Part III Accountant's Opinion

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

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

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

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

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

(1) Name: PRICEWATERHOUSECOOPERS LLP

(2) EIN: 13-4008324

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

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

Part IV Compliance Questions

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

During the plan year:

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

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

	Yes	No	Amount
4a		X	
4b		X	

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

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

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 PENSION PLAN FOR SALARIED EMPLOYEES	95-1778500	024

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
 If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year 4103645. (See instructions.)

<div>SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</div>	<div>Retirement Plan Information</div> <div>This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).</div> <div>▶ File as an attachment to Form 5500.</div>	<div>OMB No. 1210-0110</div> <div>2017</div> <div>This Form is Open to Public Inspection.</div>
For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017		
A Name of plan RAYTHEON COMPANY PENSION PLAN FOR HOURLY EMPLOYEES		B Three-digit plan number (PN) ▶ 025
C Plan sponsor's name as shown on line 2a of Form 5500 RAYTHEON COMPANY		D Employer Identification Number (EIN) 95-1778500
Part I	Distributions	
All references to distributions relate only to payments of benefits during the plan year.		
1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions		1 0
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): 13-5160382		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year		3 3
Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)	
4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ☐ Yes ☒ No ☐ N/A If the plan is a defined benefit plan, go to line 8.		
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month Day Year If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.		
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)		6a
b Enter the amount contributed by the employer to the plan for this plan year		6b
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)		6c
If you completed line 6c, skip lines 8 and 9.		
7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ☐ Yes ☐ No ☐ N/A		
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ☐ Yes ☐ No ☒ N/A		
Part III	Amendments	
9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box. ☒ Increase ☐ Decrease ☐ Both ☐ No		
Part IV	ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.	
10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ☐ Yes ☐ No		
11 a Does the ESOP hold any preferred stock? ☐ Yes ☐ No		
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ☐ Yes ☐ No		
12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ☐ Yes ☐ No		
For Paperwork Reduction Act Notice, see the Instructions for Form 5500.		
Schedule R (Form 5500) 2017 v. 170203		

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Stock: 24.0% Investment-Grade Debt: 28.0% High-Yield Debt: 2.0% Real Estate: 7.0% Other: 39.0%

- 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):

Raytheon Company Pension Plan for Hourly Employees

Financial Statements

To Accompany 2017 Form 5500

Annual Report of Employee Benefit Plan

Under ERISA of 1974

December 31, 2017 and 2016

Raytheon Company Pension Plan for Hourly Employees

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December 31, 2017 and 2016

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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.



Report of Independent Auditors

To the Administrator of Raytheon Company Pension Plan for Hourly Employees

We have audited the accompanying financial statements of Raytheon Company Pension Plan for Hourly Employees (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2017 and December 31, 2016, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, information regarding the Plan's net assets available for benefits as of December 31, 2017 and changes therein for the year then ended and its financial status as of December 31, 2016, and changes therein for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Princeton House LLP

Boston, Massachusetts
September 10, 2018

Raytheon Company Pension Plan for Hourly Employees
Statements of Net Assets Available for Benefits
December 31, 2017 and 2016

	2017	2016
Assets		
Investments at fair value (Notes 2 and 7)		
Raytheon Master Pension Trust	\$ 1,122,413,428	\$ 1,022,533,613
Net assets held in 401(h) account (Notes 5, 6, and 7)	331,438	425,136
Employer contributions receivable	62,122,000	-
Total assets	<u>1,184,866,866</u>	<u>1,022,958,749</u>
Liabilities		
Plan transfer out payable (Note 1)	9,140,000	8,783,429
Accrued administrative expenses	85,790	61,438
Other liabilities	3,563,139	2,666,591
Net assets held in 401(h) account (Notes 5, 6, and 7)	331,438	425,136
Total liabilities	<u>13,120,367</u>	<u>11,936,594</u>
Net assets available for benefits	<u>\$ 1,171,746,499</u>	<u>\$ 1,011,022,155</u>

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

Raytheon Company Pension Plan for Hourly Employees
Statements of Changes in Net Assets Available for Benefits
Years Ended December 31, 2017 and 2016

	2017	2016
Additions		
Raytheon Master Pension Trust investment income (Notes 2 and 7)	\$ 153,115,073	\$ 65,851,248
Employer contributions	87,132,000	-
Total additions	<u>240,247,073</u>	<u>65,851,248</u>
Deductions		
Benefit payments	62,160,119	62,035,361
Administrative expenses	8,222,610	6,618,895
Plan transfer out (Note 1)	9,140,000	8,783,429
Total deductions	<u>79,522,729</u>	<u>77,437,685</u>
Net increase/(decrease) in net assets available for benefits	160,724,344	(11,586,437)
Net assets available for benefits, beginning of year	<u>1,011,022,155</u>	<u>1,022,608,592</u>
Net assets available for benefits, end of year	<u>\$ 1,171,746,499</u>	<u>\$ 1,011,022,155</u>

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

Raytheon Company Pension Plan for Hourly Employees

Notes to Financial Statements

December 31, 2017 and 2016

1. Plan Description

The following description of the Raytheon Company Pension Plan for Hourly Employees (the "Plan") is for general purposes only. Participants should refer to the Summary Plan Description or the Plan Document for a complete description of the Plan's provisions.

General

The Plan is a defined benefit plan that covers a substantial portion of hourly employees of the Raytheon Company and certain of its subsidiaries (the "Company"). Effective December 31, 2012, the Retirement Plan for Hourly Employees of Raytheon IIS-Garland and the Retirement Plan for Hourly Employees of Raytheon NCS-Florida were merged into and became a part of the Plan.

Investments are held in the Raytheon Master Pension Trust ("Master Trust"). The Plan is administered by the Plan Administrator appointed by the Company's Vice President of Human Resources and is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

Benefits, Eligibility and Vesting

The Plan provides specified retirement and death benefits to be paid from the net assets available for benefits. For employees not covered by a collective bargaining agreement ("CBA"), the level of benefits is primarily based upon the greater of a formula based principally upon years of service and average compensation and a minimum guarantee formula. For employees covered by a CBA, the level of benefits is negotiated and determined by the CBA in effect at the time of termination. The standard form of retirement benefit to unmarried participants is a monthly payment beginning the month following retirement and continuing until death. The standard form of benefit to married participants is a reduced monthly payment for the participant's life and one-half of that payment for the life of the participant's surviving spouse. Other optional forms of benefits are also available.

Employees who retire between the age of 55 and the normal retirement age as defined by the Plan shall be entitled to a percentage of the normal retirement benefit, with the percentage increasing as the retirement age approaches the normal retirement age. Employees of the Company, who meet the eligibility requirements as defined by the Plan, may participate in the Plan. Participants are fully vested upon completion of five years of vesting service, as defined in the Plan Document.

Effective January 1, 2007, employees who are either hired or rehired (after the period of eligible recall), subject to any applicable CBA, are not eligible to participate in the Plan. In addition, former employees who are rehired on or after March 1, 2007 (or as of a negotiated date if different) and have received or are receiving payment from a Company-sponsored pension plan are not eligible to participate in the Plan, subject to applicable CBAs.

Effective March 31, 2016, the minimum pension benefit for IAM Local Lodge 587 participants increased from \$51 to \$54 per month per year of service.

Effective July 1, 2017, the minimum pension benefit for UAW Local 298 participants increased from \$44 to \$47 per month per year of service. The multiplier will increase to \$48 on July 1, 2018, \$49 on July 1, 2019, and \$50 on July 1, 2020.

Effective September 23, 2017, the minimum pension benefit for Local 1505 participants increased from \$53 to \$59 per month per year of service.

Contributions

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

Raytheon Company Pension Plan for Hourly Employees

Notes to Financial Statements

December 31, 2017 and 2016

Plan Transfers

The Plan transferred assets during the year to the Raytheon Company Pension Plan for Salaried Employees for retirees who commenced payment during the period and had service under both the Raytheon Company Pension Plan for Salaried Employees and the Plan. The corresponding benefits and liabilities were also transferred from the Plan.

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 and 401(h) account'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 and 401(h) account's interest in the Master Trust. See Note 5 and Note 7 for additional information.

Contributions

Employer contributions are funded and recorded as determined by actuarial computation. See Note 4 for additional information.

Benefit Payments

Benefit payments to participants are recorded when paid.

Administrative Expenses

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."

Use of Estimates

The Plan's financial statements have been prepared in conformity with U.S. Generally Accepted Accounting Principles ("GAAP"). This requires the Plan Administrator to make significant estimates and assumptions that affect the reported amounts of net assets available for benefits at the date of the financial statements, the actuarial present value of accumulated plan benefits as of the benefit information date, the changes in net assets available for benefits during the reporting period, and, when applicable, the disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from the estimates included in the financial statements.

New Accounting Pronouncements

In February 2017, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2017-06, *Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), and Health and Welfare Benefit Plans (Topic 965) - Employee Benefit Plan Master Trust Reporting*. ASU 2017-06 amends the master trust disclosure to require additional disclosures related to the Plan's interest in the master trust.

This ASU is effective for fiscal years beginning after December 15, 2018, and is required to be applied retrospectively for all comparative periods presented. Management does not expect the adoption of this ASU to have a significant impact on the Plan's financial statements.

Raytheon Company Pension Plan for Hourly Employees

Notes to Financial Statements

December 31, 2017 and 2016

3. Actuarial Present Value of Accumulated Pension Plan Benefits

Accumulated plan benefits are those future periodic payments that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of deceased employees, and (c) active employees or their beneficiaries. Benefits are based principally upon years of service and compensation. Benefits payable under all circumstances - retirement, death, and termination of employment - are included to the extent 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 the money (through discounts for interest) and the probability of payment (by means of decrements for death, withdrawal, or retirement) between the valuation date and the expected date of payment.

The significant actuarial assumptions used in the valuation as of December 31, 2017 and 2016, are as follows:

Assumed rate of return on investments for accumulated benefits (discount rate)	7.5% as of December 31, 2016 8.0% as of December 31, 2015
Mortality basis	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 downgrade period and an ultimate improvement rate of 0.75%
Disabled participants	
- Former Retirement Plan for Hourly Employees of Raytheon NCS-FL and Former Retirement Plan for Hourly Employees of Raytheon IIS-Garland	1985 Pension Disability Mortality for males and females
- All Others	Same as healthy participants
Retirement	Several rates, varying by age from 55 to 70

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

The changes in actuarial assumptions since the prior valuation of the Plan are as follows:

- The discount rate decreased from 8.00% to 7.50%.
- Vested deferred commencement ages were updated to reflect expected future experience.

Plan Changes

- Effective March 31, 2016, the minimum pension benefit for IAM Local Lodge 587 participants increased from \$51 to \$54 per month per year of service.

Raytheon Company Pension Plan for Hourly Employees

Notes to Financial Statements

December 31, 2017 and 2016

As of December 31, 2016, the most recent valuation date, the actuarial present value of accumulated plan benefits is as follows:

Vested benefits	
Participants receiving benefits	\$ 516,550,276
Participants with deferred benefits	136,117,127
Active participants	239,749,943
Total vested benefits	892,417,346
Nonvested benefits	4,242,130
Total actuarial present value of accumulated plan benefits	<u>\$ 896,659,476</u>

The Plan includes assets of \$1,068,546 and \$1,010,315 at December 31, 2016 and 2015, respectively, which are funds that were voluntarily contributed by participants of the Plan to provide for a supplemental pension benefit. Voluntary contributions were discontinued effective December 31, 1995, however, accumulated contributions that have not been withdrawn by participants remain invested with Plan assets. Participants continue to earn interest on their contributions according to the Plan until they are withdrawn or paid as a supplemental pension benefit. Participants are always vested in their contributions to the Plan and the related interest earned. The supplemental pension benefits are paid from these contributed funds and are not included in the total actuarial value of accumulated plan benefits shown above. There were no supplemental pension benefit payments made in 2017 from the voluntary contributions of participants.

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

Actuarial present value of accumulated plan benefits as of December 31, 2015	\$ 844,739,276
Benefits accumulated and non-investment (gains)/losses	5,667,483
Increase for interest due to decrease in discount period	64,890,943
Benefits paid	(62,035,360)
Change in actuarial assumptions	42,894,731
Change in plan provisions	502,403
Actuarial present value of accumulated plan benefits as of December 31, 2016	<u>\$ 896,659,476</u>

4. Funding Policy

Pension Benefits

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 related to 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 of 2006). At the Company's discretion, and to the extent allowable under maximum tax deductibility regulations, contributions above the ERISA minimum funding requirements may be made to the Plan. Contributions for the years ended December 31, 2017 and 2016, met the minimum funding requirements of ERISA.

Retiree Health Benefits

The health benefits to be provided through the 401(h) retiree health account are funded by participant and employer contributions. Company contributions to the Plan, which are specifically designated by the Company at the time made as contributions to fund health benefits, are maintained in this separate retiree health account (Note 5). To the extent assets in this account are not sufficient to fund such health benefits, such benefits shall be paid from other such funding vehicles as the Company may establish, or in the absence of other such funding vehicles, directly

Raytheon Company Pension Plan for Hourly Employees

Notes to Financial Statements

December 31, 2017 and 2016

by the Company. Assets designated for pension benefits may not be used to pay for retiree health benefits.

5. 401(h) Account

In addition to the normal retirement benefits, the Plan includes a retiree health benefit component to fund a portion of the postretirement obligations for retirees and their beneficiaries in accordance with Section 401(h) of the Internal Revenue Code ("Code"). A separate 401(h) retiree health account has been established and maintained in the Plan for the net assets related to the retiree health benefit component. In accordance with Code Section 401(h), the Plan's investments in the 401(h) account may not be used for, or diverted to, any purpose other than providing health benefits for retirees and their beneficiaries. Any assets transferred to the 401(h) account from the defined benefit pension plan in a qualified transfer of excess pension plan assets (and any income allocable thereto) that are not used during the plan year must be transferred out of the account to the pension plan. The obligations related to the health benefits are not included in the Plan's present value of accumulated plan benefits but are reflected as obligations in the financial statements of the Raytheon Retiree Health Benefits Plan. Employer contributions or qualified transfers to the 401(h) account are determined annually and are at the discretion of the Plan Sponsor.

The following table presents the components of the net assets as of:

	December 31, 2017	December 31, 2016
Interest in Raytheon Master Pension Trust (see Note 6)	\$ 331,438	\$ 425,136

6. Reconciliation between Financial Statements and Form 5500

The following is a reconciliation of net assets available for benefits from the Form 5500 to the financial statements:

	December 31, 2017	December 31, 2016
Net assets per Form 5500	\$ 1,172,077,937	\$ 1,011,447,291
Less: 401(h) account (Note 5)	331,438	425,136
Net assets per financial statements	\$ 1,171,746,499	\$ 1,011,022,155

Raytheon Company Pension Plan for Hourly Employees

Notes to Financial Statements

December 31, 2017 and 2016

The following is a reconciliation of the changes in net assets from the Form 5500 to the financial statements:

Year Ended 2017			
	Amounts per Form 5500	Less: 401(h) Account	Amounts per Financial Statements
Raytheon Master Pension Trust			
investment income	\$ 153,169,970	\$ 54,897	\$ 153,115,073
Employer contributions	87,162,267	30,267	87,132,000
Participant contributions	145,025	145,025	-
Administrative expenses	8,293,529	70,919	8,222,610
Benefit payments	62,413,087	252,968	62,160,119
Year Ended 2016			
	Amounts per Form 5500	Less: 401(h) Account	Amounts per Financial Statements
Raytheon Master Pension Trust			
investment income	\$ 65,882,536	\$ 31,288	\$ 65,851,248
Employer contributions	21,427	21,427	-
Participant contributions	153,867	153,867	-
Administrative expenses	6,692,377	73,482	6,618,895
Benefit payments	62,288,870	253,509	62,035,361

7. 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, regularly 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 U.S. and international equity securities, private equity funds, fixed-income securities, private real estate funds, real assets, and other investments such as commingled funds, insurance contracts and derivatives.

Investment securities are exposed to various risks, such as interest rate, market, currency, 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 and such changes could materially affect the amounts reported in the statements of net assets available for benefits.

Raytheon Company Pension Plan for Hourly Employees

Notes to Financial Statements

December 31, 2017 and 2016

At December 31, 2017 and 2016, the Plan owned approximately 6% of the fair value of the Master Trust net assets. The following table includes the Statements of Net Assets for the Master Trust as of December 31, 2017 and 2016:

Assets	2017	2016
Investments at fair market value		
Interest-bearing cash	\$ 800,901	\$ 7,506,132
U.S. government bonds	1,935,480,527	1,042,546,503
Corporate debt instruments and other fixed income securities	2,114,322,204	2,550,311,398
Corporate stock - preferred	21,640,432	14,187,376
Corporate stock - common and other equity securities	4,476,969,530	3,764,598,143
Real assets	110,937,221	103,946,317
Purchased options	106,386	1,287,000
Commingled funds	7,604,527,406	6,404,899,640
Registered investment companies	1,638,357,445	1,788,700,522
Unallocated insurance contracts	19,338,453	18,768,380
Private equity funds	1,439,076,172	1,287,654,315
Private real estate funds	777,927,792	749,809,519
	<u>20,139,484,469</u>	<u>17,734,215,245</u>
Cash	23,583,443	4,503,965
Cash held at broker due to variation margin	7,785,949	6,177,770
Foreign cash	13,072,106	18,797,021
Interest and dividends receivable	48,557,334	44,084,223
Receivable for forward foreign currency contracts	138,249	1,145,880
Receivable for securities sold	62,255,876	280,321,262
Other assets and receivables	55,280,922	964,018
	<u>20,350,158,348</u>	<u>18,090,209,384</u>
Liabilities		
Interest and dividend payable	341,814	286,597
Payable for forward foreign currency contracts	186,987	23,162
Payable for securities purchased	79,042,815	92,131,233
Other payables	9,703,110	7,908,341
	<u>89,274,726</u>	<u>100,349,333</u>
Master Trust net assets	<u>\$ 20,260,883,622</u>	<u>\$ 17,989,860,051</u>
Plan's interest in Master Trust	<u>\$ 1,122,747,396</u>	<u>\$ 1,022,961,666</u>

Raytheon Company Pension Plan for Hourly Employees

Notes to Financial Statements

December 31, 2017 and 2016

The following table is a summary of the investment earnings and the net appreciation (depreciation) in the fair market value of the Master Trust ("Summary of Investment Earnings") for the years ended December 31, 2017 and 2016:

	2017	2016
Net appreciation (depreciation) in investments at fair market value	\$ 2,487,111,045	\$ 958,044,243
Interest	137,727,456	134,729,456
Dividends	139,312,179	147,694,124
Other income	132,277,963	70,422,166
Total investment income	<u>2,896,428,643</u>	<u>1,310,889,989</u>
Total expenses	<u>192,805,810</u>	<u>169,786,211</u>
Net investment income	<u>\$ 2,703,622,833</u>	<u>\$ 1,141,103,778</u>
Portion allocated to the Plan	<u>\$ 153,115,073</u>	<u>\$ 65,851,248</u>

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:

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

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

Raytheon Company Pension Plan for Hourly Employees

Notes to Financial Statements

December 31, 2017 and 2016

based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

For the years ended December 31, 2017 and December 31, 2016, there were no material transfers in or out of Levels 1, 2, or 3.

The following tables summarize the fair value of investment assets and liabilities as of December 31, 2017:

Fair Value of Investment Assets as of 12/31/2017					
	Total	Level 1	Level 2	Level 3	Not Subject to Leveling ⁽⁴⁾
Interest-bearing cash	\$ 800,901	\$ -	\$ 800,901	\$ -	\$ -
U.S. government bonds	1,935,480,527	1,829,081,445	106,399,082	-	-
Corporate debt instruments and other fixed income securities ⁽¹⁾	2,114,322,204	-	2,114,322,204	-	-
Corporate stock - preferred	21,640,432	21,640,432	-	-	-
Corporate stock - common and other equity securities	4,476,969,530	4,475,957,213	1,012,317	-	-
Real assets ⁽²⁾	110,937,221	89,707,350	-	-	21,229,871
Purchased options	106,386	106,386	-	-	-
Commingled funds	7,604,527,406	-	-	-	7,604,527,406
Registered investment companies	1,638,357,445	1,638,357,445	-	-	-
Unallocated insurance contracts	19,338,453	-	-	19,338,453	-
Private equity funds	1,439,076,172	-	-	-	1,439,076,172
Private real estate funds	777,927,792	-	-	-	777,927,792
Unrealized gain on futures contracts ⁽³⁾	3,810,129	3,810,129	-	-	-
Receivable for forward foreign currency contracts	138,249	-	138,249	-	-
Total assets in fair value hierarchy	\$ 20,143,432,847	\$ 8,058,660,400	\$ 2,222,672,753	\$ 19,338,453	\$ 9,842,761,241
Fair Value of Investment Liabilities as of 12/31/2017					
	Total	Level 1	Level 2	Level 3	Not Subject to Leveling
Unrealized loss on futures contracts ⁽³⁾	\$ 1,259,307	\$ 1,259,307	\$ -	\$ -	\$ -
Payable for forward foreign currency contracts	186,987	-	186,987	-	-
Total liabilities in fair value hierarchy	\$ 1,446,294	\$ 1,259,307	\$ 186,987	\$ -	\$ -

(1) Corporate debt instruments and other fixed income securities includes \$30,701,828 of asset backed securities and \$104,437,599 of term loans.

(2) Real asset investments include funds and \$89,707,350 of publicly traded master limited partnership securities, all of which invest in physical and permanent assets, including infrastructure.

(3) Unrealized gain/loss on futures contracts are recorded within Cash held at broker due to variation margin on the Statement of Net Assets for the Master Trust.

(4) In accordance with Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Statement of Net Assets for the Master Trust.

Raytheon Company Pension Plan for Hourly Employees

Notes to Financial Statements

December 31, 2017 and 2016

The following tables summarize the fair value of investment assets and liabilities as of December 31, 2016:

Fair Value of Investment Assets as of 12/31/2016					
	Total	Level 1	Level 2	Level 3	Not Subject to Leveling ⁽⁵⁾
Interest-bearing cash	\$ 7,506,132	\$ -	\$ 7,506,132	\$ -	\$ -
U.S. government bonds	1,042,546,503	927,271,256	115,275,247	-	-
Corporate debt instruments and other fixed income securities ⁽¹⁾	2,550,311,398	-	2,550,311,398	-	-
Corporate stock - preferred	14,187,376	14,187,376	-	-	-
Corporate stock - common and other equity securities ⁽²⁾	3,764,598,143	3,763,841,560	756,583	-	-
Real assets ⁽³⁾	103,946,317	103,946,317	-	-	-
Purchased options	1,287,000	1,287,000	-	-	-
Commingled funds	6,404,899,640	-	-	-	6,404,899,640
Registered investment companies	1,788,700,522	1,788,700,522	-	-	-
Unallocated insurance contracts	18,768,380	-	-	18,768,380	-
Private equity funds	1,287,654,315	-	-	-	1,287,654,315
Private real estate funds	749,809,519	-	-	-	749,809,519
Unrealized gain on futures contracts ⁽⁴⁾	712,699	712,699	-	-	-
Receivable for forward foreign currency contracts	1,145,880	-	1,145,880	-	-
Total assets in fair value hierarchy	\$ 17,736,073,824	\$ 6,599,946,730	\$ 2,674,995,240	\$ 18,768,380	\$ 8,442,363,474

Fair Value of Investment Liabilities as of 12/31/2016					
	Total	Level 1	Level 2	Level 3	Not Subject to Leveling
Unrealized loss on futures contracts ⁽⁴⁾	\$ 1,959,643	\$ 1,959,643	\$ -	\$ -	\$ -
Payable for forward foreign currency contracts	23,162	-	23,162	-	-
Total liabilities in fair value hierarchy	\$ 1,982,805	\$ 1,959,643	\$ 23,162	\$ -	\$ -

- (1) Corporate debt instruments and other fixed income securities includes \$38,090,958 of asset backed securities and \$112,792,668 of term loans.
- (2) Certain investment assets previously presented herein have been reclassified to Real Assets for comparative purposes. Presentation on the Statement of Net Assets for the Master Trust was revised for comparative purposes as well.
- (3) Real asset investments includes publicly traded master limited partnership securities, which invest in physical and permanent assets, including infrastructure.
- (4) Unrealized gain/loss on futures contracts are recorded within Cash held at broker due to variation margin on the Statement of Net Assets for the Master Trust.
- (5) In accordance with Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Statement of Net Assets for the Master Trust.

Level 3 Investments

Level 3 investments consist mainly of unallocated insurance contracts. Unallocated insurance contracts represent less than 1% of the Master Trust assets and are valued at their contract price which approximates fair value.

A reconciliation of investments with significant unobservable inputs (Level 3) has not been provided as the amounts are immaterial.

The table below summarizes the fair value measurements of the investments in certain entities that calculate net asset value per share as of December 31, 2017.

Category of Investment	Fair Value	Unfunded Commitments	Remaining Life	Redemption Terms	Redemption Restrictions and Terms
Commingled funds ¹	\$ 7,604,527,406	\$ 147,943,424	Not applicable	Ranges from one day daily, 5-65 days notice monthly, 30-90 days notice quarterly, 90 days notice semi-annually, 90 days notice annually, 45 days bi-annually, 60-95 days notice only on specified dates	7% of these funds have a lockup provision greater than one year and up to ten years.
Real assets	21,229,871	105,266,899	12 - 15 years	Not applicable	Not applicable
Private equity funds	1,439,076,172	1,192,117,506	0 - 11 years	Not applicable	Not applicable
Private real estate funds	777,927,792	424,064,830	0 - 10 years	Not applicable	Not applicable

¹Approximately 19% of Commingled funds were subject to gating provisions as of December 31, 2017.

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The table below summarizes the fair value measurements of the investments in certain entities that calculate net asset value per share as of December 31, 2016.

Category of Investment	Fair Value	Unfunded Commitments	Remaining Life	Redemption Terms	Redemption Restrictions and Terms
Commingled funds ¹	\$ 6,404,899,640	\$ 32,989,615	Not applicable	Ranges from one day daily, 5-65 days notice monthly, 30-90 days notice quarterly, 90 days notice semi-annually, 90 days notice annually, 60 days notice only on specified dates	5% of these funds have a lockup provision greater than one year and up to ten years.
Private equity funds	1,287,654,315	953,123,365	0 - 10 years	Not applicable	Not applicable
Private real estate funds	749,809,519	521,133,034	0 - 10 years	Not applicable	Not applicable

¹Approximately 22% of Commingled funds were subject to gating provisions as of December 31, 2016.

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 if available.

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.

Investments in registered investment companies are valued at their last reported net asset value.

Investments in commingled funds, private equity funds, private real estate funds, and real asset funds are estimated at fair market value, which primarily utilizes net asset values reported by the investment manager or fund administrator. Management reviews additional valuation and pricing information from fund managers, including audited financial statements, to evaluate the net asset values.

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.

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

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Changes in Net Assets Available for Benefits as Raytheon Master Pension 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.

Derivatives 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 against 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 derivatives such as equity and fixed income futures and options contracts and over-the-counter ("OTC") derivatives such as forward contracts and swaps. Select major financial institutions are used in derivatives transactions. When engaging in OTC derivatives and forward foreign currency exchange contracts ("forward currency contracts"), there is exposure to credit loss in the event of nonperformance by the counterparties to these transactions. As needed for material exposures, the Master Trust manages these exposures 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 (not accounted for as hedging instruments) carried on the Statement of Net Assets for the Master Trust and Summary of Investment Earnings as of and for the year ended December 31, 2017:

Effect of Derivative Instruments on the Statement of Net Assets for the Master Trust:

Assets	Credit	Equity	Foreign Exchange	Total
Options	\$ -	\$ 106,386	\$ -	\$ 106,386
Futures contracts	1,430,467	2,379,662	-	3,810,129
Forward currency contracts	-	-	138,249	138,249
	<u>\$ 1,430,467</u>	<u>\$ 2,486,048</u>	<u>\$ 138,249</u>	<u>\$ 4,054,764</u>
Liabilities				
Futures contracts	\$ 1,259,307	\$ -	\$ -	\$ 1,259,307
Forward currency contracts	-	-	186,987	186,987
	<u>\$ 1,259,307</u>	<u>\$ -</u>	<u>\$ 186,987</u>	<u>\$ 1,446,294</u>

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Effect of Derivative Investments on the Summary of Investment Earnings:

	Net Appreciation/ (Depreciation)	Average Number of Contracts*
Options	\$ (3,788,750)	170
Futures contracts	44,887,913	5,980
Forward currency contracts	(2,345,240)	130
	<u>\$ 38,753,923</u>	<u>6,280</u>

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

The following tables present the values of derivatives (not accounted for as hedging instruments) carried on the Statement of Net Assets for the Master Trust and Summary of Investment Earnings as of and for the year ended December 31, 2016:

Effect of Derivative Instruments on the Statement of Net Assets for the Master Trust:

Assets	Credit	Equity	Foreign Exchange	Total
Options	\$ -	\$ 1,287,000	\$ -	\$ 1,287,000
Futures contracts	712,699	-	-	712,699
Forward currency contracts	-	-	1,145,880	1,145,880
	<u>\$ 712,699</u>	<u>\$ 1,287,000</u>	<u>\$ 1,145,880</u>	<u>\$ 3,145,579</u>
Liabilities				
Futures contracts	\$ 1,598,121	\$ 361,522	\$ -	\$ 1,959,643
Forward currency contracts	-	-	23,162	23,162
	<u>\$ 1,598,121</u>	<u>\$ 361,522</u>	<u>\$ 23,162</u>	<u>\$ 1,982,805</u>

Effect of Derivative Investments on the Summary of Investment Earnings:

	Net Appreciation/ (Depreciation)	Average Number of Contracts*
Options	\$ 454,638	270
Futures contracts	28,134,406	6,540
Forward currency contracts	(220,741)	80
	<u>\$ 28,368,303</u>	<u>6,890</u>

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

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

Forward Currency Contracts

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

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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) on Master Trust net assets. When the forward exchange contract is settled, 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 entered into and the value at the time it was settled 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.

As of December 31, 2017 and 2016, the total aggregate face value of open forward currency contracts in the Master Trust was \$2,802,732 and (\$9,296,528), respectively.

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, interest rate, and commodities futures contracts to manage exposure to the market. Buying futures contracts increases the Master Trust's exposure to the underlying instrument. Selling futures contracts decreases the Master Trust's exposure to the underlying instrument held or hedges the fair value of other investments held in the Master Trust.

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. The accumulated balance of such receipts or payments is recorded within Cash held at broker due to variation margin on the Statement of Net Assets for the Master Trust. The Master Trust will also record an unrealized gain or loss on futures contracts, 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 the change in the value of the futures contract may not correlate exactly with the change in value of the securities hedged.

At December 31, 2017, U.S. Government Bonds with a par value of \$9,925,000 (\$9,928,222 fair value) were pledged as collateral for open futures contracts. These bonds are restricted from trading until the futures contracts for which they are pledged as collateral are settled. A cash balance of \$5,235,127 was pledged to cover margin requirements for open futures contracts.

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At December 31, 2016, U.S. Government Bonds with a par value of \$16,159,000 (\$15,959,093 fair value) were pledged as collateral for open futures contracts. These bonds are restricted from trading until the futures contracts for which they are pledged as collateral are settled. A cash balance of \$7,424,714 was pledged to cover margin requirements for open futures contracts.

A summary of the open futures contracts as of December 31, 2017 are presented below:

	Long Contracts		Short Contracts	
	Number of Contracts	Aggregate Face Value	Number of Contracts	Aggregate Face Value
Fixed income	3,130	\$ 467,364,617	2,531	\$ 334,260,391
Equity index	1,398	187,052,400	-	-
Interest rate	204	50,018,250	-	-
Grand Total	4,732	\$ 704,435,267	2,531	\$ 334,260,391

A summary of the open futures contracts as of December 31, 2016 are presented below:

	Long Contracts		Short Contracts	
	Number of Contracts	Aggregate Face Value	Number of Contracts	Aggregate Face Value
Fixed income	2,446	\$ 344,904,977	1,216	\$ 173,473,805
Equity index	2,748	307,253,880	-	-
Interest rate	15	3,693,000	5	1,237,000
Grand Total	5,209	\$ 655,851,857	1,221	\$ 174,710,805

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 option contracts, including option contracts on indices, will require cash settlement by the Master Trust if the option contract 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/or to enhance potential gain.

When the Master Trust purchases or writes an option contract, 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 contract purchased or written. Option contracts purchased or written are valued at the last sale price or, in the absence of a sale, the mean between the closing bid and ask prices or at the most recent ask price (bid for purchased option contracts) if no bid and ask price are available. OTC purchased or written option contracts are valued using dealer supplied quotations. Gain and loss is recognized when the option contract expires or is settled.

If the Master Trust writes a covered call option contract, the Master Trust foregoes, in exchange for the premium, the opportunity to profit during the option contract period from an increase in the value of the underlying security above the exercise price. If the Master Trust writes a put option contract, it accepts the risk of a decline in the value of the underlying security below the exercise price. OTC option contracts have a risk of the potential inability of counterparties to meet the terms

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of their contracts. The Master Trust's maximum exposure to purchased option contracts is limited to the premium initially paid. In addition, certain risks may arise upon entering into option contracts and a change in value of the option contract may not correlate exactly with changes in the value of the underlying security.

As of December 31, 2017, the Master Trust had open purchased equity index option contracts with total market value of \$106,386 (390 contracts). The premiums paid on open contracts as of December 31, 2017 were \$1,198,096.

As of December 31, 2016, the Master Trust had open purchased equity index option contracts with total market value of \$1,287,000 (450 contracts). The premiums paid on open contracts as of December 31, 2016 were \$1,337,418.

8. 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 plan benefit obligations and may also depend on the financial condition of the plan sponsor and the level of benefits guaranteed by the PBGC.

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

9. Certain Transactions Involving Related Parties and Parties-in-Interest

BNY Mellon is the Trustee and Custodian of the Plan, and is therefore a party-in-interest with respect to the Plan. Certain investments within the Master Trust were advised by or affiliated with BNY Mellon. The Plan Sponsor, Raytheon Company, is a party-in interest with respect to the Plan and incurs expenses in connection with the administration of the Plan and the Master Trust.

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The following table is a summary of expenses related to parties-in-interest, including from 401(h) accounts, for the years ended December 31, 2017 and 2016:

	<u>Year Ended 2017</u>	<u>Year Ended 2016</u>
Expenses specifically related to the Plan	\$ 196,425	\$ 123,644
Plan's allocation of expenses paid directly by the Master Trust	372,377	285,506
	<u>As of December 31, 2017</u>	<u>As of December 31, 2016</u>
Accrued expenses (included in "Accrued administrative expenses" and "Other liabilities")	\$ 148,228	\$ 86,157

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

10. Tax Status

The Internal Revenue Service (the "IRS") has determined and informed the Company by letter dated September 23, 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 Company, on behalf of the Plan, applied for a new determination letter on January 29, 2016.

The Plan adopted the provisions of uncertain tax positions that provide criteria for the recognition, measurement, presentation, and disclosure of uncertain tax positions. The Plan may from time to time hold investments that give rise to certain tax liabilities. Based upon management's assessment, the Plan has not recognized any tax liabilities at December 31, 2017 and 2016, respectively. The Plan is subject to examinations by taxing jurisdictions; 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 2014.

11. Risks and Uncertainties

The Plan financial statements are based on the application of 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, 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 7 for additional information with respect to investment risk.

12. Subsequent Events

The Plan has evaluated subsequent events and transactions subsequent to December 31, 2017 through the date the Plan's financial statements were available to be issued, September 10, 2018.

*Schedule SB, line 26 — Schedule of Active Participant Data***Distribution of Active and Transferred Participants as of January 1, 2017**

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		2									2
30–34		1	15	4							20
35–39		5	11	7	9						32
40–44	1		6	11	13	1					32
45–49	1	6	9	5	25	6	3				55
50–54	10	21	21	18	31	8	13	75	1		198
55–59	30	56	48	39	55	31	41	182	186		668
60–64	23	53	35	21	42	31	12	102	175	166	660
65–69		11	10	9	10	3	5	26	33	56	163
70 & up		3	4	6	5		1	8	5	16	48
Total	65	158	159	120	190	80	75	393	400	238	1,878

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

Schedule SB, line 26 — Schedule of Active Participant Data

Distribution of Legacy Hourly Active Participants as of January 1, 2017

Attained age	Years of credited service										Total
	Under 1	1–4	5–9	10–14	15–19	20–24	25–29	30–34	35–39	40 & up	
Under 25											
25–29		2									2
30–34		1	15	3							19
35–39		2	10	7							19
40–44	1		5	10	3						19
45–49		3	8	4	4	2					21
50–54	8	13	16	12	9	5	7	68 59,120			138
55–59	28 110,479	47 115,025	41 80,005	33 76,865	26 88,503	25 74,226	28 58,983	168 61,761	182 60,522		578
60–64	23 121,034	44 111,620	32 104,320	18	14	28 84,231	9	93 60,662	171 62,904	165 67,863	597
65–69		10	9	9	3	2	4	24 55,141	32 64,418	54 68,021	147
70 & up		3	4	5	2			5	4	16	39
Total	60	125	140	101	61	62	48	358	389	235	1,579 70,814

In each cell, the top number is the count of active and transferred participants for each age/service combination and the bottom number is average pay for 2016 limited to \$265,000. Average pay is not shown for cells with fewer than 20 participants.

*Schedule SB, Part V — Statement of Actuarial Assumptions/Methods***Actuarial Assumptions for January 1, 2017 Funding Valuation**

Discount rate sponsor elections		
• Segment rates or full yield curve	Segment	
• Look-back months	0	
	<u>Stabilized</u>	<u>Nonstabilized</u>
• First 5 years	4.16%	1.57%
• Next 15 years	5.72%	3.77%
• Over 20 years	6.48%	4.73%
Mortality sponsor elections		
• Healthy participants	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.	
• Disabled active and inactive participants for Former Retirement Plan for Hourly Employees of Raytheon NCS – Florida and Former Retirement Plan for Hourly Employees of Raytheon IIS – Garland	Revenue Ruling 96-7 Post-1994 Disabled Mortality Table	
• Disabled active and inactive participants – all others	Same as healthy	
Other economic assumptions		
• Pensionable Earnings		
– Former Retirement Plan for Hourly Employees of Raytheon NCS – Florida and Former Retirement Plan for Hourly Employees of Raytheon IIS – Garland	N/A	
– Raytheon Company Pension Plan for Hourly Employees before merger	<u>Base Pay</u> The Base Pay portion of total pensionable earnings is assumed to increase at 3.00% per year. <u>Incentive Pay</u> The Incentive Pay portion of total pensionable earnings is assumed to increase at the same rate as shown above. Rationale: Based on past experience, current plan membership, and adjusted to reflect management's expectation of future wage increases.	

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

<ul style="list-style-type: none"> Social Security wage base <ul style="list-style-type: none"> Former Retirement Plan for Hourly Employees of Raytheon NCS – Florida and Former Retirement Plan for Hourly Employees of Raytheon IIS – Garland 		N/A
<ul style="list-style-type: none"> <ul style="list-style-type: none"> All others 		3.75% per year for the Raytheon Company Pension Plan for Hourly Employees before merger Rationale: Reflects long-term view of inflation and the average real wage increases for the U.S. economy as a whole.
<ul style="list-style-type: none"> Inflation <ul style="list-style-type: none"> Former Retirement Plan for Hourly Employees of Raytheon NCS – Florida and Former Retirement Plan for Hourly Employees of Raytheon IIS – Garland 		N/A
<ul style="list-style-type: none"> <ul style="list-style-type: none"> All others 		3.00% per year for the Raytheon Company Pension Plan for Hourly Employees before merger Rationale: Based on the inflation assumption periodically published by Mercer Investment Consulting in their <i>Capital Markets Outlook</i> .
<ul style="list-style-type: none"> Flat-dollar benefit increase 		N/A
<ul style="list-style-type: none"> Expected investment return 		The expected investment return is 7.50% per year but not greater than the 3 rd segment rate in effect for each year Rationale: The expected long-term return on assets assumption was developed based on the plan's current target investment allocation and a building block approach, which looked at the weighted average expected return for each asset class based on long-term capital market assumptions. The expected return for each asset class is composed of inflation plus a risk free rate of return, plus an expected risk premium for each asset class. The resulting return was then adjusted for administrative, investment management and trading expenses as well as recognition of alpha for active management.
<ul style="list-style-type: none"> Expenses 		\$8,300,000 (added to current year target normal cost) Rationale: Based on an estimate of administrative expenses expected to be incurred in the current plan year.

Demographic assumptions

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

- **Withdrawal** See tables of sample rates by plan
Rationale: Based on experience studies undertaken from 2010 to 2013 using data from 2002 – 2012 and the expectation that future withdrawal patterns and circumstances of the employer will not differ significantly from the period studied for Garland and NCS Florida. For legacy hourly actual experience from calendar 2012 to calendar 2014 was used.
- **Disability incidence** See table of sample rates: 1985 Pension Disability Tables for Class 3 Occupations for males and females
Rationale: These assumptions are based on the benefit structure under the plan and the actuary's experience with similar plans. Annual review of the experience has shown that these assumptions provide similar results to the actual experience under the plan.
- **Retirement age** See tables of sample rates by plan
Rationale: Based on experience studies undertaken from 2010 to 2013 using data from 2002 – 2012 and the expectation that future retirement patterns and circumstances of the employer will not differ significantly from the period studied for Garland and NCS Florida. For legacy hourly actual experience from calendar 2012 to calendar 2014 was used.

Benefit commencement age for

- | | |
|---|----|
| • Future vested deferred | 63 |
| • Current vested deferred not retirement eligible at termination | 63 |
| • Current vested deferred retirement eligible at termination | 62 |
| • Former Retirement Plan for Hourly Employees of Raytheon NCS – Florida and Former Retirement Plan for Hourly Employees of Raytheon IIS – Garland | 62 |

Spouse assumptions**Male participants****Female participants**

- | | | |
|-------------------------|-----------------|---------------|
| • Percentage married | 85% | 75% |
| • Spouse age difference | 3 years younger | 3 years older |

Form of payment**Single Life****J&S 50%**

- | | | |
|-------------------------|------|------|
| Active retirements | 100% | N/A |
| Future vested deferred | 100% | N/A |
| Future disabilities | 100% | N/A |
| Future deaths | N/A | 100% |
| Current vested deferred | 100% | N/A |

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

Unpredictable contingent event assumptions

N/A

*Schedule SB, Part V — Statement of Actuarial Assumptions/Methods***Table of Sample Rates****Raytheon Company Pension Plan for Hourly Employees before Merger**

Attained Age	Ultimate Withdrawal	Disability	
	Male/Female	Male	Female
20	8.00%	0.151%	0.089%
25	7.60	0.219	0.150
30	6.60	0.309	0.252
35	6.40	0.431	0.388
40	6.45	0.597	0.547
45	4.90	0.829	0.777
50	2.65	1.224	1.201
55	0.0	2.118	1.962
60	0.0	3.240	2.326
65	0.0	4.369	2.718
70	0.0	0.000	0.000

As a 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	50.0%
2	30.0%
3	20.0%
4	10.0%
5	5.0%

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

Attained age	Retirement
	Male/Female
Under 55	0.00%
55	2.80%
56	2.75%
57	3.40%
58	3.55%
59	4.95%
60	10.30%
61	9.50%
62	15.55%
63	11.40%
64	23.60%
65	29.25%
66	29.30%
67	19.55%
68	17.80%
69	14.60%
70	25.00%
71	50.00%
72 and above	100.00%

*Schedule SB, Part V — Statement of Actuarial Assumptions/Methods***Former Retirement Plan for Hourly Employees of Raytheon NCS-Florida**

Attained age	Withdrawal		Disability	
	Male	Female	Male	Female
20	7.94%	7.94%	0.151%	0.089%
25	7.72	7.72	0.219	0.150
30	7.22	7.22	0.309	0.252
35	6.28	6.28	0.431	0.388
40	5.15	5.15	0.597	0.547
45	3.98	3.98	0.829	0.777
50	2.56	2.56	1.224	1.201
55	0.94	0.94	2.118	1.962
60	0.09	0.09	3.240	2.326
65	0.00	0.00	4.369	2.718
70	0.00	0.00	0.000	0.000

Attained age	Retirement	
	Under 20 Years of Service	Over 20 Years of Service
Under 55	0.0%	0.0%
55	3.0%	0.0%
56	4.0%	0.0%
57	4.0%	0.0%
58	5.0%	0.0%
59	5.0%	0.0%
60	5.0%	20.0%
61	5.0%	20.0%
62	15.0%	20.0%
63	5.0%	20.0%
64	5.0%	5.0%
65	10.0%	20.0%
66	20.0%	25.0%
67	10.0%	30.0%
68	10.0%	40.0%
69	10.0%	40.0%
70 and above	100.0%	100.0%

*Schedule SB, Part V — Statement of Actuarial Assumptions/Methods***Former Retirement Plan for Hourly Employees of Raytheon IIS-Garland**

Attained age	Withdrawal		Disability	
	Male	Female	Male	Female
20	19.60%	22.78%	0.151%	0.089%
25	18.75	19.40	0.219	0.150
30	16.25	15.20	0.309	0.252
35	11.20	10.25	0.431	0.388
40	5.00	5.80	0.597	0.547
45	2.56	2.45	0.829	0.777
50	1.19	1.17	1.224	1.201
55	0.43	0.43	2.118	1.962
60	0.08	0.08	3.240	2.326
65	0.00	0.00	4.369	2.718
70	0.00	0.00	0.000	0.000

Attained age	Retirement	
	Under 20 Years of Service	Over 20 Years of Service
Under 55	0.0%	0.0%
55	3.0%	0.0%
56	4.0%	0.0%
57	4.0%	0.0%
58	5.0%	0.0%
59	5.0%	0.0%
60	5.0%	20.0%
61	5.0%	20.0%
62	15.0%	20.0%
63	5.0%	20.0%
64	5.0%	5.0%
65	10.0%	20.0%
66	20.0%	25.0%
67	10.0%	30.0%
68	10.0%	40.0%
69	10.0%	40.0%
70 and above	100.0%	100.0%

*Schedule SB, Part V — Statement of Actuarial Assumptions/Methods***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 percent and no less than 90 percent of the fair market value, as defined in IRC Section 430.

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

Participant Methods

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

- **Participants included:** Conduent, Inc. provides us with data on all employees as of the valuation date, but only those employees who have completed the plan's eligibility requirements are included in the valuation of liabilities.
- **Participants excluded:**
 - No actuarial liability is included for nonvested participants who terminated prior to the valuation date.
 - In addition, for Raytheon Company Pension Plan for Hourly Employees before Merger only, for retirees who have elected a contingent annuitant form of payment, 30% of future beneficiaries are assumed to die prior to receiving benefits.
- **Transferred participants:** Participants who have transferred to another plan are valued as active employees no longer accruing benefits.
- **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

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

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
(Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Single-Employer Defined Benefit Plan
Actuarial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500 or 5500-SF.**

OMB No. 1210-0110

2017

This Form is Open to Public Inspection

For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017

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

A Name of plan
RAYTHEON COMPANY PENSION PLAN FOR HOURLY EMPLOYEES

B Three-digit plan number (PN) ▶ 025

C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF
RAYTHEON COMPANY

D Employer Identification Number (EIN)
95-1778500

E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B

F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I Basic Information

1 Enter the valuation date: Month 01 Day 01 Year 2017

2 Assets:

a Market value.....

2a 1,012,645,703

b Actuarial value

2b 1,035,681,643

3 Funding target/participant count breakdown

	(1) Number of participants	(2) Vested Funding Target	(3) Total Funding Target
a For retired participants and beneficiaries receiving payment	8,141	564,610,633	564,610,633
b For terminated vested participants	5,713	159,361,006	159,361,006
c For active participants	1,876	279,894,818	284,961,685
d Total	15,730	1,003,866,457	1,008,933,324

4 If the plan is in at-risk status, check the box and complete lines (a) and (b).....☐

a Funding target disregarding prescribed at-risk assumptions.....

4a

b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor

4b

5 Effective interest rate.....

5 5.80%

6 Target normal cost

6 15,386,436

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

SIGN HERE

GRACE BARBIERI, F.S.A.

MERCER

99 HIGH STREET

BOSTON MA 02110-2320

Signature of actuary

Type or print name of actuary

Firm name

Address of the firm

September 10, 2018

Date
1707481

Most recent enrollment number
617-747-9500

Telephone number (including area code)

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, see the Instructions for Form 5500 or 5500-SF. Schedule SB (Form 5500) 2017

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

21 Discount rate:				
a Segment rates:	1st segment: 4.16 %	2nd segment: 5.72 %	3rd segment: 6.48 %	☐ N/A, full yield curve used
b Applicable month (enter code).....				21b 0
22 Weighted average retirement age				22 64
23 Mortality table(s) (see instructions)	☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute			

Part VI Miscellaneous Items

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

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

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

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):												
a Target normal cost (line 6).....	31a	15,386,436										
b Excess assets, if applicable, but not greater than line 31a	31b	15,386,436										
32 Amortization installments:	<table border="1"> <thead> <tr> <th></th> <th>Outstanding Balance</th> <th>Installment</th> </tr> </thead> <tbody> <tr> <td>a Net shortfall amortization installment.....</td> <td>0</td> <td>0</td> </tr> <tr> <td>b Waiver amortization installment</td> <td>0</td> <td>0</td> </tr> </tbody> </table>				Outstanding Balance	Installment	a Net shortfall amortization installment.....	0	0	b Waiver amortization installment	0	0
	Outstanding Balance	Installment										
a Net shortfall amortization installment.....	0	0										
b Waiver amortization installment	0	0										
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33											
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33).....	34	0										
		Carryover balance	Prefunding balance									
35 Balances elected for use to offset funding requirement.....		0	0									
36 Additional cash requirement (line 34 minus line 35).....	36	0										
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c).....	37	80,654,108										
38 Present value of excess contributions for current year (see instructions)												
a Total (excess, if any, of line 37 over line 36)	38a	80,654,108										
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	0										
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37).....	39	0										
40 Unpaid minimum required contributions for all years	40	0										

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

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

Schedule 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 63.45.

Raytheon Company Pension Plan for Hourly Employees before Merger

(A) Retirement age	(B) Retirement Percent	(C) Lx	(D) Number of employees expected to retire (B) x (C)	(E) (A) x (D)
55	2.80%	10,000	280	15,400
56	2.75%	9,720	267	14,952
57	3.40%	9,453	321	18,297
58	3.55%	9,132	324	18,792
59	4.95%	8,808	436	25,724
60	10.30%	8,372	862	51,720
61	9.50%	7,510	713	43,493
62	15.55%	6,797	1057	65,534
63	11.40%	5,740	654	41,202
64	23.60%	5,086	1200	76,800
65	29.25%	3,886	1137	73,905
66	29.30%	2,749	805	53,130
67	19.55%	1,944	380	25,460
68	17.80%	1,564	278	18,904
69	14.60%	1,286	188	12,972
70	25.00%	1,098	275	19,250
71	50.00%	824	412	29,252
72	100.00%	412	412	29,664
Total				634,451
Average				63.45

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 64.03 (42%*64.60 + 58%*63.62).

**Former Retirement Plan for Hourly Employees of Raytheon NCS-Florida
– Under 20 years of service**

(A) Retirement age	(B) Retirement Percent	(C) Lx	(D) Number of employees expected to retire (B) x (C)	(E) (A) x (D)
55	3.00%	10,000	300	16,500
56	4.00%	9,700	388	21,728
57	4.00%	9,312	372	21,231
58	5.00%	8,940	447	25,925
59	5.00%	8,493	425	25,053
60	5.00%	8,068	403	24,204
61	5.00%	7,665	383	23,377
62	15.00%	7,281	1,092	67,716
63	5.00%	6,189	309	19,496
64	5.00%	5,880	294	18,815
65	10.00%	5,586	559	36,307
66	20.00%	5,027	1,005	66,358
67	10.00%	4,022	402	26,945
68	10.00%	3,620	362	24,613
69	10.00%	3,258	326	22,477
70	100.00%	2,932	2,932	205,226
Total				645,970
Average				64.60

*Schedule SB, line 22 — Description of Weighted Average Retirement Age***Former Retirement Plan for Hourly Employees of Raytheon NCS-Florida
– Over 20 years of service**

(A) Retirement age	(B) Retirement Percent	(C) Lx	(D) Number of employees expected to retire (B) x (C)	(E) (A) x (D)
55	0.00%	10,000	-	-
56	0.00%	10,000	-	-
57	0.00%	10,000	-	-
58	0.00%	10,000	-	-
59	0.00%	10,000	-	-
60	20.00%	10,000	2,000	120,000
61	20.00%	8,000	1,600	97,600
62	20.00%	6,400	1,280	79,360
63	20.00%	5,120	1,024	64,512
64	5.00%	4,096	205	13,107
65	20.00%	3,891	778	50,586
66	25.00%	3,113	778	51,364
67	30.00%	2,335	700	46,928
68	40.00%	1,634	654	44,453
69	40.00%	981	392	27,064
70	100.00%	588	588	41,184
Total				636,158
Average				63.62

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 64.07 (46%*64.60 + 54%*63.62).

**Former Retirement Plan for Hourly Employees of Raytheon IIS-Garland
– Under 20 years of service**

(A) Retirement age	(B) Retirement Percent	(C) Lx	(D) Number of employees expected to retire (B) x (C)	(E) (A) x (D)
55	3.00%	10,000	300	16,500
56	4.00%	9,700	388	21,728
57	4.00%	9,312	372	21,231
58	5.00%	8,940	447	25,925
59	5.00%	8,493	425	25,053
60	5.00%	8,068	403	24,204
61	5.00%	7,665	383	23,377
62	15.00%	7,281	1,092	67,716
63	5.00%	6,189	309	19,496
64	5.00%	5,880	294	18,815
65	10.00%	5,586	559	36,307
66	20.00%	5,027	1,005	66,358
67	10.00%	4,022	402	26,945
68	10.00%	3,620	362	24,613
69	10.00%	3,258	326	22,477
70	100.00%	2,932	2,932	205,226
Total				645,970
Average				64.60

*Schedule SB, line 22 — Description of Weighted Average Retirement Age***Former Retirement Plan for Hourly Employees of Raytheon IIS-Garland
– Over 20 years of service**

(A) Retirement age	(B) Retirement Percent	(C) Lx	(D) Number of employees expected to retire (B) x (C)	(E) (A) x (D)
55	0.00%	10,000	-	-
56	0.00%	10,000	-	-
57	0.00%	10,000	-	-
58	0.00%	10,000	-	-
59	0.00%	10,000	-	-
60	20.00%	10,000	2,000	120,000
61	20.00%	8,000	1,600	97,600
62	20.00%	6,400	1,280	79,360
63	20.00%	5,120	1,024	64,512
64	5.00%	4,096	205	13,107
65	20.00%	3,891	778	50,586
66	25.00%	3,113	778	51,364
67	30.00%	2,335	700	46,928
68	40.00%	1,634	654	44,453
69	40.00%	981	392	27,064
70	100.00%	588	588	41,184
Total				636,158
Average				63.62

Schedule SB, line 22 — Description of Weighted Average Retirement Age
All Plans (Weighted by Active Headcount)

Plan Name	(A) Average Retirement Age	(B) Active Headcount	[(A) x (B)]
Raytheon Company Pension Plan for Hourly Employees before Merger	63.45	1,579	100,187.55
Former Retirement Plan for Hourly Employees of Raytheon NCS-Florida	64.03	249	15,943.47
Former Retirement Plan for Hourly Employees of Raytheon IIS-Garland	64.07	50	3203.50
Total		1,878	119,334.52
Average			63.54

*Schedule SB, Part V — Summary of Plan Provisions***Summary of Major Plan Provisions****Raytheon Company Pension Plan for Hourly Employees before Merger**

Effective date and plan year	Original plan: September 1, 1958 Restated plan: January 16, 2015 Plan year: January 1
Status of the plan	The plan has ongoing benefit accruals but is closed to new entrants as of July 25, 2009.
Significant events that occurred during the year	None
Definitions	
• Final Average Earnings	Annualized average earnings during the best 60 consecutive months out of the last 120 months. "Earnings" include base pay, cash or deferred bonuses, and commissions, but may not exceed the compensation limit as specified in Section 401(a) of the Internal Revenue Code.
• Primary Social Security benefit	Estimated social security benefit, calculated using the most recent two years of old gross earnings and estimating prior historical earnings using a 7% salary scale, per plan administration.
Normal retirement	
• Eligibility	Age 65
• Benefit	Benefit rate varying by employee group (see schedule at the end of summary of these provisions) multiplied by service. Certain bargaining groups are eligible for a pay related benefit. This benefit is 1.8% for the first 20 years of Membership plus 1.2% for each year of Membership in excess of 20, multiplied by the excess of Final Average Earnings over the primary Social Security benefit. Membership service does not include the first year of service with the employer.
Early retirement	
• Eligibility	Age 55 and 10 years of service.
• Benefit	Accrued normal retirement benefit or reduced benefit according to an early retirement schedule (see schedule at the end of the summary of these provisions) which varies by employee group.
Late retirement	
• Benefit	Benefit will continue to accrue until retirement.
Deferred vested	
• Eligibility	Five years of service.
• Benefit	Accrued normal retirement benefit payable at age 65 or reduced benefit according to an early retirement schedule which varies by employee group.
Disability	
• Eligibility	Participants without the pay related benefit who become totally and permanently disabled with 15 years of service.
• Benefit	Unreduced accrued benefit.

Schedule SB, Part V — Summary of Plan Provisions

Pre-retirement death	
• Eligibility	Vested.
• Benefit	Surviving Spouse Benefit equal to the amount payable to the member's spouse as if the member had survived to early retirement age, retired early, elected a 50% Joint and Survivor Annuity and then died. Benefit commences on first of month following the date the member would have been eligible to retire early and is payable for lifetime of spouse.
Unpredictable contingent event benefits	N/A
Form of benefits	
• Automatic form for unmarried participants	Life annuity
• Automatic form for married participants	50% Joint and Survivor Annuity
• Optional forms	Ten-Year Certain and Continuous, 100% Joint and Survivor Annuity, 75% Joint and Survivor Annuity, and 66 2/3% Joint and Survivor Annuity
• Optional form conversion factors	Optional forms of annuity are converted based upon the tables shown in Sections 7.1 and 7.2 of the Plan Document
Employee Contributions	Voluntary contributions are applied to provide a supplemental benefit. Employees who leave their contributions in the fund until retirement receive their contributions plus actual investment experience; employees who withdraw their contributions prior to retirement receive their contributions credited with interest. Interest is based on the greater of the pension plan trust return and 3.5% per year.
Miscellaneous	
• Maximum compensation	Compensation for any 12-month period used to determine accrued benefits may not exceed the limits in IRC Section 401(a)(17) for the calendar year in which the 12-month period begins. This limit is indexed annually. For 2017, the limit is \$270,000.
• Maximum benefits	Annual benefits may not exceed the limits in IRC Section 415. This limit is indexed annually. For 2017, the limit is \$215,000.

Schedule SB, Part V — Summary of Plan Provisions

Group	Code	Plan Appendix	Benefit Rate		Early Retirement Schedule	
			Current/Min	Prior/Min	Current	Prior
IBEW Mass – Lodge 1505	1	A	\$ Pay/53	\$ Pay/53	Schedule #4	Schedule #4
IAM – Lodge 587	1	A-1	\$ Pay/51	\$ Pay/51	Schedule #4	Schedule #4
IAM Mass.	2	E	\$ Pay/54	\$ Pay/54	Schedule #4	Schedule #4
Raytheon Guards	3	C	\$ Pay/53	\$ Pay/53	Schedule #4	Schedule #4
IUPPE Quincy Guards	4	D	\$ Pay/32	\$ Pay/32	Schedule #4	Schedule #4
Non-Union	6	B	\$ Pay/41	\$ Pay/41	Schedule #4	Schedule #4
IBEW Mass. - A Member	8	A	\$ Pay/41	\$ Pay/41	Schedule #4	Schedule #4
IAM Mass. Apprentice	9	E	\$ Pay/32	\$ Pay/32	Schedule #4	Schedule #4
Seattle Local 117	C	J	\$ Pay/24	\$ Pay/24	Schedule #4	Schedule #4
IBEW Oxnard	D	H	\$ Pay/24	\$ Pay/24	Schedule #4	Schedule #4
IAM Portsmouth	G	G	\$ Pay/54	\$ Pay/51	Schedule #4	Schedule #4
New Castle	P	I	\$ Pay/25	\$ Pay/25	Schedule #2	Schedule #2
IAM Towson Guards – Lodge 186	7	K	\$ 42.00	\$ 42.00	6 2/3% from 65	6 2/3% from 65
Allied Signal – Local 270	5	K	\$ 40.00	\$ 40.00	6 2/3% from 65	6 2/3% from 65

Early Retirement Schedules

Age	Schedule 2	Schedule 4
65	100%	100%
64	100%	100%
63	100%	100%
62	100%	100%
61	90%	100%
60	85%	100%
59	80%	93%
58	75%	86%
57	70%	79%
56	65%	72%
55	60%	65%

*Schedule SB, Part V — Summary of Plan Provisions****Former Retirement Plan for Hourly Employees of Raytheon NCS-Florida***

Effective date and plan year	Original plan: January 1, 1972 Restated plan: January 16, 2015 Plan year: January 1
Status of the plan	The plan has ongoing benefit accruals but it is closed to new entrants.
Significant events that occurred during the year	None
Credited service	<p>Service prior to 1976 is an employee's last period of continuous employment; this is used for both benefit and vesting purposes.</p> <p>After 1975, one year of vesting service is granted for each year in which an employee works at least 1,000 hours; proportional credit is given when less than 1,000 hours are completed in a year.</p> <p>After 1975, a year of benefit service is granted for each year in which an employee completes 1,700 hours of service; proportional credit is given when less than 1,700 hours are completed.</p>

Schedule SB, Part V — Summary of Plan Provisions

Normal retirement			
• Eligibility	Age 65 and 5 years of service		
• Benefit	Monthly benefit, payable for life beginning at age 65, is determined by multiplying benefit service by the pension multiplier in effect at the time of termination or retirement, as shown in the schedule below.		
	Termination or Retirement Dates		
	on or after	Pension Multiplier	
	and prior to		
	January 1, 1976	January 1, 1977	\$5.50
	January 1, 1977	January 1, 1978	\$6.00
	January 1, 1978	January 1, 1979	\$6.50
	January 1, 1979	January 1, 1980	\$7.00
	January 1, 1980	January 1, 1981	\$7.50
	January 1, 1981	January 1, 1982	\$8.50
	January 1, 1982	January 1, 1983	\$9.25
	January 1, 1983	January 1, 1984	\$10.00
	January 1, 1984	January 1, 1985	\$11.00
	January 1, 1985	January 1, 1986	\$12.00
	January 1, 1986	July 1, 1987	\$13.00
	July 1, 1987	July 1, 1988	\$14.00
	July 1, 1988	July 1, 1989	\$15.00
	July 1, 1989	July 1, 1990	\$16.00
	July 1, 1990	July 1, 1991	\$17.00
	July 1, 1991	July 1, 1992	\$18.00
	July 1, 1992	July 1, 1993	\$19.00
	July 1, 1993	July 1, 1994	\$20.00
	July 1, 1994	July 1, 1995	\$21.00
	July 1, 1995	July 1, 1996	\$22.00
	July 1, 1996	July 1, 1997	\$23.00
	July 1, 1997	July 1, 1998	\$24.00
	July 1, 1998	January 1, 1999	\$25.00
	January 1, 1999	January 1, 2000	\$27.00
	January 1, 2000	January 1, 2001	\$29.00
	January 1, 2001	January 1, 2002	\$30.00
	January 1, 2002	January 1, 2003	\$31.00
	January 1, 2003	January 1, 2004	\$33.00
	January 1, 2004	January 1, 2005	\$34.00
	January 1, 2005	January 1, 2006	\$35.00
	January 1, 2006	July 1, 2007	\$36.00
	July 1, 2007	July 1, 2010	\$39.00
	July 1, 2010	N/A	\$44.00
Early retirement			
• Eligibility	Age 60 or age 55 and 10 years of vesting service.		

Schedule SB, Part V — Summary of Plan Provisions

• Benefit	Monthly benefit, payable for life, is computed as for normal retirement, but reduced for early commencement of payments as follows:														
	<table> <tr> <th data-bbox="703 485 938 541">Age at Date of Commencement</th><th data-bbox="1092 516 1308 541">Percent Reduced</th></tr> <tr> <td data-bbox="805 558 836 585">55</td><td data-bbox="1170 558 1224 585">25%</td></tr> <tr> <td data-bbox="805 600 836 627">56</td><td data-bbox="1170 600 1224 627">20%</td></tr> <tr> <td data-bbox="805 642 836 669">57</td><td data-bbox="1170 642 1224 669">15%</td></tr> <tr> <td data-bbox="805 684 836 711">58</td><td data-bbox="1170 684 1224 711">10%</td></tr> <tr> <td data-bbox="805 726 836 753">59</td><td data-bbox="1170 726 1224 753">5%</td></tr> <tr> <td data-bbox="760 768 881 795">60 or later</td><td data-bbox="1170 768 1224 795">0%</td></tr> </table>	Age at Date of Commencement	Percent Reduced	55	25%	56	20%	57	15%	58	10%	59	5%	60 or later	0%
Age at Date of Commencement	Percent Reduced														
55	25%														
56	20%														
57	15%														
58	10%														
59	5%														
60 or later	0%														
Special early retirement															
• Eligibility	Age 58 with 10 years of vesting service as of April 13, 1987 and retirement between June 1 and September 1, 1987.														
• Benefit	<p>Minimum annuity of \$16.00 multiplied by the number of years of benefit service. In addition the following supplemental amounts will be paid:</p> <p>A \$300 per month supplement starting at 60 and ending at the first day of the month in which (i) the participant reaches age 62, (ii) the participant begins receiving reduced Social Security benefits or (iii) the participant dies; or</p> <p>If the Participant is at least age 62, a lump sum equal to \$3,000</p>														
Level income supplemental allowance (LISA)															
• Eligibility	Age 60 and 20 years of vesting service.														
• Benefit	<p>If an employee terminates and requests commencement prior to age 62, he is eligible for LISA in addition to his early pension if he restricts his post-retirement earnings.</p> <p>For each month up to the employee's age 62, the LISA benefit payable is \$300 per month.</p>														

Schedule SB, Part V — Summary of Plan Provisions

Deferred vested																									
• Eligibility	5 years of vesting service																								
• Benefit	The monthly annuity, commencing at age 65 if the employee is then living, is computed by multiplying the participant's benefit service by the pension rate in effect at termination. A pension may commence after age 55, but is reduced for early commencement as follows:																								
	<table> <tr> <th>Age at Retirement</th><th>Percent of Normal Retirement Benefit Payable</th></tr> <tr><td>65</td><td>100.0</td></tr> <tr><td>64</td><td>92.8</td></tr> <tr><td>63</td><td>85.6</td></tr> <tr><td>62</td><td>78.4</td></tr> <tr><td>61</td><td>71.2</td></tr> <tr><td>60</td><td>66.4</td></tr> <tr><td>59</td><td>61.6</td></tr> <tr><td>58</td><td>58.0</td></tr> <tr><td>57</td><td>54.4</td></tr> <tr><td>56</td><td>50.8</td></tr> <tr><td>55</td><td>47.2</td></tr> </table>	Age at Retirement	Percent of Normal Retirement Benefit Payable	65	100.0	64	92.8	63	85.6	62	78.4	61	71.2	60	66.4	59	61.6	58	58.0	57	54.4	56	50.8	55	47.2
Age at Retirement	Percent of Normal Retirement Benefit Payable																								
65	100.0																								
64	92.8																								
63	85.6																								
62	78.4																								
61	71.2																								
60	66.4																								
59	61.6																								
58	58.0																								
57	54.4																								
56	50.8																								
55	47.2																								
Disability																									
• Eligibility	Participants who become totally and permanently disabled with 10 years of vesting service																								
• Benefit	<p>Monthly annuity will commence after temporary disability benefits under group insurance cease and will be payable for life or until disability ceases. If the employee qualifies for disability Social Security benefits, his monthly pension will be computed as for normal retirement, considering service to disablement.</p> <p>For any month in which the employee does not qualify for disability or unreduced old age Social Security, his benefit will be \$120.</p>																								
Death Benefits																									
• Transition Survivor Income	Payable upon the death of an active employee (or the death of an employee dying within 31 days following layoff or termination) or an employee on disability retirement prior to his normal retirement date. The monthly benefit commencing immediately is \$300 payable for 24 months or until the death of all eligible survivors, if earlier. Eligible survivors are the spouse, dependent children, and dependent parents.																								

Schedule SB, Part V — Summary of Plan Provisions

• Automatic Survivor Income	<p>Upon the death of an active employee at least age 55 with 10 years of vesting service, a benefit is payable for life to the surviving spouse. The monthly pension is computed as if the employee had retired on the date of his death and elected a 55% Joint and survivor pension, and then died. The pension commences the first day of the month following the employee's death, but is reduced by the amount of any transition or bridge benefit paid.</p> <p>Upon the death of an active participant with at least 5 years of vesting service who has not attained age 55, a benefit is payable for life to the surviving spouse. The monthly benefit is computed as if the employee had terminated employment on the date of his death under the Deferred Vested Pension provisions, and had requested the 50% Joint and Survivor option of payment. The monthly death benefit is 50% of such payment commencing on the earliest date upon which the employee would have been eligible to commence payments, but is reduced by the amount of any transition or bridge benefit paid.</p>
• Death Benefits After Retirement	Upon the death of a retiree who commenced from active status after he was age 55 or a disability retiree, a death benefit is payable in the amount of \$4,000.
Unpredictable contingent event benefits	N/A
Form of benefits	
• Automatic form for unmarried participants	Single life annuity
• Automatic form for married participants	55% Joint & Survivor Annuity
• Optional forms	75% Joint & Survivor Annuity 55% Joint & Survivor Annuity Last to Survive
• Optional form conversion factors	<p>For purposes of the 55% Joint and Survivor annuity, the benefit payable is 95% of his accrued benefit and, upon his death, 55% of such pension will be paid to the spouse. The 95% conversion factor is reduced ½% for each year that the spouse's age is more than five years less than the participant's age, and is increased ½%, to a maximum of 10%, for each year that the spouse's age exceeds the participant's age by more than five years.</p> <p>Other optional forms of payment are computed on an Actuarial Equivalent basis using a 7% interest rate and 1971 Group Annuity Mortality Table, Projected by Scale D to 1975 using a unisex rate that is 50% male and 50% female.</p>
Miscellaneous	
• Maximum benefits	Annual benefits may not exceed the limits in IRC Section 415. This limit is indexed annually. For 2017, the limit is \$215,000.

*Schedule SB, Part V — Summary of Plan Provisions***Former Retirement Plan for Hourly Employees of Raytheon IIS-Garland**

Effective date and plan year	Original plan: January 1, 1972
	Restated plan: January 16, 2015
	Plan year: January 1
Status of the plan	The plan has ongoing benefit accruals but it is closed to new entrants.
Significant events that occurred during the year	None
DEFINITIONS	
• Employees included	All active employees who are members of UAW Local Union No. 848.
• Credited service	<p>Service prior to 1976 is an employee's last period of continuous employment; this is used for both benefit and vesting purposes.</p> <p>After 1975, one year of vesting service is granted for each year in which an employee works at least 1,000 hours; proportional credit is given when less than 1,000 hours are completed in a year.</p> <p>After 1975, a year of benefit service is granted for each year in which an employee completes 1,800 hours of service; proportional credit is given when less than 1,800 hours are completed.</p>

Schedule SB, Part V — Summary of Plan Provisions

Normal Retirement			
• Eligibility	Age 65 and 5 years of service		
• Benefit	Monthly benefit, payable for life, is determined by multiplying benefit service by the pension multiplier in effect at the time of termination or retirement, as shown in the schedule below.		
	Termination or Retirement Dates		
	on or after	and prior to	Pension Multiplier
	January 1, 1975	January 1, 1977	\$ 8.00
	January 1, 1977	July 1, 1978	\$ 9.00
	July 1, 1978	January 1, 1980	\$11.00
	January 1, 1980	April 1, 1981	\$12.00
	April 1, 1982	April 1, 1983	\$14.00
	April 1, 1983	April 1, 1984	\$15.00
	April 1, 1984	April 1, 1985	\$16.00
	April 1, 1985	March 1, 1987	\$17.00
	March 1, 1987	January 1, 1988	\$18.00
	January 1, 1988	January 1, 1989	\$19.00
	January 1, 1989	January 1, 1990	\$20.00
	January 1, 1990	January 1, 1991	\$21.00
	January 1, 1991	January 1, 1992	\$22.00
	January 1, 1992	March 1, 1993	\$23.00
	March 1, 1993	January 1, 1994	\$24.00
	January 1, 1994	January 1, 1995	\$25.00
	January 1, 1995	January 1, 1996	\$26.00
	January 1, 1996	January 1, 1997	\$27.00
	January 1, 1997	January 1, 1999	\$28.00
	January 1, 1999	March 1, 1999	\$29.00
	March 1, 1999	January 1, 2000	\$30.00
	January 1, 2000	January 1, 2001	\$31.00
	January 1, 2001	January 1, 2002	\$32.00
	January 1, 2002	March 1, 2003	\$33.00
	March 1, 2003	January 1, 2004	\$34.00
	January 1, 2004	January 1, 2005	\$35.00
	January 1, 2005	January 1, 2006	\$36.00
	January 1, 2006	March 1, 2007	\$37.00
	March 1, 2007	March 1, 2011	\$41.00
	March 1, 2011	March 1, 2015	\$46.00
	March 1, 2015	N/A	\$50.00
Early retirement			
• Eligibility	Age 55 and 10 years of vesting service.		
• Benefit	Normal retirement benefit, is reduced 5% per year for each year that payments commence prior to age 60.		
Level Income Supplemental Allowance (LISA)			
• Eligibility	Age 60 and 20 years of vesting service		

Schedule SB, Part V — Summary of Plan Provisions

• Benefit	If an employee terminates and agrees to restrict his post-retirement earnings, he is eligible for LISA in addition to his early pension. The supplemental benefit, payable to age 62, is \$450 per month.
Deferred vested	
• Eligibility	5 years of service
• Benefit	Monthly annuity, commencing at age 65 if the employee is then living, is computed by multiplying the participant benefit service by the pension rate in effect at termination. An actuarially reduced pension may commence after age 55.
Disability	
• Eligibility	Participants who become totally and permanently disabled with 10 years of vesting service
• Benefit	Monthly annuity will commence one year after the disability occurred and will be payable for life or until disability ceases. If the employee qualifies for disability Social Security benefits, his monthly pension will be computed as for normal retirement, considering service to disablement. For any month in which the employee does not qualify for disability or unreduced old age Social Security, his benefit will be two times the amount computed above.
Benefit Increases for Retirees and Survivors	Participants and survivors receiving benefits on January 1, 1975 shall receive an increase of \$1.00 times benefit service. Effective July 1, 1978, participants and survivors receiving benefits on June 30, 1978 shall receive an increase of \$1.00 times benefit service. Effective April 1, 1981, participants and survivors receiving benefits as of March 1, 1981 shall receive a five percent benefit increase. Effective April 1, 1984, participants and survivors receiving benefits as of March 1, 1984 shall receive a four percent benefit increase. Participants who retire April 1, 1984 and after shall receive a monthly amount equal to the monthly rate in effect as of the due date of each payment multiplied by the number of years of benefit service. Effective March 1, 1987, participants and survivors receiving benefits as of February 28, 1987 shall receive a four percent benefit increase. Effective March 1, 1990, participants and survivors receiving benefits as of February 28, 1990 shall receive a five percent increase. Effective March 1, 1993, the participants and survivors receiving benefits as of February 28, 1993 shall be increased by 5%.

Schedule SB, Part V — Summary of Plan Provisions

Death Benefits	
• Transition Survivor Income	Payable upon the death of an active employee or an employee on disability retirement prior to his normal retirement date. The monthly benefit commencing immediately is \$100 payable for 24 months or until the death of all eligible survivors, if earlier. Eligible survivors are the spouse, dependent children, and dependent parents. The monthly benefit increases to \$450 for each month in which the survivor is ineligible for unreduced monthly Social Security benefits.
• Bridge Survivor Income	<p>Upon the death of a participant, bridge survivor income is payable to the spouse if:</p> <p>(a) The spouse was between age 45 and age 60 at the date of the employee's death;</p> <p>(b) The spouse has received 24 transition survivor income benefit payments; and</p> <p>(c) The spouse continues to qualify as an eligible spouse.</p> <p>The monthly benefit of \$450, commencing the month following the 24th transition benefit, is payable until the remarriage or death of the spouse, or until age 62 or commencement of unreduced Social Security benefits, if earlier.</p>
• Automatic Survivor Income	<p>Upon the death of an active employee at least age 55 with 10 years of vesting service, a benefit is payable for life to the surviving spouse. The monthly pension is computed as if the employee had retired on the date of his death and elected a 55% Joint and Survivor Pension, and then died. The pension commences the first day of the month following the employee's death, but is reduced by the amount of any transition or bridge benefit paid.</p> <p>Upon the death of an active participant with at least 5 years of vesting service who has not attained age 55, a benefit is payable for life to the surviving spouse. The monthly benefit is computed as if the employee had terminated employment on the date of his/her death under the deferred vested pension provisions, and had requested the 50% joint and survivor option of payment. The monthly death benefit is 50% of such payment commencing on the earliest date upon which the employee would have been eligible to commence payments, but is reduced by the amount of any transition or bridge benefit paid.</p>
• After Termination or Retirement	Upon the death of a retiree who commenced his pension from active status, a death benefit of \$5,000 is payable.
Unpredictable contingent event benefits	N/A
Form of benefits	
• Automatic form for unmarried participants	Single Life Annuity

Schedule SB, Part V — Summary of Plan Provisions

• Automatic form for married participants	Actuarially equivalent 55% Joint & Survivor Annuity
• Optional forms	50% Joint & Survivor Annuity 75% Joint & Survivor Annuity 100% Joint & Survivor Annuity 55% Last To Survive Annuity 66% Last To Survive Annuity
• Optional form conversion factors	For purposes of the 55% Joint and Survivor annuity, the benefit payable is 95% of the accrued benefit and, upon death, 55% of such pension will be paid to the spouse. The 95% conversion factor is reduced 1/2% for each year that the spouse's age is more than five years less than the participant's age, and is increased 1/2%, to a maximum of 5%, for each year that the spouse's age exceeds the participant's age by more than five years. Other optional forms of payment are computed on an Actuarial Equivalent basis using a 7% interest rate and 1971 Group Annuity Mortality Table, Projected by Scale D to 1975 using a unisex rate that is 50% male and 50% female.
Miscellaneous	
• Maximum benefits	Annual benefits may not exceed the limits in IRC Section 415. This limit is indexed annually. For 2017, the limit \$215,000.

Benefits Included or Excluded

Unless noted below, all benefits provided by the plan, as restated effective January 16, 2015, are included in this valuation:

- **Most recent plan amendments included:** March 22, 2016.
- **Plan amendments excluded:** None.
- **Late retirement increases:**
 - *Active participants of Legacy Hourly:* Current active participants are assumed to receive a suspension of benefits notice at their normal retirement date. After age 71, they are valued with both continuing accruals and the late retirement actuarial increase.
 - *Active participants of NCS-Florida and Garland:* Current active participants are assumed to receive a suspension of benefits notice at their normal retirement date. After age 71, they are valued with the late retirement actuarial increase.
 - *Deferred vested participants:* Current deferred vested participants over normal retirement age are valued with retroactive payments from age 65.
- **IRC Section 415(b) benefit limitations:** The limitations of Internal Revenue Code Section 415(b) have been incorporated into our calculations.
- **IRC Section 416 rules for top-heavy plans:** We did not test whether this plan is top-heavy (when the present value of benefits for key employees equals or exceeds 60 percent of the present value for all participants). However, we expect that the plan is not top-heavy due to the large number of rank-and-file participants; therefore, the funding target and target normal cost do not reflect any liability for top-heavy benefit accruals.

Schedule SB, Part V — Summary of Plan Provisions

Plan Provisions Specific to Funding

Additional Benefits Included or Excluded

- **IRC Section 436 benefit restrictions:**
 - *Unpredictable contingent event benefits:* N/A
 - *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.
 - *Scheduled benefit increases:* Scheduled benefit increases effective after the end of the current plan year are excluded from minimum funding requirements.
- **Unpredictable contingent event benefits:** The plan does not have any unpredictable contingent event benefits.

Plan Provision Changes Since Prior Valuation

Funding

- Maximum compensation and maximum benefits were updated from 2016 to 2017.
- The monthly minimum benefit per year of service for IAM Portsmouth participants increased from \$51 to \$54.

Schedule SB, line 24 — Change in Actuarial Assumptions

- Interest discounts and mortality rates were updated from 2016 to 2017 in accordance with PPA.
- The expected return on assets decreased from 8.00% to 7.5% to better reflect expected returns.
- The expense component of normal cost increased from \$6,800,000 to \$8,300,000 to reflect our best estimate of the current plan year's expenses.
- Vested deferred commencement ages were updated to reflect expected future experience.