

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: 1.5em; 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; margin-top: 5px;"> <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> <div style="margin-top: 5px;"> ☒ a single-employer plan <div style="margin-left: 100px;">☐ a DFE (specify) _____</div> </div>
B	This return/report is: <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <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; margin-top: 5px;"> <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 NONBARGAINING RETIREMENT PLAN</u>
1b	Three-digit plan number (PN) ▶ <u>021</u>
1c	Effective date of plan <u>12/18/1997</u>
2a	Plan sponsor's name (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>
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
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 36155
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) 6554
a(2) Total number of active participants at the end of the plan year	6a(2) 5606
b Retired or separated participants receiving benefits	6b 14992
c Other retired or separated participants entitled to future benefits	6c 11507
d Subtotal. Add lines 6a(2) , 6b , and 6c	6d 32105
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	6e 2665
f Total. Add lines 6d and 6e	6f 34770
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 1
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....	7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 1A	
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 NONBARGAINING RETIREMENT PLAN	B Three-digit plan number (PN) ▶ 021
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	6166302630	
b Actuarial value	2b	6311455580	
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	16754	3216676922	3216676922
b For terminated vested participants	12847	432407781	432407781
c For active participants	6554	2205603809	2573259790
d Total	36155	5854688512	6222344493
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	5.64 %	
6 Target normal cost	6	139308235	

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>6.60</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)		444893661
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>5.84</u> %		25981790
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		470875451
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	101.43%
15 Adjusted funding target attainment percentage	15	101.43%
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	103.30%
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
12/19/2017	93000000	0	07/26/2018	140000000	0
12/28/2017	249990000	0	08/01/2018	30288000	0
04/02/2018	30288000	0	09/04/2018	37160000	0
05/01/2018	30288000	0	01/15/2017	0	486060
06/01/2018	30288000	0	02/15/2017	0	480533
07/02/2018	30288000	0	03/15/2017	0	1368376
Totals ▶			18(b)	671590000	18(c) 6143399

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	627512644

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 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)		
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)		
9 Amount remaining (line 7 minus line 8)		
10 Interest on line 9 using prior year's actual return of _____ %		
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year)		
b(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 _____ %		
b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return		
c Total available at beginning of current plan year to add to prefunding balance		
d Portion of (c) to be added to prefunding balance		
12 Other reductions in balances due to elections or deemed elections		
13 Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)		

Part III Funding Percentages

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

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

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
04/15/2017	0	469945	10/15/2017	0	365084
05/15/2017	0	457993	11/15/2017	0	335471
06/15/2017	0	452267	12/15/2017	0	284950
07/15/2017	0	432526			
08/15/2017	0	418325			
09/15/2017	0	591869			
Totals ▶			18(b)		18(c)

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

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

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? ☐ Yes ☐ No

b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☐ Yes ☐ No

c If line 20a is "Yes," see instructions and complete the following table as applicable:

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

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

21 Discount rate:				
a Segment rates:	1st segment: 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 61
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous Items

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

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

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

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)	31a	139308235	
b Excess assets, if applicable, but not greater than line 31a	31b	89111087	
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	50197148	
	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	50197148	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	627512644	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	577315496	
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		

<div>SCHEDULE C</div> <div>(Form 5500)</div> <div>Department of the Treasury Internal Revenue Service</div> <div>Department of Labor Employee Benefits Security Administration</div> <div>Pension Benefit Guaranty Corporation</div>	<div>Service Provider Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</div> <div>▶ File as an attachment to Form 5500.</div>	OMB No. 1210-0110
		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 NONBARGAINING RETIREMENT PLAN	B Three-digit plan number (PN) ▶	021
C Plan sponsor's name as shown on line 2a of Form 5500 RAYTHEON COMPANY	D Employer Identification Number (EIN) 95-1778500	

Part I	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	1943354	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	451513	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	145465	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	130592	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	121621	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	33424	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

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

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

Part II Service Providers Who Fail or Refuse to Provide Information

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

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

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

a Name:	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 <hr/> 2017 <hr/> 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 NONBARGAINING RETIREMENT PLAN</u>	B Three-digit plan number (PN) ►	<u>021</u>
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 <u>RAYTHEON COMPANY</u>	D Employer Identification Number (EIN) <u>95-1778500</u>	

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

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

c EIN-PN <u>04-3172773-001</u>	d Entity code <u>M</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>6419151233</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)
-----------------	----------------------	---

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

Part I	Asset and Liability Statement
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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>328600000</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>6166519343</u>	<u>6419151233</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)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	6166519343	6747751233

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h	146507	235069
i Acquisition indebtedness	1i		
j Other liabilities	1j	16081215	20377813
k Total liabilities (add all amounts in lines 1g through 1j)	1k	16227722	20612882

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	6150291621	6727138351
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Part II Income and Expense Statement

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

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	671590000	
(B) Participants	2a(1)(B)	6143400	
(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)		677733400
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)		886460396
(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		1564193796

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	966352957	
(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)		966352957
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)	20994109	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		20994109
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		987347066

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		576846730
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

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

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

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

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

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

(1) Name: PRICEWATERHOUSECOOPERS LLP

(2) EIN: 13-4008324

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

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

Part IV Compliance Questions

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

During the plan year:

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

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

	Yes	No	Amount
4a		X	
4b		X	

	Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)		X	
e Was this plan covered by a fidelity bond?	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?		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?		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?		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.)		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.)		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?		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)			
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.			

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)

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 4103643. (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 NONBARGAINING RETIREMENT PLAN		B Three-digit plan number (PN) ▶ 021
C Plan sponsor's name as shown on line 2a of Form 5500 RAYTHEON COMPANY		D Employer Identification Number (EIN) 95-1778500
Part I	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		3 153
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 Non-Bargaining Retirement Plan

Financial Statements

To Accompany 2017 Form 5500

Annual Report of Employee Benefit Plan

Under ERISA of 1974

December 31, 2017 and 2016

Raytheon Non-Bargaining Retirement Plan

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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 Non-Bargaining Retirement Plan

We have audited the accompanying financial statements of Raytheon Non-Bargaining Retirement Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 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 Town Looper LLP

Boston, Massachusetts
September 10, 2018

Raytheon Non-Bargaining Retirement Plan
Statements of Net Assets Available for Benefits
December 31, 2017 and 2016

	2017	2016
Assets		
Investments at fair value (Notes 2 and 5)		
Raytheon Master Pension Trust	\$ 6,419,151,233	\$ 6,166,519,343
Employer contributions receivable	328,600,000	-
Total assets	<u>6,747,751,233</u>	<u>6,166,519,343</u>
Liabilities		
Accrued administrative expenses	235,069	146,507
Other liabilities	20,377,813	16,081,215
Total liabilities	<u>20,612,882</u>	<u>16,227,722</u>
Net assets available for benefits	<u>\$ 6,727,138,351</u>	<u>\$ 6,150,291,621</u>

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

Raytheon Non-Bargaining Retirement Plan
Statements of Changes in Net Assets Available for Benefits
Years Ended December 31, 2017 and 2016

	2017	2016
Additions		
Raytheon Master Pension Trust investment income (Notes 2 and 5)	\$ 886,460,396	\$ 384,273,723
Employer contributions	671,590,000	470,000,000
Employee contributions	6,143,400	7,323,267
Total additions	<u>1,564,193,796</u>	<u>861,596,990</u>
Deductions		
Benefit payments	966,352,957	966,338,918
Administrative expenses	20,994,109	21,590,714
Total deductions	<u>987,347,066</u>	<u>987,929,632</u>
Net increase/(decrease) in net assets available for benefits	576,846,730	(126,332,642)
Net assets available for benefits, beginning of year	<u>6,150,291,621</u>	<u>6,276,624,263</u>
Net assets available for benefits, end of year	<u>\$ 6,727,138,351</u>	<u>\$ 6,150,291,621</u>

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

Raytheon Non-Bargaining Retirement Plan

Notes to Financial Statements

December 31, 2017 and 2016

1. Plan Description

The following description of the Raytheon Non-Bargaining Retirement Plan (the "Plan") is for general information purposes only. Participants should refer to the Summary Plan Description or the Plan Document for a complete description of the Plan's provisions.

General

The Plan was established on December 18, 1997, to provide retirement benefits to eligible non-bargaining employees as part of the Raytheon Company's (the "Company") merger with the defense business of Hughes Electronics ("Hughes") on December 17, 1997. A proportionate allocation of the liabilities and assets of the preexisting Hughes Non-Bargaining Retirement Plan (the "Hughes Plan") was transferred to the Plan. Effective October 1, 2011, the Raytheon Subsidiary Retirement Plan was merged into and became a part of the Plan. Effective July 1, 2014, the Raytheon Marine Systems Retirement Plan was 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 is a defined benefit plan covering certain employees of the Company. The Plan provides specified benefits to be paid from the net assets available for benefits. Each employee who was a participant in the Hughes Plan on December 17, 1997, continued as a participant in the Plan with all prior service recognized. Other salaried employees working in a non-bargaining unit in the defense business formerly operated by Hughes generally became eligible under this Plan following completion of a year of service. The level of benefits depends upon the status of each participant as a member of a specified legacy benefit structure.

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

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

Non-Contributory Benefit Structure

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

After completing five years of service under the Plan, participants are entitled to monthly pension benefits, beginning at their Social Security retirement date, defined as a percentage of their final average monthly compensation multiplied by their years of service. The non-contributory portion of the Plan provides for normal retirement, early retirement, deferred vested, and death benefits. The standard form of retirement benefit to unmarried participants is a monthly payment beginning the month following retirement and continuing until death. The standard form of benefit to married participants is a reduced monthly payment for the participant's life and one-half of that payment for the life of the participant's surviving spouse. Other optional forms of benefits are also available including a 10-year certain and continuous benefit, a 10- or 15-year period certain benefit, and 50%, 75%, and 100% contingent annuity.

Raytheon Non-Bargaining Retirement Plan

Notes to Financial Statements

December 31, 2017 and 2016

Contributory Benefit Structure

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

After completing five years of service as an employee of Hughes or Raytheon, a participant is entitled to monthly pension benefits beginning at their normal retirement date based upon the greater of three formulas (a career average formula, a minimum benefit formula, and a final average compensation formula). The pension under the contributory benefit may be adjusted annually to reflect changes in the cost of living (maximum annual increase or decrease of 4%). The contributory portion of the Plan provides for normal retirement, early retirement, deferred vested, and death benefits. The early retirement pension is the same as the age 65 pension for a retiree who is at least 55 at termination of employment and whose age plus continuous service (both at termination) total at least 75. The standard form of retirement benefit to unmarried participants is a monthly payment beginning the month following retirement and continuing until death. The standard form of benefit to married participants is a reduced monthly payment for the participant's life and one-half of that payment for the life of the participant's surviving spouse. Other optional forms of benefits are also available including a 5-, 10-, or 15-year certain and continuous benefit, a 5-, 10-, or 15-year period certain benefit, 5-, 10-, or 15-year temporary modified cash refund annuity, and 50%, 66 2/3%, 75%, and 100% contingent annuity, and Social Security level income options.

Benefit Structure for Former Salaried Employees of General Dynamics

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

After completing five years of service under the General Dynamics benefit structure, participants are entitled to monthly pension benefits beginning at their normal retirement date based upon the greater of three formulas (a career average formula, a minimum benefit formula, and a final average compensation formula). The General Dynamics portion of the Plan provides for normal retirement, early retirement, deferred vested, and death benefits. The standard form of retirement benefit to unmarried participants is a monthly payment beginning the month following retirement and continuing until death. The standard form of benefit to married participants is a reduced monthly payment for the participant's life and one-half of that payment for the life of the participant's surviving spouse. Other optional forms of benefits are also available.

Benefit Structure for Participants in the Former Raytheon Subsidiary Retirement Plan

The standard form of retirement benefit to unmarried participants is a monthly payment based upon 1% of compensation for each year of benefit accrual service 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 are also available. This portion of the Plan provides for normal retirement, early retirement, deferred vested, and death benefits. Vesting occurs after a period of five years of service.

Benefit Structure for Participants in the Former Raytheon Marine Systems Retirement Plan

Participants are entitled to monthly pension benefits beginning at age 65 equal to the greatest of (a) the accrued benefit available from the participant's account balance in the cash balance portion of the Plan, (b) \$39 times the years of credited service, or (c) for members of other legacy plans, the benefit under the legacy plan as of that date (i.e., Alliant). In the cash balance portion of the Plan, participants earn pay credits which are determined as a percentage of eligible compensation as

Raytheon Non-Bargaining Retirement Plan

Notes to Financial Statements

December 31, 2017 and 2016

defined by the Plan plus a supplemental percentage for such eligible compensation exceeding the Social Security wage base. Both percentages increase with the participant's years of service. An interest credit is applied to the cash balance account based on an interest rate benchmark described in the Plan Document. Participants may elect various optional forms of benefit payment. This portion of the Plan provides for normal retirement, early retirement, deferred vested, disability, and pre-retirement death benefits. All participants with accrued benefits under this benefit structure are currently fully vested.

Contributions

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

2. Summary of Significant Accounting Policies

Basis of Presentation

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

Investment Valuation and Income Recognition

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

Contributions

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

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)* -

Raytheon Non-Bargaining Retirement Plan

Notes to Financial Statements

December 31, 2017 and 2016

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.

3. Actuarial Present Value of Accumulated Pension Plan Benefits

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

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

The significant actuarial assumptions used in the valuation as of December 31, 2016 and 2015, are as follows:

Assumed rate of return on investments	7.5% as of December 31, 2016
for accumulated benefits (discount rate)	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%
Retirement	Several rates, varying by age from 55 to 70
Post-retirement cost-of-living adjustment	2.5% for contributory participants

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

Raytheon Non-Bargaining Retirement Plan

Notes to Financial Statements

December 31, 2017 and 2016

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%.
- Retirement rates, benefit commencement ages and, for non-contributory participants, withdrawal rates were updated to better reflect anticipated future experience.
- The benefit commencement assumption for participants with deferred benefits past normal retirement age changed to better reflect anticipated future experience.
- For active employees over age 65, the salary scale was updated to the same rate used for employees age 65.
- The form of payment elected by contributing participants retiring in the 2017/2018 and 2018/2019 plan years was updated based on past experience and anticipated future payment elections by contributing participants.
- The Pension Benefit Guaranty Corporation ("PBGC") interest basis for conversion to certain only form of payment and the segmented interest rate basis were changed to reflect the current interest rate environment.

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	\$ 3,024,315,985
Participants with deferred benefits	370,961,938
Active participants	<u>1,914,490,475</u>
Total vested benefits	5,309,768,398
Nonvested benefits	<u>332,753,970</u>
Total actuarial present value of accumulated plan benefits	<u>\$ 5,642,522,368</u>

Employee contributions with interest as of December 31, 2016 (2.36% interest rate)	<u>\$ 250,161,266</u>
--	-----------------------

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	\$ 5,689,481,074
Benefits accumulated and non-investment (gains)/losses	268,496,060
Increase for interest due to decrease in discount period	413,283,799
Benefits paid	(966,338,918)
Change in actuarial assumptions	<u>237,600,353</u>
Actuarial present value of accumulated plan benefits as of December 31, 2016	<u>\$ 5,642,522,368</u>

4. Funding Policy

The employer's contributions are actuarially determined to fund the Plan's current normal costs on a current basis and to generally fund the existing unfunded liability on account of qualified service prior to the valuation date in accordance with the amortization schedules prescribed by ERISA minimum funding requirements (as amended by the Pension Protection Act 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.

Raytheon Non-Bargaining Retirement Plan

Notes to Financial Statements

December 31, 2017 and 2016

Contributions for the years ended December 31, 2017 and 2016, met the minimum funding requirements of ERISA.

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

5. Master Trust

Summary Financial Information

The Plan's assets are held in the Master Trust, which was established for the investment of assets of the Plan and several other Company sponsored retirement plans. The assets of the Master Trust are held by the Bank of New York Mellon ("BNY Mellon"), the Trustee. The Investment Committee, appointed by the Chairman and CEO of the Company, 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 Non-Bargaining Retirement Plan

Notes to Financial Statements

December 31, 2017 and 2016

At December 31, 2017 and 2016, the Plan owned approximately 32% 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>\$ 6,419,151,233</u>	<u>\$ 6,166,519,343</u>

Raytheon Non-Bargaining Retirement Plan

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>\$ 886,460,396</u>	<u>\$ 384,273,723</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-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.

Raytheon Non-Bargaining Retirement Plan

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, 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.

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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

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(depreciation) in the fair value of investments of the Master Trust is included in the Statements of Changes in Net Assets Available for Benefits as 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
	\$	1,430,467	\$	2,486,048	\$	138,249	\$ 4,054,764
Liabilities							
Futures contracts	\$	1,259,307	\$	-	\$	-	\$ 1,259,307
Forward currency contracts		-		-		186,987	186,987
	\$	1,259,307	\$	-	\$	186,987	\$ 1,446,294

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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

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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.

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.

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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 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.

6. Termination Policies

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

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

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

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

7. 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 paid to parties-in-interest 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	\$ 556,164	\$ 351,010
Plan's allocation of expenses paid directly by the Master Trust	2,115,321	1,717,355
	<u>As of December 31, 2017</u>	<u>As of December 31, 2016</u>
Accrued expenses (included in "Accrued administrative expenses" and "Other liabilities")	\$ 625,670	384,426

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

8. Tax Status

The Internal Revenue Service (the "IRS") has determined and informed the Company by letter dated May 1, 2012, that the design of the Plan meets the requirements for qualification under Code section 401(a), on which the tax exemption of the Trust under Code section 501(a) is based. The Plan has been amended since receiving the determination letter. The Plan Administrator and the Company's benefits counsel believe that the current design and operation of the Plan are consistent with continued qualification of the Plan and exemption of the Trust in the context of applicable IRS procedures. The 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. 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 examinations for years prior to 2014.

9. 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 5 for additional information with respect to investment risk.

10. 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, 2017¹**

Attained age	Years of credited service										Total
	Under 1	1–4	5–9	10–14	15–19	20–24	25–29	30–34	35–39	40 & up	
Under 25											
25–29											
30–34											
35–39		1	1	16	63 124,565						84
40–44	1	2	3	32 117,782	489 140,101	29 156,300					556
45–49	5	4	3	35 124,134	381 140,535	151 157,237	45 154,557	1			625
50–54	10	11	19	90 131,985	470 144,693	364 150,097	583 168,717	112 156,637	1		1,660
55–59	22 119,121	20 74,942	27 110,107	111 144,257	494 139,909	465 143,149	659 161,944	286 152,985	40 163,167	1	2,125
60–64	12	23 81,944	20 116,404	61 117,443	261 129,646	273 132,379	258 141,045	131 135,224	71 147,335	2	1,112
65–69	13	9	3	14	62 136,257	72 123,059	60 129,356	41 137,533	22 128,093	9	305
70 & up	6	4	2	3	18	20 160,222	16	8	9	3	89
Total	69	74	78	362	2,238	1,374	1,621	579	143	15	6,553

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.

¹ Excludes 1 active transferred participant from the Raytheon Subsidiary Retirement Plan with a frozen benefit.

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 nonannuitant mortality tables. These tables are based on the RP-2000 mortality tables projected with mortality improvement to the valuation year plus 7 and 15 years based on Scale AA.
• Disabled participants	Same as healthy

Cash balance plans

• Interest accumulation rate	2.00% per year for PRA participants only Rationale: Based on the assumed long-term one-year treasury rates periodically published by Mercer Investment Consulting's <i>Capital Market Outlook</i>
• Annuity conversion	
— Nonbargaining/PRA	
▪ Mortality table	1983 Group Annuity Mortality Table
▪ Interest rate basis	5.00%
— Marine	
▪ Mortality table	Section 430(h)(3) prescribed combined static annuitant and nonannuitant mortality tables. These tables are based on the RP-2000 mortality tables projected with mortality improvement to the valuation year plus 7 and 15 years based on Scale AA.
▪ Interest rate basis	Segmented interest rates of 1.39% for 5 years, 3.27% for the next 15 years and 4.18% thereafter for 2017; 3.00% for 5 years, 4.25% for the next 15 years and 5.00% thereafter for 2018; 4.25% for 5 years, 4.75% for the next 15 years and 5.25% thereafter for 2019; 5.25% for 5 years, 5.25% for the next 15 years and 5.25% thereafter for 2020 and beyond.

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

- Pensionable Earnings

Base Pay

The Base Pay portion of total pensionable earnings is assumed to increase at the following rates.

Attained Age	Salary Increases
20	6.68%
25	6.55
30	5.99
35	5.08
40	4.45
45	3.94
50	3.62
55	3.34
60	3.16
65	2.94
70	2.94

Incentive Pay

The Incentive Pay portion of total pensionable earnings is assumed to increase at the same rates as shown above.

Rationale: Based on past experience and current plan membership, and adjusted to reflect management's expectation of future wage increases.

- Social Security wage base

3.75% per year for Raytheon Nonbargaining Retirement Plan and PRA participants only.

Rationale: Reflects long-term view of inflation and the average real wage increases for the U.S. economy as a whole.

- Inflation

3.00% per year for Raytheon Nonbargaining Retirement Plan and PRA participants only.

Rationale: Based on the inflation assumption periodically published by Mercer Investment Consulting in their *Capital Markets Outlook*.

- Cost-of-living adjustment (post-retirement)

2.50% per year for Raytheon Nonbargaining Retirement Plan

Rationale: Based on the long-term view of increases in the Consumer Price index for Urban Wage Earners and Clerical Workers (CPI-W) and reflects analysis of historical cumulative retiree cost-of-living adjustments that has shown there is at least a 50 basis difference between the retiree cost-of-living adjustment and the long-term inflation assumption.

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

- Expected investment return

The expected investment return is 7.50% per year but not greater than the 3rd 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.
- Expenses

\$15,800,000 (added to current year target normal cost)

Rationale: Based on an estimate of administrative expenses expected to be incurred in the current plan year.
- Actuarial equivalence for conversion to certain only forms of payment

The basis for valuation is based on whichever of the following bases that yields a greater lump sum value:

 - PBGC interest rates of 0.50% for plan year 2017, 1.75% for 2018, 2.25% for 2019, and 2.75% thereafter and 1971 GAM Table (blended 80% males, 20% females) or
 - Segmented interest rates of 1.39% for 5 years, 3.27% for the next 15 years and 4.18% thereafter for 2017; 3.00% for 5 years, 4.25% for the next 15 years and 5.00% thereafter for 2018; 4.25% for 5 years, 4.75% for the next 15 years and 5.25% thereafter for 2019; 5.25% for 5 years, 5.25% for the next 15 years and 5.25% thereafter for 2020 and beyond. Current year 417(e) unisex mortality was used.

Rationale (PBGC interest rates): Based on long-term historical trends in the PBGC rate which suggests a range of 40 to 200 basis points below the long government bond. The assumption for long government bond is periodically published by Mercer Investment Consulting's *Capital Markets Outlook*.

Rationale (Segmented interest rates): Based on a long-term view of the three segment rates extrapolated by bootstrapping the forward rates from the current year's PPA full yield curve.
- Interest accumulation on employee contributions

5.00% per year for Raytheon Nonbargaining Retirement Plan participants only.

Demographic assumptions

- Withdrawal

See tables of sample rates for 3 distinct groups of employees.

Rationale: Based on review of experience undertaken from 2012 to 2015 using data from 2012 – 2016 and the expectation that future withdrawal patterns and circumstances of the employer will not differ significantly from the period studied.

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

Disability incidence

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

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

Attained age	Percentage				
	Raytheon Nonbargaining Retirement Plan		Former Hughes Personal Retirement Account Plan	Raytheon Subsidiary Retirement Plan	Marine Systems Retirement Plan
	Basic	Rule of 75 or Rule of 85			
55	6.00%	40.00%	3.00%	6.26%	10.00%
56	6.00	20.00	3.00	5.81	10.00
57	7.00	20.00	3.00	5.37	10.00
58	8.00	20.00	3.00	5.67	10.00
59	9.00	20.00	3.00	5.99	15.00
60	11.00	20.00	3.00	7.69	15.00
61	12.00	20.00	3.00	13.90	15.00
62	20.00	20.00	20.00	22.51	15.00
63	20.00	20.00	10.00	29.69	20.00
64	20.00	20.00	10.00	42.96	20.00
65	30.00	35.00	100.00	67.76	30.00
66	30.00	25.00	100.00	48.66	30.00
67	30.00	25.00	100.00	44.99	30.00
68	30.00	25.00	100.00	63.96	30.00
69	30.00	25.00	100.00	99.99	30.00
70 and above	100.00	100.00	100.00	100.00	100.00%

Rationale: Based on review of experience undertaken from 2012 to 2015 using data from 2012 – 2016 and the expectation that future withdrawal patterns and circumstances of the employer will not differ significantly from the period studied.

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

Benefit commencement age for
Former Hughes Personal Retirement
Account, Subsidiary, and Marine

- | | |
|---------------------------|----|
| • Future vested deferred | 65 |
| • Current vested deferred | 65 |

Benefit commencement age for
Nonbargaining

- | | |
|---|----|
| • Future vested deferred | 64 |
| • Current Rule of 75 eligible
contributory vested deferred | 59 |
| • Current contributory vested
deferred | 64 |
| • Current vested deferred
retirement eligible at termination | 62 |
| • Current non-contributory vested
deferred | 64 |

Spouse assumptions

- | | | |
|-------------------------|--|--|
| • Percentage married | | |
| • Spouse age difference | | |

Male participants

85%
3 years younger

Female participants

75%
3 years older

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

Form of payment	Single life	5-year Certain only	10-year Certain only	50% J&S	100% J&S
Nonbargaining participants					
• Active retirements (contributory for 2017-2019 plan year)	10%	90%	N/A	N/A	N/A
• Active retirements (contributory thereafter)	20%	80%	N/A	N/A	N/A
• Active retirements (noncontributory)	50%	N/A	50%	N/A	N/A
• Future vested deferred	100%	N/A	N/A	N/A	N/A
• Future deaths pre-retirement eligibility	N/A	N/A	N/A	100%	N/A
• Future deaths post-retirement eligibility	N/A	N/A	N/A	N/A	100%
• Current Noncontributing vested deferred	100%	N/A	N/A	N/A	N/A
• Current Contributing vested deferred	N/A	100%	N/A	N/A	N/A
PRA participants	100%	N/A	N/A	N/A	N/A
Subsidiary Participants	100%	N/A	N/A	N/A	N/A
Marine participants					
• Active retirements	Assumed to elect payment in the form of a single life temporary annuity with lump sum at age 62				
• Future deaths	100% Lump sum				
Terminated vested participants over age 65	It is assumed that 40% of participants with deferred benefits over age 65 will be located and will commence benefits.				
Unpredictable contingent event assumptions	Not applicable				

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

Raytheon Nonbargaining Retirement Plan				
Attained age	Contributory Withdrawal		Non-Contributory Withdrawal	
	Male	Female	Male	Female
20	11.90%	23.50%	11.90%	23.50%
25	9.50	17.20	9.50	17.20
30	7.10	11.90	3.00	3.00
35	5.40	7.70	3.00	3.00
40	3.70	4.90	3.00	3.00
45	2.30	2.90	3.00	3.00
50	1.50	1.50	3.00	3.00
55	0.90	0.90	0.00	0.00
60	0.00	0.00	0.00	0.00
65	0.00	0.00	0.00	0.00
70	0.00	0.00	0.00	0.00

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

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods***Table of Sample Rates (continued)*****Raytheon Subsidiary Retirement Plan**

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

Marine System Retirement Plan

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

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

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

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

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

The asset valuation method is an average of the adjusted market value for each year during the last 24 months preceding the valuation date. The adjusted market value is the market value at each determination date adjusted to the valuation date based on actual cash flows and expected interest at the lesser of the expected rate of return and the third segment rate. This amount is adjusted to be no greater than 110 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:**
 - Xerox HR Solutions, LLP provides us with data on all employees as of the valuation date, but only those employees who have completed the plan's eligibility requirements are included in the valuation of liabilities.
- **Participants excluded:**
 - No actuarial liability is included for nonvested participants who terminated prior to the valuation date.
 - It is assumed that 100% of participants with deferred benefits over age 66 will not be located and will not commence benefits, as described in Section 5.12 of the plan document.
 - In addition, for retirees who have elected a contingent annuitant form of payment and for whom no beneficiary data was provided, one-third of future beneficiaries are assumed to die prior to receiving benefits.
- **Insurance contracts:** The plan does not have any insurance contracts.

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods**Minimum funding methods**

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

A detailed description of the calculation follows:

- The plan's valuation date is the beginning of the plan year.
- An individual's **funding target** is the present value of future benefits based on credited service and average pay as of the beginning of the plan year, and an individual's **target normal cost** is the present value of the benefit expected to accrue in the plan year. If multiple decrements are used, the funding target and the target normal cost for an individual is the sum of the component funding targets and target normal costs associated with the various anticipated separation dates.
- The plan's **target normal cost** is the sum of the individual target normal costs, and the plan's **funding target** is the sum of the individual funding targets for all participants under the plan.

**SCHEDULE SB
(Form 5500)**Department of the Treasury
Internal Revenue ServiceDepartment 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 NONBARGAINING RETIREMENT PLAN		B Three-digit plan number (PN) ▶ 021
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 <u>01</u> Day <u>01</u> Year <u>2017</u>				
2 Assets:				
a Market value.....		2a	6,166,302,630	
b Actuarial value		2b	6,311,455,580	
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		16,754	3,216,676,922	3,216,676,922
b For terminated vested participants		12,847	432,407,781	432,407,781
c For active participants		6,554	2,205,603,809	2,573,259,790
d Total		36,155	5,854,688,512	6,222,344,493
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	5.64%	
6 Target normal cost		6	139,308,235	

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* 

Signature of actuary

September 10, 2018

Date

GRACE BARBIERI, F.S.A.

1707481

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 ☐

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 61
23 Mortality table(s) (see instructions)	☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute			

Part VI Miscellaneous Items

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

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

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

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):												
a Target normal cost (line 6)	31a	139,308,235										
b Excess assets, if applicable, but not greater than line 31a	31b	89,111,087										
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	50,197,148										
		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	50,197,148										
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c).....	37	627,512,644										
38 Present value of excess contributions for current year (see instructions)												
a Total (excess, if any, of line 37 over line 36)	38a	577,315,496										
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 60.60 (69% * 61.83 + 31% * 57.84).

Basic Rates

(A) Retirement age	(B) Retirement Percent	(C) Lx	(D) Number of employees expected to retire (B) x (C)	(E) (A) x (D)
55	6.00%	10,000	600	33,000
56	6.00%	9,400	564	31,584
57	7.00%	8,836	619	35,256
58	8.00%	8,217	657	38,129
59	9.00%	7,560	680	40,144
60	11.00%	6,880	757	45,406
61	12.00%	6,123	735	44,820
62	20.00%	5,388	1,078	66,813
63	20.00%	4,311	862	54,313
64	20.00%	3,448	690	44,140
65	30.00%	2,759	828	53,795
66	30.00%	1,931	579	38,236
67	30.00%	1,352	406	27,171
68	30.00%	946	284	19,303
69	30.00%	662	199	13,711
70	100.00%	464	464	32,456
Total				618,277
Average				61.83

Schedule SB, line 22 — Description of Weighted Average Retirement Age**Rule of 75**

(A) Retirement age	(B) Retirement Percent	(C) Lx	(D) Number of employees expected to retire (B) x (C)	(E) (A) x (D)
55	40.00%	10,000	4,000	220,000
56	20.00%	6,000	1,200	67,200
57	20.00%	4,800	960	54,720
58	20.00%	3,840	768	44,544
59	20.00%	3,072	614	36,250
60	20.00%	2,458	492	29,491
61	20.00%	1,966	393	23,986
62	20.00%	1,573	315	19,504
63	20.00%	1,258	252	15,854
64	20.00%	1,007	201	12,885
65	35.00%	805	282	18,321
66	25.00%	523	131	8,637
67	25.00%	393	98	6,576
68	25.00%	294	74	5,005
69	25.00%	221	55	3,809
70	100.00%	166	166	11,594
Total				578,376
Average				57.84

Schedule SB, line 22 — Description of Weighted Average Retirement Age**Subsidiary**

(A) Retirement age	(B) Retirement Percent	(C) Lx	(D) Number of employees expected to retire (B) x (C)	(E) (A) x (D)
55	6.26%	10,000	626	34,430
56	5.81%	9,374	545	30,499
57	5.37%	8,829	474	27,026
58	5.67%	8,355	474	27,477
59	5.99%	7,881	472	27,854
60	7.69%	7,409	570	34,187
61	13.90%	6,840	951	57,993
62	22.51%	5,889	1,326	82,187
63	29.69%	4,563	1,355	85,355
64	42.96%	3,208	1,378	88,215
65	67.76%	1,830	1,240	80,605
66	48.66%	590	287	18,949
67	44.99%	303	136	9,131
68	63.96%	167	107	7,247
69	99.99%	60	60	4,143
70	100.00%	0	0	0
Total				615,300
Average				61.53

Schedule SB, line 22 — Description of Weighted Average Retirement Age**Marine**

(A) Retirement age	(B) Retirement Percent	(C) Lx	(D) Number of employees expected to retire (B) x (C)	(E) (A) x (D)
55	10.0%	10,000	1,000	55,000
56	10.0%	9,000	900	50,400
57	10.0%	8,100	810	46,170
58	10.0%	7,290	729	42,282
59	15.0%	6,561	984	58,065
60	15.0%	5,577	837	50,192
61	15.0%	4,740	711	43,374
62	15.0%	4,029	604	37,472
63	20.0%	3,425	685	43,154
64	20.0%	2,740	548	35,071
65	30.0%	2,192	658	42,743
66	30.0%	1,534	460	30,380
67	30.0%	1,074	322	21,588
68	30.0%	752	226	15,337
69	30.0%	526	158	10,894
70	100.0%	368	368	25,788
Total				607,909
Average				60.79

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 Nonbargaining Retirement Plan	60.60	6,507	394,324.20
Raytheon Subsidiary Retirement Plan	61.53	1	61.53
Marine Systems Retirement Plan	60.79	46	2,796.34
Former Hughes Personal Retirement Account	N/A	N/A	N/A
Total		6,554	397,182
Average			60.60

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

Effective date and plan year	Original plan: December 17, 1997 when Raytheon Company acquired the Defense Business of Hughes Electronics Corporation. Effective December 1, 2000, the Hughes Personal Retirement Account Plan merged into the Raytheon Nonbargaining Retirement Plan. Restated plan: January 16, 2015 Plan year: January 1
Status of the plan	The plan has ongoing benefit accruals but is closed to new entrants.
Significant events	Effective July 1, 2014 the Raytheon Company Marine Systems Retirement Plan was merged into the Plan
Definitions	
• Covered employees	Employees hired before the date on which payroll processing functions are transferred to Raytheon's payroll center.
• Participation	Completion of 12 months of Vesting Service.
• Employee contributions	3.0% of pay if covered under the formula for contributing participants.
• Vesting service	Continuous service from the employee's date of hire.
• Credited service	Total service accrued monthly from first of the month eligibility commenced.
• Pensionable earnings	Basic compensation subsequent to the effective date of the plan and prior to retirement date, including regular pay, bonuses, results-sharing, overtime pay, shift differential, sick leave pay, workers' compensation, vacation and holiday pay, and bereavement or leave pay, but excluding any other extraordinary compensation.
• Final average earnings	The aggregate Compensation prior to separation from service attributed to the five highest twelve month periods in the last ten years, or all twelve-month periods if less than five, in which a Participant had at least one hour of Benefit Accrual Service each month, divided by the applicable number of twelve-month periods. For General Dynamics salaried employees, the highest twelve month periods must be consecutive.
• Primary Social Security benefit	Estimated social security benefit, calculated using actual earnings when available, and estimating prior historical earnings using a 6% salary scale.

Schedule SB, Part V — Summary of Plan Provisions

- | | |
|---|---|
| <ul style="list-style-type: none"> Social Security normal retirement age | <ul style="list-style-type: none"> (i) For a participant born prior to 1938, the first day of the calendar month coincident with or next following his/her sixty-fifth (65th) birthday, (ii) For a participant born after 1937 and before 1955, the first day of the calendar month coincident with or next following his/her sixty-sixth (66th) birthday, and (iii) For a participant born after 1954, the first day of the calendar month coincident with or next following his/her sixty-seventh (67th) birthday. |
|---|---|

- | | |
|---|---|
| <ul style="list-style-type: none"> Actuarial equivalence | <p>Contributing and noncontributing participants: Interest rate used by the PBGC for valuing immediate annuities on the October 1 (or December 1, if less) preceding the plan year including the annuity start date and the 1971 Group Annuity Mortality Table 80% males, 20% females.</p> |
|---|---|

General Dynamics salaried employees:

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

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

Normal retirement

- | | |
|---|---|
| <ul style="list-style-type: none"> Eligibility | First of the month coinciding with or next following the attainment of age 65. |
| <ul style="list-style-type: none"> Benefit | <p>Contributing participants: The benefit is the greatest of (i), (ii), or (iii) below:</p> <ul style="list-style-type: none"> (i) Accrued benefit through December 31, 1975 plus 1% of the first \$3,600 of compensation and 2% of compensation in excess of \$3,600, for all compensation received after December 31, 1975. (ii) The product of (1) and (2): <ul style="list-style-type: none"> (1) Benefit Accrual Service (2) \$156 plus 0.5% of Final Average Compensation (iii) The result of (1) minus (2): |

Schedule SB, Part V — Summary of Plan Provisions

- (1) The product of Benefit Accrual Service and 1.75% of Final Average Compensation
- (2) The product of Benefit Accrual Service projected to age 65 (maximum 33-1/3 years) and 1.5% of the reduced Primary Insurance Amount, multiplied by the ratio of Benefit Accrual Service to Benefit Accrual Service projected to age 65.

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

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

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

- (i) Accrued benefit through December 31, 1998, plus 1.75% (2.00% for Benefit Accrual Service in excess of 35 years) of the first \$23,400 in base pay plus 2.00% of base pay in excess of \$23,400 for all compensation received after December 31, 1998
- (ii) The product of Benefit Accrual Service and 1.3333% of Final Average Compensation
- (iii) The product of Benefit Accrual Service and \$312.

General Dynamics Hourly employees: The monthly benefit is equal to the product of Benefit Accrual Service and:

- (i) \$120 for NAPI and Fort Defiance participants
 - (ii) \$216 for Camden participants.
-

Schedule SB, Part V — Summary of Plan Provisions

Early retirement	
• Eligibility	Age 55 and 5 years of vesting service.
• Benefit	<p>Contributing participants: Actuarial equivalent of Normal Retirement benefit unless eligible for unreduced benefit under Rule of 75 (sum of attained age and continuous service is at least 75).</p> <p>Noncontributing participants: Accrued benefit reduced based on Actuarial Equivalence or 6% per year prior to Social Security Normal Retirement Age, whichever produces a greater amount. Unreduced early retirement available three years prior to Social Security Normal Retirement Age with ten years of continuous service.</p> <p>General Dynamics salaried employees: If eligible for unreduced final average pay benefit (10 years of continuous service), accrued benefit reduced 2.5% per year prior to age 62. If eligible for unreduced career average pay benefit (satisfaction of required points based on sum of attained age and continuous service), accrued benefit reduced by the lesser of 2.5% per year prior to Normal Retirement and 2.5% times excess of required over actual points. Otherwise, Actuarial Equivalent of Normal Retirement benefit.</p>
Late retirement	
• Benefit	Normal Retirement Benefit determined as of actual retirement date.
Deferred vested	
• Eligibility	Termination for reasons other than death or retirement after completing five years of vesting service.
• Benefit	Benefit accrued to date of termination payable at age 65 or the Actuarial Equivalent, as described in the "Early Retirement" section above, payable for commencement after age 55 and prior to age 65 (prior to SSNRA for Noncontributing participants).
Pre-retirement death	
• Eligibility	5 years of vesting service.
• Benefit	Benefit accrued to date of death, calculated as if the participant had retired at the earliest retirement age and elected the 50% contingent annuitant option or, if already eligible for early retirement, elected to retire and had elected the 100% contingent annuitant option on the day before death. The benefit is actuarially reduced with benefit payments to the spouse commencing on the date when the participant would have become eligible for retirement benefits.

Schedule SB, Part V — Summary of Plan Provisions

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

Definitions	
• Former Singer Employee	An employee with the Singer Company on August 22, 1988 and subsequently hired by Hughes on or before July 1, 1990.
• Participation	Age 21 after completing 1 year of service. Former Singer Employees are eligible on the later of March 31, 1989 or the date of employment with Hughes. As of December 1, 1995, no new employees will be eligible to participate in the Plan.
• Vesting service	Service measured on an elapsed time basis from date of hire with Hughes. For Former Singer employees, all periods of service with the Singer Company, including periods during which required contributions were not made to the Singer Plan and including the period prior to the May 1, 1986 Allen acquisition date.
• Credited service	100% of the service with the Singer Company credited to the employee through August 31, 1988 during the time the employee made required contributions to the Singer Plan. Service measured on an elapsed time basis from the later of September 1, 1988 or date of hire with Hughes.
• Pensionable earnings	Regular or base salary or wages (excluding overtime or bonus), including 401(k) salary deferrals. There is a \$200,000 limit, indexed each year beginning in 2002 (\$265,000 for 2016), on compensation used for benefit accrual purposes.
Estimated Singer Accrued Benefit	The estimated accrued benefit, whether or not fully vested, determined as of August 22, 1988 using the provisions of the Singer Plan payable at age 65 under the normal form of payment.
Account Balance	The notional value assigned to a participant's account based on the participant's initial account balance, pay-based credits (3% of Compensation before age 40 and 4% of Compensation after age 40) and increases based upon the Periodic Adjustment Percentage or Minimum Adjustment Percentage (a factor equal to 1/12th of the applicable annual rate of interest set forth in the plan document). As of November 30, 1995 (Training Systems employees) or June 30, 1996 (other employees), no additional pay credits will be made to a participant's account, and interest adjustments will be based solely on the Minimum Adjustment Percentage.
Periodic Adjustment Percentage	The three-year average of the yield on one-year treasury constant maturities for October through December, as published in the Wall Street Journal, subject to plan maximums.

Schedule SB, Part V — Summary of Plan Provisions

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

Schedule SB, Part V — Summary of Plan Provisions

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

Effective date and plan year	Original plan: December 17, 1997 Restated plan: January 31, 2011 Plan year: January 1
Status of the plan	The plan has ongoing benefit accruals but is closed to new entrants
Significant events that occurred during the year	None
Normal retirement	
• Eligibility	First of the month coinciding with or next following the attainment of age 65.
• Benefit	1.0% of Compensation during each period of Benefit Accrual Service.
Early retirement	
• Eligibility	Age 55 and 5 years of Vesting Service.
• Benefit	Actuarial equivalent of the Normal Retirement Benefit. Actuarial equivalence for this purpose is based on the interest rate used by the PBGC for valuing immediate annuities for the October 1st preceding the plan year including the annuity start date and the 1971 Group Annuity Mortality Table blended 80% males, 20% females.
Late retirement	
• Benefit	Normal Retirement Benefit determined as of actual retirement date.
Deferred vested	
• Eligibility	Termination for reasons other than death or retirement after completing 5 years of Vesting Service.
• Benefit	Benefit accrued to date of termination payable at age 65 or the actuarial equivalent, as described in the "Early Retirement" section above, payable for commencement after age 55 and prior to age 65.
Pre-retirement death	
• Eligibility	5 years of Vesting Service.
• Benefit	Benefit accrued to date of death, calculated as if the Participant had retired at the earliest retirement age and elected the 50% contingent annuitant option or, if already eligible for early retirement, elected to retire and had elected the 100% contingent annuitant option on the day before death. The benefit is actuarially reduced with benefit payments to the spouse commencing on the date when the Participant would have become eligible for retirement benefits.

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

Effective date and plan year	February 28, 1997. Amended and restated as of April 30, 2007. Plan year: January 1		
Status of the plan	The plan has ongoing benefit accruals but it is closed to new entrants		
Significant events	Effective July 1, 2014 the Plan was merged into the Raytheon Nonbargaining Plan		
Definitions			
• Account balance	The actuarial equivalent of the participant's accrued benefit on April 1, 1992, plus pay and interest credits.		
	Pay, credits are made monthly based on the following table:		
			Percent of compensation in Excess of the Social Security Wage Base
	Credited Service	Percent of compensation	
	0-4	3.5%	3.5%
	5-9	4.5%	4.5%
	10-14	5.5%	5.5%
	15-19	6.5%	5.5%
	20-24	7.5%	5.5%
	25+	8.5%	5.5%
	Interest is credited monthly on the account balance based on the average rate for one year Treasury Bills constant maturities for the 12 months ending September 30.		
• Accrued Benefit	Account balance divided by an appropriate factor as described in plan document: 225.0 for increasing life annuity, or an age 65 immediate annuity factor determined using applicable mortality and interest under Code section 417(e) for fixed life annuity.		
• Actuarial equivalent	Based on 417(e) applicable interest and mortality. For purposes of determining the actuarial equivalent of the minimum or grandfathered benefits, the actuarial equivalent is determined using the grandfathered early retirement factor (see below) multiplied by an immediate annuity factor. For the minimum benefit, this cannot be less than the deferred annuity factor.		

Schedule SB, Part V — Summary of Plan Provisions

- Grandfathered early retirement factor

Rule of 85: For Participants at least age 55 at termination and the sum of age plus credited service is at least 85, an amount computed as for normal retirement, reduced by the factor derived from the following for the straight life annuity for commencement before age 60:

$$1 - .036 * (60 - \text{Participant's Age})$$

Age 55 with 10 years of credited service: For Participants at least age 55 at termination with 10 years of credited service, an amount computed as for normal retirement, reduced by the factor derived from the following for the straight life annuity:

$$1 - .036 * (65 - \text{Participant's Age})$$

Other early commencement: An amount computed as of normal retirement, multiplied by the factor derived from the following table for the straight life annuity:

Age at Benefit Commencement	Factor
55	36.53%
56	40.05%
57	43.98%
58	48.38%
59	53.31%
60	58.86%
61	65.13%
62	72.22%
63	80.28%
64	89.48%
65	100%

- | | |
|--------------------|--|
| • Compensation | Total wages for federal income tax reporting, excluding expense reimbursement and fringe benefits. |
| • Credited service | The elapsed time of employment with the Company. |

Schedule SB, Part V — Summary of Plan Provisions

Normal retirement	
• Eligibility	Age 65 with one year of credited service.
• Benefit	<p>The greater of (1) or (2) below.</p> <p>(1) The accrued benefit available from the participant's account balance</p> <p>(2) Actuarial equivalent of minimum monthly benefit equal to \$39 times years of service of credited service.</p> <p>Participants whose age plus service totaled 50 or more on April 1, 1992 are guaranteed to receive at least the actuarial equivalent of their prior plan benefit.</p>
Early retirement	
• Eligibility	Age 55 with 5 years of credited service.
• Benefit	<p>An amount computed as for normal retirement, reduced by the factor derived from the following for the straight life annuity:</p> $1 - .009 * (65 - \text{Participant's Age})$
Deferred vested	
• Eligibility	5 years of vesting service.
• Benefit	An amount computed as for normal retirement, reduced by factors described in the plan document.
Disability	
• Eligibility	Termination on account of total and permanent disability.
• Benefit	An amount computed as for normal retirement, including contribution credits and interest while disabled.
• Commencement	Payable at normal retirement or recovery from disability if then eligible for benefits.
Pre-retirement Death Benefits	
• Eligibility	Completion of 5 years of service but not yet receiving retirement benefits.
• Benefit	100% of the value of the participant's account balance.
Unpredictable contingent event benefits	N/A
Form of benefits	
• Automatic form for unmarried participants	The equivalent increasing life annuity
• Automatic form for married participants	The equivalent increasing 50% Joint & Survivor Annuity

Schedule SB, Part V — Summary of Plan Provisions

• Optional forms	Benefits are optionally available in the following forms: <ul style="list-style-type: none"> • Life annuity • Increasing life annuity • Social Security level income option • 50% or 100% joint and survivor • Increasing 50% or 100% • Lump sum at 65 • Lump sum at 62 (retirees only) • Annuity with lump sum at 62 (retirees only)
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.

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:** Not applicable.
- **Plan amendments excluded:** None.
- **Late retirement increases:**

Active participants: 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.

Deferred vested participants: Current deferred vested participants over normal retirement age are valued with retroactive payments from age 65.
- **Internal Revenue Code limitations:** The limitations of Internal Revenue Code Section 415(b) and 401(a) (17) have been incorporated into our calculations.
- **IRC Section 416 rules for top-heavy plans:** We did not test whether this plan is top-heavy (when the present value of benefits for key employees equals or exceeds 60 percent of the present value for all participants). However, we expect that the plan is not top-heavy due to the large number of rank-and-file participants; therefore, the funding target and target normal cost do not reflect any liability for top-heavy benefit accruals.

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.

- **Unpredictable contingent event benefits:** The plan does not have any unpredictable contingent event benefits.

Plan Provision Changes Since Prior Valuation

- Maximum compensation and maximum benefits were updated from 2016 to 2017.

Schedule SB, line 24 — Change in Actuarial Assumptions**Actuarial Assumption Changes Since Prior Valuation*****Funding***

- Mortality and interest rates were updated from 2016 to 2017 in accordance with PPA.
- Expense load on the normal cost decreased from \$22,000,000 to \$15,800,000 to reflect our best estimate of the current plan year's expenses.
- The form of payment for contributing participants retiring in the 2018 and 2019 plan year was updated from 20% single life and 80% 5-year certain only to 10% single life and 90% 5-year certain only based on past experience of contributing participants.
- The PBGC interest basis for conversion to certain only form of payment was changed from 2.00% to 0.50% for 2017, 2.75% to 1.75% for 2018, and 2.75% to 2.25% for 2019. The assumption for 2020 and thereafter remained at 2.75%.
- Segmented interest rates changed from 3.25% for 5 years, 4.50% for the next 15 years and 5.25% thereafter to 1.39% for 5 years, 3.27% for the next 15 years and 4.18% thereafter for 2017; 3.00% for 5 years, 4.25% for the next 15 years and 5.00% for 2018; 4.25% for 5 years, 4.75% for the next 15 years and 5.25% for 2019; 5.25% for 5 years, 5.25% for the next 15 years and 5.25% thereafter for 2020 and beyond.
- Withdrawal rates were updated for non-contributory participants, due to the experience study completed in 2016.
- Retirement rates were updated due to the experience study completed in 2016.
- The assumptions for the benefit commencement ages were updated due to the 2016 experience study.
- The expected investment return assumption was updated from 8.00% to 7.50%.
- The assumption for participants with deferred benefits past normal retirement age changed from assuming that none of these participants over age 66 would be located, and therefore would not commence benefits, to assuming that 40% of these participants over age 65 will be located and will commence benefits.
- For active employees over age 65, the salary scale was changed from 0% to the same rate used for employees age 65.