

RAYTHEON CO/
Form 11-K
June 24, 2013
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 11-K
FOR ANNUAL REPORTS OF EMPLOYEE STOCK
REPURCHASE SAVINGS AND SIMILAR PLANS
PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

S ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2012.

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number 1-13699

RAYTHEON SAVINGS AND INVESTMENT PLAN

(Full title of the plan)

RAYTHEON COMPANY

(Name of issuer of the securities held pursuant to the plan)

870 WINTER STREET, WALTHAM, MASSACHUSETTS 02451

(Address of issuer's principal executive offices)

Table of Contents

Raytheon Savings and Investment Plan
Financial Statements and Supplemental Schedule
To Accompany 2011 Form 5500
Annual Report of Employee Benefit Plan
Under Employee Retirement Income Security Act of 1974
December 31, 2012 and 2011

Table of Contents

Raytheon Savings and Investment Plan

Table of Contents to Financial Statements and Supplemental Schedule

December 31, 2012 and 2011

	Page(s)
<u>Report of Independent Registered Public Accounting Firm</u>	<u>2</u>
Financial Statements	
<u>Statements of Net Assets Available for Benefits</u>	<u>3</u>
<u>Statement of Changes in Net Assets Available for Benefits</u>	<u>4</u>
<u>Notes to Financial Statements</u>	<u>5</u>
Supplemental Schedule*	
<u>Schedule H, Line 4i- Schedule of Assets (Held at End of Year)</u>	<u>17</u>
<u>Signatures</u>	<u>50</u>
<u>Exhibit Index</u>	<u>51</u>

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

Table of Contents

Report of Independent Registered Public Accounting Firm

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

In our opinion, the accompanying statements of net assets available for benefits and the related statement of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of the Raytheon Savings and Investment Plan (the "Plan") at December 31, 2012 and 2011, and the changes in net assets available for benefits for the year ended December 31, 2012 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ PricewaterhouseCoopers LLP
Boston, Massachusetts
June 24, 2013

Table of ContentsRaytheon Savings and Investment Plan
Statements of Net Assets Available for Benefits
December 31, 2012 and 2011

	2012	2011
Assets		
Investments		
At fair value (Notes 2, 3, and 4)		
Investment contracts	\$2,002,616,020	\$2,058,759,571
Registered investment companies	5,576,511,926	5,471,584,867
Common collective trusts	3,600,894,907	2,450,655,030
Raytheon Company common stock	1,028,235,551	1,048,648,885
Total investments	12,208,258,404	11,029,648,353
Receivables		
Receivables for securities sold	40,194,751	31,634,619
Notes receivable from participants	239,591,741	242,084,204
Accrued investment income and other receivables	28,685,589	29,738,745
Total receivables	308,472,081	303,457,568
Total assets	12,516,730,485	11,333,105,921
Liabilities		
Due to Trustee	28,435,894	—
Payable for securities purchased	16,391,352	40,411,410
Accrued investment expenses and other payables	4,471,457	3,855,472
Total liabilities	49,298,703	44,266,882
Net Assets available for benefits at fair value	12,467,431,782	11,288,839,039
Adjustment from fair value to contract value for interest in fully benefit-responsive investment contracts	(95,727,243)	(64,066,806)
Net assets available for benefits	\$12,371,704,539	\$11,224,772,233

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

Table of ContentsRaytheon Savings and Investment Plan
Statement of Changes in Net Assets Available for Benefits
Year Ended December 31, 2012

	2012
Additions to net assets attributable to:	
Net appreciation of investments (Notes 2, 3 and 4)	\$1,021,726,698
Interest and dividends	256,921,849
Interest income on notes receivable from participants (Note 2)	8,636,430
Contributions and deferrals	
Employee deferrals	609,408,574
Employer contributions	278,219,320
	887,627,894
Total additions	2,174,912,871
Deductions from net assets attributable to:	
Distributions to participants	1,035,292,887
Administrative expenses	3,114,277
Total deductions	1,038,407,164
Increase in net assets prior to plan mergers	1,136,505,707
Transfers in from affiliate benefit plans (Note 1)	10,426,599
Increase in net assets available for benefits	1,146,932,306
Net assets, beginning of year	11,224,772,233
Net assets, end of year	\$12,371,704,539

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

Table of Contents

Raytheon Savings and Investment Plan

Notes to Financial Statements

December 31, 2012 and 2011

1. Description of Plan

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

General

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

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

Raytheon Trusted Computer Solution, Inc is a wholly-owned subsidiary of Raytheon Company. The net assets of the Trusted Computer Solutions, Inc. 401(k) Plan, amounting to \$10,426,599, were merged into the Plan on May 25, 2012 and the employees became eligible to participate in the Plan on that date.

Contributions and Deferrals

Eligible employees may contribute to the Plan up to 50% of their compensation, as defined in the Plan document. The Code limits eligible compensation the Plan may take into account to \$250,000 for the 2012 plan year. Employee contributions, including rollovers, are invested based on participant investment elections. For 2012, the annual employee pretax elective deferral contributions for a participant cannot exceed \$17,000, except for catch-up contributions. Participants also may make after tax contributions, but total employee (pretax and after tax) contributions and employer contributions may not exceed \$50,000 for the 2012 plan year, except for catch-up contributions. A participant who is eligible to make elective pretax contributions and is at least age 50 by the end of 2012 may make pretax catch-up contributions up to \$5,500. Effective September 1, 2011, participants may also make after tax Roth 401(k) contributions, which are aggregated with pretax contributions for purposes of the limits on contributions.

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

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

Participants may invest contributions in increments of 1% in any combination of investment options available, subject to percentage limitations applicable to some funds. The investment options range from investments with an emphasis on preservation of capital to equity investments with an emphasis on capital gains. The underlying investments include investment contracts, registered investment companies, common collective trusts, Raytheon Company common stock, fixed income securities and other investments. In addition, in 2011 the Plan Sponsor added a new investment option to participants in the form of a self-directed brokerage account.

Table of Contents

Raytheon Savings and Investment Plan
Notes to Financial Statements
December 31, 2012 and 2011

Participant Accounts

Each participant account is credited with the participant's contributions, the Company's contributions and an allocation of Plan earnings (losses). Plan earnings (losses) are allocated based on account balances by investment option. Expenses payable by the Plan are charged to participant accounts or paid from the forfeiture account.

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

Vesting

With the exception of RISP participants and certain union groups, all employee and most employer contributions including ESOP contributions and earnings (losses) thereon are immediately 100% vested for each participant who performs an hour of service on or after January 1, 1999. Most RISP participants become 100% vested in the employer RISP contributions after three years of service. Forfeitures of the non-vested portions of terminated participants' accounts are available to reduce Company contributions and pay administrative expenses. At December 31, 2012 and 2011, unallocated Plan forfeitures were \$250,759 and \$603,608, respectively. During 2012, the total amount of forfeitures were \$2,361,416.

Notes Receivable from Participants

A participant may borrow a portion of the balance in the participant's account, other than the RISP account, subject to certain restrictions. The maximum amount of a loan is the lesser of one-half of the participant's vested account balance or \$50,000, minus the participant's highest outstanding loan balance over the previous 12 months. The minimum loan is \$500. Loans are secured by the balance in the participant's account and bear interest equal to the prime rate published in The Wall Street Journal on the last business day of the calendar quarter preceding the calendar quarter in which the loan is made. Loans must be repaid over a period of up to five years, except that if the loan is used to acquire the participant's principal residence, the repayment period may extend up to 15 years. Loan payments and interest payments are credited to the borrower's account in the investment options according to the participant's current investment election. As of December 31, 2012 and 2011, the interest rates on the outstanding loans ranged from 3.25% to 10.00%.

Payment of Benefits

A participant may make certain in-service withdrawals of at least \$250, including all or a portion of participant after tax contributions and related earnings at any time and all or a portion of participant contributions, employer contributions and related earnings upon attainment of age 59 1/2. For reasons of financial hardship, a participant may withdraw all or a portion of participant pretax contributions and related earnings subject to a reduction in the maximum participant pretax contribution rate for the next six months. Participants who have participated in the Plan for five years or more may take withdrawals of their company matching contributions. On termination of employment, a participant will receive a lump-sum distribution unless the vested account is valued in excess of \$1,000, and the participant elects to defer distribution. Otherwise, a terminated participant may defer the distribution until April 1 of the year following the year in which the participant reaches age 70 1/2.

Participants who have investments in the Raytheon Stock Fund which is primarily comprised of Raytheon Company common stock may elect to reinvest dividends within the Plan or, if vested, receive dividends in cash. Any dividends received in cash by participants will be subject to taxes in the year of receipt. Of the \$37,823,327 in dividends earned by the Plan, \$1,204,857 was received in cash by participants who elected the cash payment option.

2. Summary of Significant Accounting Policies

Basis of Accounting

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

Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts or wrap contracts because contract value is the amount participants would

Table of Contents

Raytheon Savings and Investment Plan
Notes to Financial Statements
December 31, 2012 and 2011

receive if they were to initiate permitted transactions under the terms of the Plan. The Plan invests in benefit-responsive investment contracts through the Fixed Income Fund. As required, the statements of net assets available for benefits presents the fair value of the fully benefit-responsive investment contracts in the Fixed Income Fund and the adjustment from fair value to contract value relating to the investment contracts. The statement of changes in net assets available for benefits is prepared on a contract value basis.

Certain reclassifications have been made to the presentation of prior year financial statements to conform to the current year presentation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from the estimates included in the financial statements.

Investment Valuation and Income Recognition

Plan investments are stated at fair value including the Plan's benefit-responsive investment contracts. See Note 4 for discussion of fair value measurements.

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

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

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

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. No allowance for credit losses have been recorded as of December 31, 2012 or 2011. Delinquent participant loans are reclassified as distributions based upon the terms of the plan document.

Payment of Benefits

Benefits are recorded when paid.

Administrative Expenses

Expenses of administering the Plan such as loan processing, legal fees and other administrative fees are charged directly or indirectly to participant accounts. Those expenses of administering the Plan that are not charged to participant accounts are paid by the forfeiture account or by the Company. Expenses paid by the Company are excluded from these financial statements.

Subsequent Events

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

Raytheon Applied Signal Technology, Inc. is a wholly-owned subsidiary of the Plan Sponsor. The net assets of Applied Signal Technology Base 401(k) Plan, amounting to approximately \$135,000,000, were merged into the Plan on January 16, 2013. Raytheon Applied Signal Technology, Inc.'s employees became eligible to participate in the Plan on that date.

Raytheon Telemus, Inc. is a wholly-owned subsidiary of the Plan Sponsor. The net assets of the Raytheon Telemus, Inc.'s 401(k) and Profit Sharing Plan, amounting to approximately \$11,000,000, were merged into the Plan on April 3, 2013. Raytheon Telemus, Inc.'s employees became eligible to participate in the Plan on that date.

Table of Contents

Raytheon Savings and Investment Plan
 Notes to Financial Statements
 December 31, 2012 and 2011

Raytheon Technology Associates Inc. is a wholly-owned subsidiary of the Plan Sponsor. The net assets of Technology Associates' 401(k) Profit Sharing Plan and Trust, amounting to approximately \$22,000,000, were merged into the Plan on June 11, 2013. Raytheon Technology Associates, Inc.'s employees became eligible to participate in the Plan on that date.

Accounting Standards

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

3. Investments

The following presents investments that represent 5% or more of the Plan's net assets:

	2012	2011
Northern Trust Collective S&P 500 Index Fund - DC - Non-Lending	\$1,571,114,408	\$1,169,143,471
Hartford Capital Appreciation HLS IA	1,490,988,672	1,605,631,538
Janus Balanced N Fund ^(a)	1,243,948,230	—
Fidelity Institutional Money Market Fund - Money Market Portfolio	1,074,219,160	1,243,780,114
Raytheon Common Stock	1,028,235,551	1,048,648,885
Northern Trust ACWI ex-US Fund - DC Non-Lending ^(a)	803,966,425	—
Pimco Total Return Institutional Fund	708,894,078	575,686,571
Janus Balanced I Fund ^(b)	—	1,247,686,825

^(a) Investment did not represent more than 5% of the Plan's net assets in 2011.

^(b) Investment did not represent more than 5% of the Plan's net assets in 2012.

During the year ended December 31, 2012 the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value as follows:

Registered investment companies	\$415,618,813
Common collective trusts	426,054,144
Raytheon Company common stock	180,053,741
	\$1,021,726,698

4. Fair Value Measurements

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

Table of Contents

Raytheon Savings and Investment Plan

Notes to Financial Statements

December 31, 2012 and 2011

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

Following is a description of valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2012 and 2011.

A Synthetic Guaranteed Investment Contract ("GIC") represents individual assets, usually a portfolio of high quality fixed income securities placed in a trust, with ownership by the Plan. Individual assets of the synthetic investment contract are valued at fair value. The Plan purchases third party issued benefit-responsive wrapper contracts that guarantees that participant transactions are executed at contract value subject to certain provisions. The fair value of the wrap contracts for the GIC is determined using a discounted cash flow model which considers recent rebids as determined by recognized dealers, discount rate and the duration of the underlying portfolio.

Investments in registered investment companies and common collective trusts are valued at the closing net asset value reported on the last business day of the year. Investments in securities (common stocks) traded on a national securities exchange are valued at the exchange traded close. Investments in fixed income securities (U.S. government, domestic and foreign bonds) and convertible securities 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. Future contracts are valued at the last settlement price at the end of each day on the exchange upon which they are traded.

The Plan invests in common collective trusts ("CCT") which are valued at the net asset value ("NAV") of the CCT. The NAV, as provided by Fidelity Management Trust Company ("FMTC"), the Trustee, is used as an estimate of fair value. The NAV is based on the fair value of the underlying investments held by the CCT less its liabilities. The NAV is not used when it is determined to be probable that the Plan will sell the investment for an amount different than the reported NAV. Participant transactions (purchases and sales) may occur daily. Were the Plan to initiate a full redemption of the CCT, the investment adviser reserves the right to temporarily delay withdrawal from the trust in order to ensure that securities liquidations will be carried out in an orderly business manner.

The following tables set forth the investment assets of the Plan that were measured at fair value on a recurring basis by level within the fair value hierarchy. We classify assets measured at fair value in their entirety based on the lowest level of input that is significant to their fair value measurement.

Table of Contents

Raytheon Savings and Investment Plan
Notes to Financial Statements
December 31, 2012 and 2011

	Fair Value of Investment Assets as of 12/31/2012			Total
	Level 1	Level 2	Level 3	
Investment contracts				
Fixed income				
US government and agencies	\$709,431,956	\$132,916,172	\$—	\$842,348,128
Corporate debt	—	578,160,803	—	578,160,803
Mortgage backed securities	—	434,444,095	—	434,444,095
Asset backed securities	—	107,116,914	—	107,116,914
Common collective trust	—	19,417,182	—	19,417,182
Other fixed income investments	—	19,149,783	—	19,149,783
Futures contracts	49,766	—	—	49,766
Wrap contracts	—	—	1,929,349	1,929,349
Total investment contracts	709,481,722	1,291,204,949	1,929,349	2,002,616,020
Registered investment companies				
Target date mutual funds	7,882,815	—	—	7,882,815
Fixed income based mutual funds	914,564,403	—	—	914,564,403
Equity based mutual funds	3,460,961,609	—	—	3,460,961,609
Money market funds	1,193,103,099	—	—	1,193,103,099
Total registered investment companies	5,576,511,926	—	—	5,576,511,926
Common collective trusts				
Fixed income based funds	—	493,715,515	—	493,715,515
Equity based funds	—	3,107,179,392	—	3,107,179,392
Total common collective trusts	—	3,600,894,907	—	3,600,894,907
Raytheon Company common stock	1,028,235,551	—	—	1,028,235,551
Total Investments	\$7,314,229,199	\$4,892,099,856	\$1,929,349	\$12,208,258,404

Table of Contents

Raytheon Savings and Investment Plan

Notes to Financial Statements

December 31, 2012 and 2011

	Fair Value of Investment Assets as of 12/31/2011			Total
	Level 1	Level 2	Level 3	
Investment contracts				
Fixed income				
US government and agencies	\$737,135,933	\$127,736,843	\$—	\$864,872,776
Corporate debt	—	580,278,628	—	580,278,628
Mortgage backed securities	—	463,479,847	—	463,479,847
Asset backed securities	—	102,996,699	—	102,996,699
Common collective trust	—	33,658,069	—	33,658,069
Other fixed income investments	—	10,009,931	—	10,009,931
Futures contracts	88,281	—	—	88,281
Wrap contracts	—	—	3,375,340	3,375,340
Total investment contracts	737,224,214	1,318,160,017	3,375,340	2,058,759,571
Registered investment companies				
Target date mutual funds	4,932,325	—	—	4,932,325
Fixed income based mutual funds	728,090,670	—	—	728,090,670
Equity based mutual funds	3,365,591,250	—	—	3,365,591,250
Money market funds	1,372,970,622	—	—	1,372,970,622
Total registered investment companies	5,471,584,867	—	—	5,471,584,867
Common collective trusts				
Fixed income based funds	—	229,947,688	—	229,947,688
Equity based funds	—	2,220,707,342	—	2,220,707,342
Total common collective trusts	—	2,450,655,030	—	2,450,655,030
Raytheon Company common stock	1,048,648,885	—	—	1,048,648,885
Total Investments	\$7,257,457,966	\$3,768,815,047	\$3,375,340	\$11,029,648,353

Level 3 Gains and Losses

The tables below summarize changes in the fair value of the Plan's Level 3 investment assets. The depreciation of the fair value of the wrap contracts is not included on the Statement of Changes in Net Assets Available for Benefits, nor does it affect participant balances or transactions, as the investment contracts are transacted at and carried at contract value on the Statement of Net Assets Available for Benefits.

	Level 3 Investment Assets - 12/31/2012					Transfers in (out) of level 3	Balance, end of year
	Balance, beginning of year	Realized gains (losses)	Unrealized appreciation (depreciation)	Purchases	Sales		
Investment contracts							
Wrap contracts	\$3,375,340	\$—	\$(1,445,991)	\$—	\$—	\$—	\$1,929,349
Total	\$3,375,340	\$—	\$(1,445,991)	\$—	\$—	\$—	\$1,929,349

Unrealized depreciation of \$1,445,991 relates to investment assets held by the Plan at December 31, 2012.

Table of Contents

Raytheon Savings and Investment Plan
 Notes to Financial Statements
 December 31, 2012 and 2011

	Level 3 Investment Assets - 12/31/2011					Transfers in (out) of level 3	Balance, end of year
	Balance, beginning of year	Realized gains (losses)	Unrealized appreciation (depreciation)	Purchases	Sales		
Investment contracts							
Wrap contracts	\$3,668,395	\$—	\$(293,055)) \$—	\$—	\$—	\$3,375,340
Investment in the DB/DC Master Trust	158,774	(248,991)) 249,035		(158,818)	—	—
Total	\$3,827,169	\$(248,991)	\$(44,020)) \$—	\$(158,818)	\$—	\$3,375,340

Unrealized depreciation of \$293,055 relates to investment assets held by the Plan at December 31, 2011.

5. Investment Contracts

For the plan year ended December 31, 2012 and 2011, the Plan included the Fixed Income Fund, which holds four Synthetic GICs issued by American General Life Insurance Company (formerly AIG Financial Products, Inc.), JP Morgan Chase Bank, Prudential Insurance Company of America and State Street Bank and Trust Company (collectively the “Wrap contract providers”).

A Synthetic GIC, also known as a wrap contract, is an investment contract issued by an insurance company or other financial institution comprised of a portfolio of high quality fixed income securities placed in a trust with ownership by the Plan. Synthetic GICs are designed to decrease volatility by providing the Fixed Income Fund with the ability to execute certain participant transactions at contract value. Under the Synthetic GIC, there is no immediate recognition of gains and losses on the Fixed Income Fund's investments. Instead gains and losses are recognized over time by periodically adjusting the interest rates credited to the Fixed Income Fund. This allows the Fixed Income Fund to credit a fixed interest rate for stated periods of time on investments that are subject to the Synthetic GIC. Individual assets of the Synthetic GICs are valued based on the policy discussed in Notes 2 and 4.

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

Synthetic GICs accrue interest using a formula called the “crediting rate.” Synthetic GICs use the crediting rate formula to convert market value changes in the covered assets into income distributions in order to minimize the difference between the market and contract value of the covered assets over time. Using the crediting rate formula, an estimated future market value is calculated by compounding the Fixed Income Fund's current market value at the Fixed Income Fund's current yield to maturity for a period equal to the Fixed Income Fund's duration. The crediting rate is the discount rate that equates estimated future market value with the Fixed Income Fund's current contract value. The crediting rate is most impacted by the change in the annual effective yield to maturity of the underlying securities, but is also affected by the differential between the contract value and the market value of the covered investments. The difference is amortized over the duration of the investments. The magnitude of the impact of the contract value and the market value differential to the crediting rate is affected by the length of time between the reset period and the duration of the investments. Crediting rates are reset monthly. The Synthetic GICs provide a guarantee that the crediting rate will not fall below 0%. Events disqualifying an underlying investment from being wrapped include but

are not limited to bankruptcy of the security issuer or the default or restricted liquidity of the security issuer.

The crediting rate, and hence the Fixed Income Fund's return, may be affected by many factors, including purchases and redemptions by participants. The precise impact on the Fixed Income Fund depends on whether the market value of the covered assets is higher or lower than the contract value of those assets. If the Fixed Income Fund experiences significant redemptions when the market value is below the contract value, the Fixed Income Fund's yield may be reduced significantly, to a level that is

Table of Contents

Raytheon Savings and Investment Plan

Notes to Financial Statements

December 31, 2012 and 2011

not competitive with other investment options. This may result in additional redemptions, which would tend to lower the crediting rate further. If redemptions continued, the Fixed Income Fund's yield could be reduced to zero. If redemptions continued thereafter, the Fixed Income Fund might have insufficient assets to meet redemption requests, at which point the Fixed Income Fund would require payments from the Wrap contract providers to pay further participant redemptions.

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

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

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

Synthetic GICs generally impose conditions on both the Plan and the Wrap contract provider. If an event of default occurs and is not cured, the non-defaulting party may terminate the contract. The following may cause the Plan to be in default: a breach of material obligation under the contract; a material misrepresentation; or a material amendment to the Plan agreement. The issuer may be in default if it breaches a material obligation under the investment contract; makes a material misrepresentation; has a decline in its long term credit rating below a threshold set forth in the contract; is acquired or reorganized and the successor issuer does not satisfy the investment or credit guidelines applicable to issuers. The issuing institutions' ability to meet their contractual obligations under the respective contracts may be affected by future economic and regulatory developments in the insurance and banking industries. If, in the event of default of an issuer, the Plan was unable to obtain a replacement investment contract, withdrawing

plans may experience losses if the value of the Plan's assets no longer covered by the contract is below contract value. The Plan may seek to add additional issuers over time to diversify the Plan's exposure to such risk, but there is no assurance that the Plan will be able to do so. The combination of the default of an issuer and an inability to obtain a replacement agreement could render the Plan unable to achieve its objective of maintaining a stable contract value. The terms of an investment contract generally provide for settlement of payments only upon termination of the contract or total liquidation of the covered investments. Generally, payments will be made pro-rata, based on the percentage of investments covered by each issuer. Contract termination occurs whenever the contract value or market value of the covered investments reaches zero or upon certain events of default. If the contract terminates due to issuer default (other than a default occurring because of a decline in its rating), the issuer will generally be required to pay to the Plan the excess, if any, of contract value over market

Table of Contents

Raytheon Savings and Investment Plan

Notes to Financial Statements

December 31, 2012 and 2011

value on the date of termination. If a Synthetic GIC terminates due to a decline in the ratings of the issuer, the issuer may be required to pay to the Plan the cost of acquiring a replacement contract (i.e. replacement cost) within the meaning of the contract. If the contract terminates when the market value equals zero, the issuer will pay the excess of contract value over market value to the Plan to the extent necessary for the Plan to satisfy participant initiated withdrawal requests. Contract termination also may occur by either party upon election and notice.

The issuer may elect to terminate the contract for no reason by giving certain notice to the Trustee. If, at any time, prior to dates agreed to in each contract for the receipt of such notice, the Trustee objects to such election, the Trustee shall be deemed to have made an immunization election and the immunization provisions of the contract apply. The immunization provision results in the wrapped portion of the Plan being managed according to more conservative immunization investment guidelines provided for in the contract and the contract can terminate in segments over a period of time. In the event a wrap issuer sought to terminate its contract or immunize its portion of the portfolio, the fund can seek to replace that Wrap contract provider with another financial institution.

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

The fair value of the Fixed Income Fund's Synthetic GICs exceeded the contract value by \$95,727,243 and \$64,066,806, at December 31, 2012 and December 31, 2011 respectively. The crediting rates are adjusted monthly to reflect the experience and anticipated yields to be earned on such investments, based on their book value. The average yield and crediting interest rates were as follows:

	December 31, 2012	December 31, 2011
Average annual yield	2.60%	2.45%
Crediting interest rate	2.50%	2.63%

6. Future Contracts

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

As described in Note 5, the Synthetic GICs represent individual assets placed in a trust, with ownership by the Plan. As of December 31, 2012 and 2011, the Synthetic GICs contained future contracts. The Plan uses fixed income future contracts to manage exposure to the market. Buying future contracts tends to increase the Plan's exposure to the underlying instrument. Selling futures tends to decrease the Plan's exposure to the underlying instrument held, or hedge the fair value of other fund investments.

Upon entering into a future contract, the Plan 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") with the broker. The Plan does not employ leverage in its use of futures, thus cash balances are maintained at a level at least equal to the contract value of the futures. Pursuant to the future contract, the Plan agrees to receive from, or pay to, the broker an amount of cash equal to the daily fluctuation in the value of the future contract. Such receipts or payments are known as "variation margin" which are settled daily and are included in net appreciation (depreciation) of investments. In addition, the Plan pledges collateral, generally U.S. government bonds, for open fixed income future positions.

Future contracts involve, to varying degrees, credit and market risks. The Fund enters into future contracts on exchanges where the exchange acts as the counterparty to the transaction. Thus, credit risk on such transactions is limited to the failure of the exchange. The daily settlement on the future contracts serves to greatly reduce credit risk.

Losses in value may arise from changes in the value of the underlying instrument or if there is an illiquid secondary market for the contracts. In addition, there is the risk that there may not be an exact correlation between a future contract and the underlying index or security.

Table of Contents

Raytheon Savings and Investment Plan
 Notes to Financial Statements
 December 31, 2012 and 2011

A summary of open fixed income futures is presented below as of December 31, 2012 and 2011.

	Long Contracts 2012		Short Contracts 2012	
	Number of Contracts	Aggregate Face Value	Number of Contracts	Aggregate Face Value
US 2 Year Treasury Note	51	\$ 11,243,906	—	\$—
US 5 Year Treasury Note	231	28,739,648	—	—
US 10 Year Treasury Note	28	3,717,875	—	—
US Ultra Bond (CBT)	—	—	7	1,138,156
US Long Bond (CBT)	—	—	48	7,080,000
	310	\$43,701,429	55	\$8,218,156

	Long Contracts 2011		Short Contracts 2011	
	Number of Contracts	Aggregate Face Value	Number of Contracts	Aggregate Face Value
US 2 Year Treasury Note	144	\$31,758,750	—	\$—
US 5 Year Treasury Note	548	67,545,281	—	—
US 10 Year Treasury Note	19	2,491,375	—	—
US Ultra Bond (CBT)	—	—	20	3,203,750
US Long Bond (CBT)	—	—	36	5,213,250
	711	\$101,795,406	56	\$8,417,000

The average number of futures contracts held during the years ended December 31, 2012 and December 31, 2011 was 462 and 478 contracts, respectively based on a quarterly average.

7. Related Party Transactions

The Trustee of the Plan is FMTC. Certain Plan investments are shares of registered investment companies managed by affiliates of the Trustee and therefore, these transactions in addition to participant loans qualify as party-in-interest transactions. The Plan also pays fees to the Trustee. These transactions qualify as party-in-interest transactions as well. In addition, The Bank of New York Mellon, successor by operation of law to Mellon Trust of New England, N.A. (the "Custodian") served as custodian for certain assets of the Plan during 2011. Certain Plan investments are issued by the Custodian and therefore, these transactions qualify as party-in-interest transactions. In addition, the Plan paid certain fees to the Custodian.

In accordance with the provisions of the Plan, the Trustee acts as the Plan's agent for purchases and sales of shares of Raytheon Company common stock. Purchases amounted to \$32,133,889 and sales amounted to \$214,410,142 for the year ended December 31, 2012. Dividend income from shares of Raytheon Company common stock amounted to \$36,618,470 for the year ended December 31, 2012.

8. Plan Termination

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

participant shall be entitled to receive all amounts then in his or her account.

9. Federal Income Tax Status

15

Table of Contents

Raytheon Savings and Investment Plan
Notes to Financial Statements
December 31, 2012 and 2011

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

The Plan follows the provisions of uncertain tax positions that provide criteria for the recognition, measurement, presentations and disclosure of uncertain tax positions. The Plan may from time to time hold investments that give rise to certain tax liabilities. Based upon management's assessment, the Plan has not recognized any tax liabilities at December 31, 2012 and 2011, respectively. The Plan is subject to examinations by taxing jurisdictions. On March 28, 2011, the IRS began an examination of the Plan for the Plan year ended December 31, 2009.

10. Risks and Uncertainties

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

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

Table of Contents

Raytheon Savings and Investment Plan

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

Identity of Issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par, or maturity value	Shares/Units/ Principal	Current Value
Investment Contracts			
3M Co Mtn	1% 6/26/17	\$100,000	\$100,333
Abbvie Inc	1.75% 11/06/17 144A	3,318,000	3,352,849
Abbvie Inc	2% 11/6/18 144A	2,680,000	2,713,446
Abnav	3% 01/14 SNR	1,680,000	1,712,175
ACE INA Holding	5.875% 6/15/14	400,000	429,562
Aetna Inc	6.5% 9/15/18	1,850,000	2,299,234
Aetna Inc	4.125% 6/01/21	250,000	277,435
Aetna Inc	1.5% 11/15/17	1,533,000	1,535,536
Agrium Inc	3.15% 10/01/22	250,000	248,125
AIG Intl Grp	4.875% 6/01/22	600,000	684,237
AIG Intl Mtn	8.25% 8/15/18	830,000	1,090,115
Air Prods & Chm	4.15% 2/1/13	150,000	150,445
Allied Wrld As	7.5% 8/01/16	1,350,000	1,594,642
Allstate Lf Mtn	5.375% 4/30/13	275,000	279,554
Ally	2012-5 A2 0.45% 7/15	713,000	712,914
Ally	2012-3 A2 0.7% 2/15/14	580,000	581,001
Ally	2011-1 A3 1.45% 1/15	309,966	310,965
Ally	2011-2 A3 1.18% 4/15	318,366	319,433
Ally	2011-5 A3 .99% 11/15	1,000,000	1,005,373
Ally	2012-1 A2 0.71% 9/14	338,628	339,119
Ally	2012-2 A3 0.74% 4/16	827,000	830,511
Ally	2012-4 A3 0.59% 1/17	636,000	636,984
Ally	2012-SN1 A3 .57% 8/20/15	590,000	590,259
Altria Group	4.125% 9/11/15	650,000	705,487
Altria Group Inc	8.5% 11/13	565,000	601,987
Altria Group Inc	9.7% 11/10/18	1,350,000	1,889,183
Altria Group Inc	9.25% 8/6/19	1,138,000	1,581,953
Amer Honda	2.5% 9/21/15 144A	640,000	667,346
Amer Honda Mtn	1.85% 9/14 144A	1,000,000	1,017,101
Amer Intl Grp Glb	5.6% 10/18/16	300,000	342,494
American Ex Cc	2.75% 9/15/15	962,000	1,008,465
American Ex Mtn	2.8% 9/19/16	507,000	536,277
American Exp	.875% 11/13/15	430,000	429,648
American Exp Mtn	5.875% 5/13	525,000	534,482
American Honda	1.5% 9/17 144A	430,000	429,726
American Intl	4.25% 5/15/13	500,000	506,073
American Intl	5.85% 1/16/18	500,000	590,889

Table of Contents

Raytheon Savings and Investment Plan

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

Identity of Issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par, or maturity value	Shares/Units/ Principal	Current Value
American Intl Grp	3.8% 3/22/17	323,000	349,484
American Water Glb	6/10/1985	150,000	179,221
Amex	2.65% 12/02/22 144A	2,012,000	2,001,560
Amgen Inc	4.1% 6/15/21	2,255,000	2,495,667
Amxca	2012-2 A .68% 3/18	2,120,000	2,127,122
Amxca	2012-5 A 0.59% 5/18	2,150,000	2,150,159
Anadarko Pete	6.95% 6/15/19	995,000	1,257,498
Anadarko Petro	6.375% 9/15/17	500,000	597,049
Anglo Ameri	9.375% 4/8/14 144A	545,000	599,129
Anheuser Busch	1.375% 7/15/17	450,000	454,579
Anheuser Busch	2.5% 7/15/22	870,000	874,412
Anheuser-Busch Mtn	4.375% 2/21	2,525,000	2,935,209
Aon Corp	3.125% 5/27/16	1,800,000	1,894,504
Apache Corp	1.75% 4/15/17	123,000	126,262
Aristotle Hldg	2.75% 11/14 144	1,885,000	1,944,557
Astrazeneca Plc Glb	5.4% 6/1/14	220,000	235,094
AT&T Broadband	8.375% 3/15/13	146,000	148,302
AT&T Inc	5.8% 2/15/19	300,000	367,838
AT&T Inc	2.95% 5/15/16	1,000,000	1,058,449
AT&T Inc	3.875% 8/15/21	2,935,000	3,267,697
AT&T Inc	1.6% 2/15/17	1,110,000	1,122,676
AT&T Inc	1.4% 12/01/17	3,590,000	3,589,314
Atmos Energy	6.35% 6/15/17	200,000	241,853
Australia & Nz	1.875% 10/06/17	430,000	438,230
Autozone Inc	3.7% 4/15/22	590,000	619,601
Axis Specialty	5.875% 6/1/20	2,150,000	2,438,691
BAAT	2012-1 A3 0.78% 6/16	1,910,000	1,918,880
BACCT	2007-A3 A3 1ML+2 11/16	1,300,000	1,299,333
BACCT	2006-A7 A7 1ML+4 12/16	1,885,000	1,884,431
BACCT	2007-A6 A6 1ML+6 9/16	3,745,000	3,745,060
BACM	2005-2 A5 CSTR 7/43	2,240,000	2,430,662
Bank Amer	4.9% 5/01/13	415,000	420,663
Bank Amer	5.65% 5/01/18	4,525,000	5,262,611
Bank Amer	4.5% 4/1/15	2,210,000	2,355,544
Bank Amer Fdg	3.7% 9/1/15	2,745,000	2,901,627
Bank Amer Fdg C	3.875% 3/22/17	1,740,000	1,886,475
Bank Amer Mtn	6.5% 8/1/16	1,590,000	1,835,590
Bank America Crp	1.5% 10/09/15	450,000	452,264
Bank America Med	3/3/625	980,000	1,038,153
Bank Montreal Mtn	2.5% 1/11/17	450,000	471,562

Table of Contents

Raytheon Savings and Investment Plan

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

Identity of Issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par, or maturity value	Shares/Units/ Principal	Current Value
Bank Nova Scotia	3.4% 1/22/15	2,720,000	2,867,636
Bank Nova Scotia	1.85% 1/12/15	1,235,000	1,264,738
Bank Nova Scotia	2.55% 1/12/17	150,000	157,788
Bank Nova Scotia	.75% 10/9/15	2,105,000	2,093,298
Bank Of America	6% 9/01/17	905,000	1,059,417
Bank Of America	3.75% 7/12/16	1,395,000	1,490,758
Bank Of America Cor	5.7% 1/22	640,000	768,848
Bank Of Nova Sc	2.05% 10/07/15	2,500,000	2,583,490
Bank Of NY	4.3% 5/15/14	510,000	535,994
Bank Of NY	5.45% 5/15/19	480,000	573,137
Bank Of NY	2.3% 7/28/16	610,000	637,430
Bank Of NY Mtn	2.4% 1/17/17	589,000	616,851
Bank Tokyo	2.6% 1/22/13 144A	870,000	870,787
Bankamer Glb	5.125% 11/15/14	250,000	266,611
Barclays Bank	2.375% 1/13/14	1,500,000	1,525,320
Barclays Bank Mtn	5.2% 7/10/14	215,000	228,764
Barclays Glb Mtn	5% 9/22/16	5,500,000	6,163,190
Barrick Gold	2.9% 5/30/16	2,000,000	2,097,856
Bat Intl Fin	2.125% 6/7/17 144	2,100,000	2,151,059
Baxter Intl	4% 3/1/14	115,000	119,447
Baxter Intl Glbl	4/3/625	100,000	108,292
BB&T Corporation	6.85% 4/19	50,000	63,622
BB&T Sr Mtn B	3.375% 9/25/13	400,000	408,318
Bear	7.25% 2/01/18	1,350,000	1,691,014
Bear Stearns Co	5.3% 10/30/15	675,000	747,971
Becton Dickinso	1.75% 11/8/16	1,170,000	1,204,197
Bellsouth Corp	5.2% 9/15/14	150,000	161,117
Berk Hath Inc	2.2% 8/15/16	133,000	138,732
Berkley Wr Corp	5.375% 9/15/20	1,300,000	1,452,978
Berkley Wr Corpmtn	7.375% 9/19	700,000	855,553
Berkshire Hath Glb	5 8/15/13	70,000	71,992
Berkshire Hathaway	4.6 5/15/13	350,000	355,427
Bk Nova Scotia	1.375% 12/18/17	1,070,000	1,071,072
Bk Of Amer Glb	5.625 10/16 MTN	250,000	282,598
Blackrock Inc	3.5% 12/10/14	1,725,000	1,821,798
BMWLT	2011-1 A3 1.06% 2/14	330,883	331,440
BMWLT	2012-1 A3 .75% 2/20/15	470,000	471,598
BMWOT	2011-A A3 .76% 8/15	4,060,000	4,073,629
Boit	2003-A4 A4 1ML+25 1/16	1,000,000	1,000,900
Boit	2003-A8 A8 1ML+25 5/16	400,000	400,604

Table of Contents

Raytheon Savings and Investment Plan

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

Identity of Issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par, or maturity value	Shares/Units/ Principal	Current Value
Boit	2004-A3 A3 1ML+17 2/17	2,500,000	2,504,440
BP Cap Markets	5.25% 11/07/13	200,000	208,121
BP Cap Markets	3.125% 10/1/15	1,500,000	1,592,196
BP Cap Markt Plc Mtn	4.5% 10/20	750,000	863,543
BP Cap Mkts	3.561% 11/01/2021	665,000	717,828
BP Capital Markets	2.248% 11/16	440,000	457,634
BP Capital Mkts	1.375% 11/6/17	450,000	450,229
Branch Bank Mtn	4.875% 1/15/13	150,000	150,224
Brit Colomb Prov	2.1% 5/18/16	1,170,000	1,229,114
British Colomb Pro	1.2% 4/25/17	2,540,000	2,584,742
British Telecom	5.15% 1/15/13	935,000	936,289
BSCMS	05-T18 A4 4.933% 2/42	650,000	702,005
BSCMS	05-PWR8 A4 4.674% 6/41	460,000	498,560
BSCMS	2004-PWR4 A3 CSTR 6/41	212,999	223,900
BSCMS	06-PW11 AAB CSTR 3/39	238,256	248,285
BSCMS	2007-PW15 AAB 5.315% 2/44	941,188	975,516
BSCMS	2007-PW16 AAB CSTR 6/40	2,719,579	2,919,213
Bunge Ltd Glb	5/5/875	125,000	127,217
Burlington North San	4.1% 6/21	2,000,000	2,228,500
Cameron Intl Crp	4.5% 6/01/21	1,490,000	1,665,594
Canada Govt	.875% 2/14/17	2,585,000	2,605,098
Canada Natural	1.45% 11/14/14	450,000	456,397
Canadian Imp Bk	.9% 10/01/15	357,000	358,509
Capital One Fin	6.25% 11/15/13	325,000	340,700
Capital One Fin	6.75% 9/15/17	100,000	122,088
Capital One Fin	2.15% 3/23/15	1,070,000	1,092,121
Capital One Fin Co	1% 11/06/15	430,000	428,512
Capital One USA Mtn	8.8% 7/19	2,050,000	2,773,857
Carmx	2012-1 A3 0.89% 9/16	1,200,000	1,207,834
Carmx	2012-3 A3 0.52% 7/17	330,000	329,875
Carolina P & L	5/9/125	160,000	165,313
Caterp Fin Serv	5.5 3/15/16	75,000	86,104
Caterpillar Inc	2.6% 6/26/22	1,470,000	1,480,859
Caterpilr Fin Mtn	4.9% 8/15/13	370,000	380,227
CBS Corp	8.875% 5/15/19	900,000	1,213,010
CBS Corp New	3.375% 3/01/22	805,000	836,120
CCCIT	2003-A10 A10 4.75% 12/15	1,010,000	1,051,375
CCCIT	04-A8 A8 4.9% 12/16	5,700,000	6,182,325
CCCIT	2008-A5 A5 4.85% 4/15	1,030,000	1,044,616
CCCIT	2008-A6 A6 1ML+120 5/17	1,500,000	1,537,278

Table of Contents

Raytheon Savings and Investment Plan

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

Identity of Issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par, or maturity value	Shares/Units/ Principal	Current Value
CCCIT	2009-A4 A4 4.9% 6/16	420,000	447,603
CCCIT	2012-A1 A1 0.55% 10/17	1,190,000	1,189,013
CD	2005-CD1 A4 CSTR 7/44	2,123,000	2,355,984
CD	06-CD2 A4 CSTR 1/46	2,000,000	2,239,810
CDP Finl Inc	3% 11/25/14 144A	1,740,000	1,818,507
Celgene Corp	1.9% 8/15/17	720,000	732,666
Cenovus Energy Inc	3% 8/15/22	920,000	938,521
Centerpoint Ener	6.125% 11/1/17	50,000	60,022
Centurytel Inc	5% 2/15/15	1,000,000	1,062,837
CFGNR	2011-150 D 3% 4/37	279,114	286,469
CGCMT	2006-C5 A4 5.431% 10/49	370,000	424,511
CHAIT	2008-A6 A6 1ML+120 5/15	1,350,000	1,355,920
CHAIT	2012-A3 A3 0% 6/17	2,150,000	2,163,890
CHAIT	2012-A5 A5 .59% 8/17	2,170,000	2,172,222
CHAIT	2012-A8 A8 0.54% 10/17	3,500,000	3,495,625
Chevron Corp Ne	1.104% 12/5/17	3,017,000	3,036,921
Cigna	4% 2/15/22	1,670,000	1,823,647
Cigna Mtn	5.125% 6/15/20	1,350,000	1,539,262
Cisco Systems	5.5% 2/22/16	80,000	91,423
Citigroup	5.125% 5/5/14	295,000	310,770
Citigroup	5% 9/15/14	1,890,000	1,988,446
Citigroup	5.5% 4/11/13	800,000	808,242
Citigroup	6.375% 8/12/14	35,000	37,823
Citigroup	4.75% 5/19/15	1,810,000	1,951,113
Citigroup	3.953% 6/15/16	1,635,000	1,759,394
Citigroup Frn	3ML+28 11/05/14	700,000	694,751
Citigroup Frn	8/13/2013	1,300,000	1,312,484
Citigroup Inc	6.5% 08/13 SNR	3,500,000	3,621,090
Citigroup Inc	4.5% 1/14/22	755,000	841,472
Citigroup Inc	4.45% 1/10/17	2,465,000	2,729,916
Citigroup Inc	2.65% 3/02/15	450,000	463,365
Citigroup Inc	2.25% 8/07/15	500,000	512,025
Citigroup Inc Glb	4.7% 5/29/15	100,000	107,702
Citigroup Inc Mtn	8.5% 5/22/19	2,500,000	3,359,145
Cleveland Elec	7.88% 11/01/17	80,000	100,392
Cme Group Inc	5.75% 2/14	75,000	79,204
Commonwlth Bk	3.5% 3/19/15 144A	500,000	528,574
Coca-Coal Ent	1.125% 11/12/13	698,000	701,126
Coca-Cola Co	1.8% 9/01/16 WI	1,735,000	1,791,486
COELT	05-B A2 @LIBUS3+10 12/21	869,724	868,452

Table of Contents

Raytheon Savings and Investment Plan

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

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Colgate-Palm Mtn	1.375% 11/15	1,500,000	1,532,373
Comcast Corp	5.3% 1/15/14	100,000	104,918
Comcast Corp	5.9% 3/15/16	2,100,000	2,412,188
Comcast Corp Glb	5.875% 2/15/18	1,972,000	2,375,501
Comerica Inc	3% 9/16/15	74,000	78,131
Comet	2008-A3 A3 5.05% 2/16	1,900,000	1,926,292
Comm	2012-LC4 A1 1.156% 12/44	646,206	652,148
Comm	2012-CR5 A1 0.673% 12/45	320,000	320,000
Comm	2012-CR1 A1 1.116% 5/45	161,771	163,253
Comm	2012-CR1 A2 2.35% 5/45	360,000	378,763
Comm	2004-LB2A A4 4.715 3/39	1,509,776	1,562,709
Comm	2006-C8 A4 0% 12/46	2,290,000	2,630,903
Comm	2006-C7 A4 CSTR 6/46	2,755,000	3,128,586
Commonwealth Edi	3.4% 9/01/21	1,615,000	1,741,895
Commonwealth NY	1.95% 3/16/15	1,750,000	1,795,747
Conocophillips	4.75% 2/1/14	53,000	55,400
Costco Whl New	.65% 12/07/15	226,000	226,105
Coventry Health	5.95% 3/15/17	1,000,000	1,162,100
Coventry Hlth	5.45% 6/15/21	300,000	356,221
Cr Bard Inc	1.375% 1/15/18	1,205,000	1,210,894
Credit Suis Fb Usa	5/8/125	125,000	138,716
Credit Suisse Fb	4.875% 1/15/15	200,000	215,543
CSFB	2003-C4 A4 5.137% 8/36	350,702	354,859
CSFB	2005-C5 A4 5.1% 8/38	3,250,000	3,572,290
CSFB	05-C5 AM CSTR 8/38	1,200,000	1,317,575
CSFB	05-C6 A4 5.23% 12/40	2,689,637	2,962,524
CSMC	2007-C2 A2 CSTR 1/49	142,339	143,539
CSMC	2006-C1 A4 CSTR 2/39	1,600,000	1,805,142
Daimler Fin	1.875% 9/15/14144A	2,885,000	2,932,285
Daimler Fin Llc	2.3% 1/15 144A	1,270,000	1,300,466
Daimler Fin Nor	1.3% 7/15 144A	430,000	432,463
Daimler Fina Na	1.65% 4/15 144	1,690,000	1,710,615
DBUBS	2011-LC3A A1 2.238% 8/44	101,011	103,610
DCENT	2008-A4 A4 5.65 12/15	150,000	153,642
DCENT	2010-A1 A1 1ML+65 9/15	2,000,000	2,002,178
DCENT	2012-A1 A1 0.81% 8/17	2,744,000	2,764,802
DCENT	2012-A3 A 0.86% 11/15/17	1,720,000	1,731,265
DCENT	2012-A5 A5 1ML+20 1/18	2,900,000	2,902,069
DCP Midstream	9.75% 3/15/19 144	1,475,000	1,949,826
Deutsche Tel	2.25% 3/6/17 144A	1,545,000	1,583,872

Table of Contents

Raytheon Savings and Investment Plan

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

Identity of Issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par, or maturity value	Shares/Units/ Principal	Current Value
Deutsche Tel Glb	5.25% 7/22/13	390,000	399,974
Deutsche Tel Mtn	4.875% 7/8/14	350,000	370,321
Devon Energy Co	3.25% 5/15/22	1,000,000	1,042,539
Diageo Cptl Glb	5.2% 1/30/13	1,289,000	1,293,741
Directv Hld Globl	4.75% 10/1/14	1,300,000	1,388,036
Directv Hldgs	3.5% 3/01/16	1,700,000	1,800,557
Directv Hldgs	3.8% 3/15/22	1,090,000	1,123,285
Directv Holdgs LLC	3.125% 2/16	1,400,000	1,465,775
Disney (Walt) Mtn	1.1% 12/1/17	381,000	381,654
Dominion Resour	2.25% 9/1/15	425,000	440,347
Dow Chemical	3% 11/15/22	1,425,000	1,420,139
Dr Pepper Snapp	2.9% 1/15/16	685,000	721,599
Duke Cap Corp	6.25% 2/15/13	1,000,000	1,006,344
Duke Cap Corp	5.5% 3/01/14	380,000	399,727
Duke Energy Car	5.75% 11/15/13	395,000	412,661
Duke Energy Car	1.75% 12/15/16	705,000	722,554
Duke Energy Cor	2.15% 11/15/16	75,000	77,119
Duke Energy Cor	1.625% 8/15/17	855,000	856,930
Dupont Ei Glbl	4/4/875	95,000	100,363
Dupont Mtn	4.125% 3/06/13	100,000	100,668
Ebay Inc	1.35% 7/15/17	390,000	394,403
Ecolab Inc	4.35% 12/8/21	770,000	858,559
Encana Hldgs	5.8% 5/1/14	430,000	457,085
Entergy La Llc	1.875% 12/15/14	603,000	616,095
Enterprise Produ	1.25% 8/13/15	330,000	332,001
Eog Resources In	6/10/125	75,000	78,119
Erac USA Fin Mtn	2.25% 1/14 144A	1,750,000	1,767,831
Erac USA Llc	3.3% 10/22 144A	745,000	753,396
Erp Operat Lp	4.625% 12/15/21	82,000	92,272
Export Dev Can Glb	3.5% 5/16/13	1,000,000	1,012,128
Export Dev Canada	1.5% 5/15/14	290,000	294,846
Fed Realty Tr	5.4% 12/01/13	220,000	229,023
FHLB	1.875% 6/21/13	8,635,000	8,705,712
FHLG	6.50% 5/33 #N50075	106,167	118,834
FHLG	15YR 5.00% 1/20 #M30030	48,081	51,047
FHLG	15YR 5.00% 11/17 #M30281	95,683	101,585
FHLG	15YR 6.00% 1/18 #M50041	50,005	52,371
FHLG	6.00% 8/26 #G00587	74,423	81,415
FHLG	8.50% 7/28 #G00981	199,728	238,219
FHLG	5.50% 3/34 #G01665	302,629	330,930

Table of Contents

Raytheon Savings and Investment Plan

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

Identity of Issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par, or maturity value	Shares/Units/ Principal	Current Value
FHLG	15YR 5.0% 4/20 #G11682	1,169,579	1,266,478
FHLG	15YR 5.50% 2/20 #G11728	3,268,148	3,515,047
FHLG	15YR 6.50% 4/18 #G11452	133,062	143,390
FHLG	15YR 4.50% 1/19 #G11565	133,220	141,786
FHLG	10.00% 10/30 #G20027	633,328	735,966
FHLG	15YR 5.00% 5/18 #P10034	250,822	260,792
FHLG	15YR 6.50% 7/14 #P60031	182,288	186,739
FHLG	15YR 7.00% 12/14 #P60089	5,653	5,873
FHLG	15YR 7.00% 3/16 #P60090	5,676	5,982
FHLG	6.50% 8/22 #O20119	162,168	181,369
FHLG	5.50% 5/27 #O20133	62,234	67,036
FHLG	20YR 5.50% 9/27 #G30345	154,687	166,929
FHLG	20YR 6.00% 9/27 #G30357	548,766	613,215
FHLG	20YR 5.50% 7/28 #G30564	1,362,092	1,469,889
FHLG	6.50% 5/22 #D95395	111,680	125,258
FHLG	6.00% 11/21 #D94929	106,963	118,396
FHLG	15YR 6.50% 4/16 #E83211	6,694	7,164
FHLG	15YR 6.00% 4/17 #E89007	187,550	202,161
FHLG	15YR 6.50% 6/17 #E90325	80,124	87,256
FHLG	15YR 6.00% 7/17 #E90474	164,518	178,175
FHLG	15YR 5.00% 12/17 #E93561	135,392	145,097
FHLG	15YR 4.00% 6/18 #E96973	209,160	221,538
FHLG	15YR 4.50% 8/18 #E98688	549,859	585,213
FHLG	15YR 4.50% 10/18 #E99833	551,667	587,137
FHLG	15YR 4.50% 9/18 #E99205	404,938	430,975
FHLG	15YR 5.00% 10/18 #E99955	78,755	84,407
FHLG	4.50% 6/23 #A45156	847,595	910,105
FHLG	6.00% 9/37 #G03282	767,909	835,161
FHLG	5.50% 12/37 #G03696	1,284,611	1,386,275
FHLG	6.00% 1/38 #G03781	1,622,059	1,763,103
FHLG	5.50% 12/37 #G03865	632,515	682,573
FHLG	5.50% 7/39 #G05546	1,162,933	1,254,968
FHLG	25YR 5.50% 7/35 #G05815	203,846	223,036
FHLG	15YR 5.00% 10/23 #G13276	781,198	837,927
FHLG	15YR 5.00% 12/18 #G13293	217,412	232,996
FHLG	15YR 6.00% 11/23 #G13368	280,492	313,367
FHLG	15YR 6.50% 7/21 #G12934	145,523	159,052
FHLG	15YR 5.00% 3/19 #G13052	752,653	807,416
FHLG	5.50% 1/24 #G13432	1,113,392	1,188,851
FHLG	15YR 5.50% 12/21 #G13481	664,178	711,683

Table of Contents

Raytheon Savings and Investment Plan

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

Identity of Issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par, or maturity value	Shares/Units/ Principal	Current Value
FHLG	15YR 4.00% 7/24 #G13596	553,953	588,813
FHLG	15YR 5.00% 4/20 #G13598	764,142	821,167
FHLG	15YR 6.00% 1/24 #G13647	1,121,882	1,254,151
FHLG	15YR 6.00% 1/24 #G13982	1,000,129	1,117,887
FHLG	15YR 5.50% 12/24 #G14015	6,425,321	6,872,834
FHLG	15YR 3.50% 1/26 #G14312	297,083	317,124
FHLG	15YR 4.00% 9/25 #G14376	440,979	468,729
FHLG	15YR 3.50% 4/27 #G14449	833,870	892,469
FHLG	15YR 3.50% 10/26 #G14450	3,592,825	3,821,727
FHLG	15YR 4.00% 6/24 #G18312	654,552	695,743
FHLG	6.50% 10/26 #C90995	378,831	418,963
FHLG	6.50% 8/26 #C90985	78,225	86,512
FHLG	15YR 6.00% 4/20 #J02203	109,250	120,180
FHLG	15YR 6.50% 1/20 #J02204	98,758	108,992
FHLG	15YR 4.50% 9/24 #J10826	793,552	854,494
FHLG	10YR 3.00% 8/21 #J16393	378,291	397,073
FHLG	10YR 3.00% 8/21 #J16442	369,228	387,559
FHLG	6.50% 9/37 #H09069	148,797	162,607
FHLG	4.00% 12/40 #C03565	255,398	272,348
FHLG	6.00% 8/28 #C13910	61,998	68,238
FHLG	4.00% 4/39 #A85531	323,812	345,302
FHLG	4.00% 1/41 #A96478	935,591	997,683
FHLG	15YR 6.00% 10/16 #E01054	93,240	99,900
FHLG	15YR 5.50% 3/17 #E01136	33,674	35,819
FHLG	15YR 5.00% 12/17 #E01280	87,345	93,606
FHLG	15YR 6.50% 10/17 #E01254	22,486	24,487
FHLG	15YR 5.50% 11/18 #E01497	239,697	256,469
FHLG	15YR 4.00% 9/25 #E02787	442,252	478,789
FHLG	15YR 4.00% 4/26 #E02867	234,453	252,943
FHLG	15YR 4.50% 11/18 #B10931	339,761	361,650
FHLG	15YR 5.50% 11/18 #B10916	410,938	439,391
FHLG	15YR 4.50% 10/18 #B12459	92,455	98,399
FHLG	15YR 4.50% 4/19 #B13051	84,610	90,266
FHLG	15YR 4.50% 6/19 #B14961	199,698	213,663
FHLG	5.50% 9/33 #A13845	129,837	142,060
FHLG	6.50% 4/34 #A21170	226,071	256,095
FHLG	15YR 2.50% 11/22 #J21160	9,962,674	10,409,582
FHLG	6.50% 9/23 #Z40030	5,482,965	6,116,057
FHLG	6.50% 5/24 #Z40034	6,034,892	6,738,584
FHLG	5.50% 5/34 #Z40042	2,163,871	2,372,313

Table of Contents

Raytheon Savings and Investment Plan

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

Identity of Issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par, or maturity value	Shares/Units/ Principal	Current Value
FHLG	6.50% 8/21 #C90473	622,959	694,131
FHLG	20YR 6.00% 2/22 #C90523	223,678	247,667
FHLG	20YR 6.00% 7/22 #C90562	180,223	200,392
FHLM ARM	2.98% 8/41 #1B8533	271,248	283,984
FHLM ARM	3.07% 9/41 #1B8608	161,414	169,229
FHLMC	5% 7/15/14	6,900,000	7,401,775
FHLMC	1.75% 9/10/15	1,630,000	1,688,777
FHLMC	0.75% 11/25/14	8,217,000	8,289,247
FHLMC	1.25% 08/01/19	4,800,000	4,798,390
FHLMC	1% 9/29/17	17,137,000	17,294,803
FHLMC	1.25% 10/02/19	1,065,000	1,060,177
FHLMC	.75% 1/12/18	3,580,000	3,550,542
FHR	192 I 9% 2/22	197,952	231,189
FHR	2344 ZJ 6.5 8/31	16,810	19,177
FHR	2420 MZ 6.5% 2/32	1,177,273	1,341,798
FHR	2399 OH 6.5 1/32	130,321	147,978
FHR	2425 OB 6 3/17	65,982	70,896
FHR	1584 L 6.5 9/23	192,476	215,944
FHR	1577 PK 6.5 9/23	77,752	86,902
FHR	June 5, 1617	153,040	171,979
FHR	1668 D 6.5 2/14	24,384	24,902
FHR	1837 Z 6.5 4/26	117,100	131,346
FHR	1835 D 6 4/26	133,844	149,275
FHR	2068 B 10% 11/22	29,481	34,092
FHR	2075 PH 6.5 8/28	107,896	123,324
FHR	2102 TC 6 12/13	38,834	39,540
FHR	2208 PG 7% 1/30	187,945	215,652
FHR	2262 Z 7.5% 10/30	85,461	100,350
FHR	2363 PF 6% 9/16	52,902	56,218
FHR	2356 GD 6% 9/16	41,678	44,580
FHR	2355 BP 6 9/16	56,378	60,200
FHR	3728 EA 3.5% 9/20	2,642,910	2,696,445
FHR	3763 QA 4% 4/34	403,025	433,127
FHR	3820 DA 4% 11/35	352,337	386,704
FHR	3943 EF 1ML+25 2/26	477,367	478,246
FHR	2012-4049 CA 3% 05/27	2,905,755	2,997,806
FHR	4046 LA 3% 11/2026	1,914,353	2,032,606
FHR	2474 NR 6.5 7/32	99,884	113,839
FHR	2484 LZ 6.5 7/32	181,289	206,816
FHR	2475 FB 1ML+100 2/32	768,553	784,668

Table of Contents

Raytheon Savings and Investment Plan

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

Identity of Issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par, or maturity value	Shares/Units/ Principal	Current Value
FHR	2481 FB 1ML+100 2/32	773,456	789,673
FHR	2527 TB 6% 11/32	47,328	53,686
FHR	2543 QT 5.5 4/22	8,443	8,481
FHR	2558 BD 5% 1/18	2,721,692	2,893,172
FHR	2590 BY 5% 3/18	3,275,133	3,484,763
FHR	2619 HR 3.5% 11/31	15,559	15,671
FHR	2628 QM 4.5% 11/31	2,830,096	2,883,185
FHR	2650 QN 4.5 1/33	172,231	182,251
FHR	2662 DG 5% 10/22	561,650	579,672
FHR	2672 NH 0 9/18	487,521	513,401
FHR	2708 DG 5.5% 7/32	8,941	9,017
FHR	2780 JG 4.5 4/19	31,843	32,606
FHR	2810 PD 6% 6/33	150,318	155,981
FHR	2836 PX 4% 5/18	528,257	539,111
FHR	2872 JG 4.5% 10/19	1,100,000	1,180,534
FHR	2866 XE 4% 12/18	1,033,295	1,065,497
FHR	2941 AJ 4.5 3/35	64,957	65,437
FHR	2971 KT 5.5% 5/33	1,469,876	1,509,513
FHR	3013 VJ 5% 1/14	174,426	178,140
FHR	3047 OB 5.5% 12/33	54,221	56,198
FHR	3086 PC 5.5% 5/32	834,379	852,474
FHR	3117 JF 1ML+30 2/36	333,116	333,847
FHR	3397 FC .8613% 12/37	5,235,107	5,283,485
FHR	3564 JA 4 1/18	458,427	480,160
FHR	3560 LA 2% 8/14	68,065	68,107
FHR	3573 LC 1.85% 8/14	236,337	237,625
FHR	3741 HD 3% 11/15/39	313,424	328,628
FHR	3636 KE 5% 12/36	326,051	334,588
FICO	5/11/2018	1,300,000	1,218,187
Fifth Third Ban Fiserv Inc Mtn	3.625% 1/25/16	1,150,000	1,228,402