

RAYTHEON CO/
Form 10-Q
April 28, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended April 3, 2016
TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission File Number 1-13699

RAYTHEON COMPANY
(Exact name of Registrant as Specified in its Charter)

Delaware	95-1778500
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
870 Winter Street, Waltham, Massachusetts 02451	
(Address of Principal Executive Offices) (Zip Code)	
(781) 522-3000	
(Registrant's telephone number, including area code)	

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Number of shares of common stock outstanding as of April 25, 2016 was 296,980,000.

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Cautionary Note Regarding Forward-Looking Statements

This Form 10-Q contains forward-looking statements within the meaning of federal securities laws, including information regarding our financial outlook, future plans, objectives, business prospects, trends and anticipated financial performance, including with respect to our liquidity and capital resources, our capital expenditures, the ability of certain affiliates to meet certain obligations, negotiations on a contract for which certain milestones have not been met, our bookings and backlog, our cash tax payments and tax reserves, our pension expense and funding, the impact of new accounting pronouncements, our unrecognized tax benefits, our expectations regarding customer contracts, the impact of acquisitions and other business arrangements, and the impact and outcome of audits and legal and administrative proceedings, claims, investigations, and commitments and contingencies. You can identify these statements by the fact that they include words such as “will,” “believe,” “anticipate,” “expect,” “estimate,” “intend,” “plan,” or variations of these words, or similar expressions. These forward-looking statements are not statements of historical facts and represent only our current expectations regarding such matters. These statements inherently involve a wide range of known and unknown uncertainties. Our actual actions and results could differ materially from what is expressed or implied by these statements. Specific factors that could cause such a difference include, but are not limited to, those set forth under Item 1A. “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2015 and other important factors disclosed previously and from time to time in our other filings with the Securities and Exchange Commission. Given these factors, as well as other variables that may affect our operating results, you should not rely on forward-looking statements, assume that past financial performance will be a reliable indicator of future performance, or use historical trends to anticipate results or trends in future periods. We expressly disclaim any obligation or intention to provide updates to the forward-looking statements and the estimates and assumptions associated with them.

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PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

RAYTHEON COMPANY

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(In millions, except per
share amounts)

Apr 3, 2016

Dec 31, 2015

Assets

Current assets

Cash and cash
equivalents

\$ 1,934

\$ 2,328

Short-term investments

711

872

Contracts in process, net

5,882

5,564

Inventories

637

635

Prepaid expenses and
other current assets

195

413

Total current assets

9,359

9,812

Property, plant and
equipment, net

2,018

2,005

Goodwill

14,791

14,731

Other assets, net

2,661

2,733

Total assets

\$ 28,829

\$ 29,281

Liabilities, Redeemable
Noncontrolling Interest
and Equity

Current liabilities

Advance payments and
billings in excess of
costs incurred

\$ 2,136

\$ 2,193

Accounts payable

1,304

1,402

Accrued employee
compensation

803

1,154

Other current liabilities

1,506

1,377

Total current liabilities

5,749

6,126

Accrued retiree benefits
and other long-term
liabilities

7,108

7,140

Long-term debt

5,332

5,330

Commitments and
contingencies (Note 9)

Redeemable

noncontrolling interest
(Note 7)

330

355

Equity

Raytheon Company
stockholders' equity

Common stock, par value, \$0.01 per share, 1,450 shares authorized, 297 and 299 shares outstanding at April 3, 2016 and December 31, 2015, respectively	3		3	
Additional paid-in capital	30		398	
Accumulated other comprehensive loss	(7,050)	(7,176)
Retained earnings	17,141		16,903	
Total Raytheon Company stockholders' equity	10,124		10,128	
Noncontrolling interests in subsidiaries	186		202	
Total equity	10,310		10,330	
Total liabilities, redeemable noncontrolling interest and equity	\$	28,829	\$	29,281

The accompanying notes are an integral part of the unaudited consolidated financial statements.

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RAYTHEON COMPANY

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three Months Ended	
(In millions, except per share amounts)	Apr 3, 2016	Mar 29, 2015
Net sales		
Products	\$4,789	\$4,387
Services	974	901
Total net sales	5,763	5,288
Operating expenses		
Cost of sales—products	3,598	3,096
Cost of sales—services	802	737
General and administrative expenses	751	615
Total operating expenses	5,151	4,448