

RAYTHEON CO/
Form 11-K
June 30, 2003
Table of Contents

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

x Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2002.

.. 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 SAVINGS AND INVESTMENT PLAN

(Full Title of the Plan)

RAYTHEON COMPANY

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

141 Spring Street, Lexington, Massachusetts
(Address of Principal Executive Offices)

02421
(Zip Code)

	<u>Page(s)</u>
<u>Report of PricewaterhouseCoopers LLP, Independent Auditors</u>	2
<u>Raytheon Savings and Investment Plan Statements of Net Assets Available for Plan Benefits as of December 31, 2002 and 2001.</u>	3
<u>Raytheon Savings and Investment Plan Statement of Changes in Net Assets Available for Plan Benefits for the year ended December 31, 2002.</u>	4
	5-12
Table of Contents	1

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Raytheon Savings and Investment Plan Notes to Financial Statements.

Schedule H, Line 4i. Schedule of Assets (Held at End of Year)*

13-73

Signature

Exhibit 23 - Consent of PricewaterhouseCoopers LLP, Independent Auditors

Exhibit 99.1 - Certification of Senior Vice President - Human Resources and Senior Vice President - Chief Financial Officer, Raytheon Company Furnished Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to section 906 of the Sarbanes-Oxley Act of 2002.

* 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 Auditors

To the Participants and Administrator of

The Raytheon Savings and Investment Plan:

In our opinion, the accompanying statements of net assets available for plan benefits and the related statement of changes in net assets available for plan benefits present fairly, in all material respects, the net assets available for plan benefits of the Raytheon Savings and Investment Plan (the Plan) at December 31, 2002 and December 31, 2001, and the changes in net assets available for plan benefits for the year ended December 31, 2002 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 auditing standards generally accepted in the United States of America, which 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 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 27, 2003

Table of Contents**Raytheon Savings and Investment Plan****Statements of Net Assets Available for Plan Benefits****December 31, 2002 and 2001**

	2002	2001
Assets:		
Investments:		
At contract value (Notes B and E)		
Investment contracts	\$ 1,733,507,744	\$ 1,571,341,887
At fair value (Note B)		
Registered investment companies	2,652,899,219	3,272,058,623
Common collective trusts	561,423,970	687,807,761
Raytheon Company common stock	1,327,470,960	1,371,843,158
Plan managed funds	96,816,357	142,733,881
Participant loans	207,431,716	224,819,938
	<u>6,579,549,966</u>	<u>7,270,605,248</u>
Receivables:		
Employer contributions	5,419,791	
Accrued investment income and other receivables	10,039,571	9,605,889
Cash and cash equivalents	<u>74,482,596</u>	<u>102,221,044</u>
Total assets	<u>6,669,491,924</u>	<u>7,382,432,181</u>
Liabilities:		
Accrued expenses and other payables	<u>3,135,914</u>	<u>1,777,222</u>
Total liabilities	<u>3,135,914</u>	<u>1,777,222</u>
Net assets available for plan benefits	<u>\$ 6,666,356,010</u>	<u>\$ 7,380,654,959</u>

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

Table of Contents**Raytheon Savings and Investment Plan****Statement of Changes in Net Assets Available for Plan Benefits****December 31, 2002 and 2001**

Additions to net assets attributable to:	
Investment loss (Notes B and E):	
Net depreciation of investments	\$ (922,266,500)
Interest and Dividends	183,884,020
	<u>(738,382,480)</u>
Contributions and deferrals:	
Employee deferrals	426,258,618
Employer contributions	217,463,819
	<u>643,722,437</u>
Total additions	<u>(94,660,043)</u>
Deductions from net assets attributable to:	
Distributions to participants	619,304,340
Administrative expenses	334,566
	<u>619,638,906</u>
Total deductions	<u>619,638,906</u>
Decrease in net assets	(714,298,949)
Net assets, beginning of year	<u>7,380,654,959</u>
Net assets, end of year	<u>\$ 6,666,356,010</u>

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

Table of Contents

Raytheon Savings and Investment Plan

Notes to Financial Statements

A. Description of Plan

General

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.

The Plan is a defined contribution plan covering the majority of employees of Raytheon Company (the Company). All employees are immediately eligible to enroll in the Plan on the first day of service, including employees from prior plans. The purpose of the Plan is to provide participants with a tax-effective means of meeting both short- and long-term investment objectives. The Plan is intended to be a qualified cash or deferred arrangement under the Internal Revenue Code (the Code). From January 1, 2000 until December 31, 2001, the entire Plan was an employee stock ownership plan (ESOP) that included a cash or deferred arrangement. Effective on and after January 1, 2002, the portion of the Plan that is invested in Raytheon Company stock is an ESOP that includes a cash or deferred arrangement, and the remaining portion of the Plan is a profit-sharing plan that includes a cash or deferred arrangement. The ESOP is intended to be an employee stock ownership arrangement in compliance with all of the related requirements for a qualified stock bonus plan as defined in the Code. 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 for Defined Contribution Plans (the Trust).

Contributions and Deferrals

Effective September 1, 2002, employees were allowed to defer up to 50% of their compensation on a pretax or post tax basis to the Plan. For 2002, the annual employee deferral for a participant cannot exceed \$11,000. Participants can make after-tax contributions in excess of \$11,000 for the plan year but total employee (deferrals and after-tax contributions) and employer contributions may not exceed \$40,000 in a plan year. A participant who is eligible to make elective deferrals and is age 50 or over at the end of the plan year may make catch-up contributions of \$1,000. The catch-up contributions will increase at a rate of \$1,000 per year through 2006. The Company contributes 100% of the first 4% of compensation that a participant contributes to the Plan each pay period. The matching Company contribution is invested in the Raytheon Common Stock Fund and must be held in that fund until the beginning of the fifth plan year following the plan year for which the contribution was made or January 1st of the year the employee turns age 55, if earlier. The Company also makes an ESOP contribution equal to one-half of one percent of the participant's compensation up to \$200,000. The ESOP portion of the Plan provides for investment, primarily in the Raytheon Company Common Stock Fund; however, as required by the Code, the Plan permits limited diversification among other investment options, after a participant attains age 55 and completes 10 years of plan participation (including participation in the prior ESOP plans).

Participants may invest their deferrals in increments of 1% in any combination of investment alternatives available. The investment objectives range from investments with an emphasis on preservation of capital to equity investments with an emphasis on capital gains. The underlying investments include cash and equivalents, investment contracts, registered investment companies, common collective trusts, plan managed funds and Raytheon Company common stock.

Table of Contents

Raytheon Savings and Investment Plan

Notes to Financial Statements

Participant Accounts

Each participant's account is credited with the participant's contributions, the Company's contributions and an allocation of plan earnings. Plan earnings are allocated based on account balances by investment option. Participant accounts are charged with plan expenses allocated evenly to participants based upon the number of participants.

Vesting

With the exception of certain union groups, effective January 1, 1999, all employee and employer contributions including ESOP contributions and earnings thereon are fully and immediately 100% vested for each participant who performs an hour of service on or after January 1, 1999.

Forfeitures of the nonvested portions of terminated participants' accounts are used to reduce contributions of the Company and pay plan expenses. During 2002, \$611,188 of forfeitures were used to pay plan expenses. At December 31, 2002 and 2001, unallocated plan forfeitures were \$6,019,111 and \$5,334,233, respectively. During 2002, the total amount of forfeitures from the Plan was \$558,329.

Distributions to Participants

A participant may withdraw all or a portion of deferrals, employer contributions and related earnings upon attainment of age 59 1/2. For reasons of financial hardship, as defined in the plan document, a participant may withdraw all or a portion of deferrals and related earnings, subject to a reduction in the maximum deferral rate for the next 6 months. On termination of employment, a participant will receive a lump-sum distribution unless the vested account is valued in excess of \$5,000, and the participant elects to defer distribution. A terminated participant may defer the distribution until April 1st of the year in which the participant reaches age 70 1/2.

Effective August 1, 2000, participants who have investments in the Raytheon Company Common Stock Fund may elect to reinvest dividends within the Plan or receive dividends in cash. Any dividends received in cash by participants will be subject to taxes in the year of receipt. In 2002, the Company's Board of Directors declared dividends of \$0.80 per share. Of the \$8,634,013 in dividends relating to the Plan, approximately \$1,969,501 was received in cash by participants who elected the cash payment option.

On March 11, 2002, Raytheon finalized the sale of its Aircraft Integration Systems (AIS) to L-3 Communications. Employees of AIS who were participants in the Plan were treated as terminated employees of the Company at the date of sale, and were therefore allowed to receive a lump-sum distribution or to defer payment of their vested account balance in accordance with the plan provisions. During the year ended December 31, 2002, \$96,362,810 was paid out of the Plan to AIS employees, and has been included in distributions to participants in the statement of changes in net assets available for plan benefits.

Loans to Participants

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A participant may borrow against a portion of the balance in the participant's account, subject to certain restrictions. The maximum amount of a loan is the lesser of one-half of the participant's account balance or \$50,000. The minimum loan, which may be granted, is \$500. The 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 first business day in each calendar quarter and such rate will apply to loans which are made at any time during each respective calendar quarter. Loans must be repaid over a period of up to five years by means of payroll deductions. In certain cases, the repayment period may be extended up to 15 years. Interest paid to the Plan on loans to participants is credited to the borrower's account in the investment fund to which repayments are made. Loans are valued at principal outstanding.

Table of Contents

Raytheon Savings and Investment Plan

Notes to Financial Statements

Administrative Expenses

Substantially all expenses of administering the Plan, such as legal and other administration fees are charged to participant accounts. To the extent not paid by the Plan, expenses are paid by the Company.

B. Summary of Significant Accounting Policies

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

Plan investments are stated at fair value except the Plan's benefit responsive investment contracts which are included in the financial statements at their contract value, defined as net employee contributions plus interest earned on the underlying investments at contracted rates. 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 last reported sales price on the last business day of the year. Cash equivalents are short-term money market instruments and are valued at cost, which approximates fair value.

Security transactions are recorded on the trade date. Payables for outstanding purchases represent trades which have occurred but have not yet settled and are included in accrued expenses and other payables on the statement of net assets available for plan benefits.

The Plan presents in the statement of changes in net assets available for plan benefits the net appreciation (depreciation) in the fair value of its investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments.

Dividend income is recorded on the ex-dividend date. Income from other investments is recorded as earned on an accrual basis. Investment income includes both dividends and interest income.

Distributions are recorded when paid.

The preparation of financial statements in conformity with generally accepted accounting principles, requires the plan administrator 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.

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The Plan provides for various investment options in any combination of stocks, fixed income securities, mutual funds and other investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect participants' account balances and the amounts reported in the statement of net assets available for plan benefits and the statement of changes in net assets available for plan benefits.

In the normal course of business, the Plan enters into agreements that contain a variety of representations and warranties which provide general indemnifications. The Plan's maximum exposure under these arrangements is unknown as this would involve future claims that may be

Table of Contents

Raytheon Savings and Investment Plan

Notes to Financial Statements

made against the Plan that have not yet occurred. However, based on experience, the Plan expects the risk of loss to be remote.

Table of Contents**Raytheon Savings and Investment Plan****Notes to Financial Statements****C. Investments**

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

	December 31,	
	2002	2001
Raytheon Common Stock fund**	\$ 1,339,138,584	\$ 1,371,843,158
Fidelity Equity Income fund	704,939,910	915,693,447
State Street Bank and Trust GIC	520,062,816	339,431,426
BT Pyramid Equity Index fund	498,063,829	657,496,448
Chase Manhattan Bank GIC	433,386,652	340,952,676
Westdeutsche Landesbank ACT GIC	433,386,345	340,953,729
Fidelity Magellan fund	411,083,917	549,753,503
UBS Warburg GIC	346,671,931	
Fidelity Balanced fund	329,531,029	377,111,839
Fidelity Blue Chip fund	323,505,654	440,260,794
Vanguard Primecap fund	232,938,354	334,976,479
Deutsche Bank AG GIC		550,004,055

** Amount is made up of both participant and non-participant directed amounts.

During the year ended December 31, 2002 the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) depreciated in value by \$922,266,500 as follows:

Registered investment companies	\$ 681,105,950
Common collective trusts	145,967,447
Raytheon Company common stock	58,445,319
Plan managed funds	36,747,784
	\$ 922,266,500

D. Nonparticipant-Directed Investments

Information about the net assets and the significant components of the changes in net assets relating to the nonparticipant-directed investments is as follows:

	December 31,	
	2002	2001
Net assets:		
Raytheon Company common stock	\$ 700,324,802	\$ 628,755,464
Cash and cash equivalents	7,101,647	5,260,257
	<u>707,426,449</u>	<u>\$ 634,015,721</u>

Table of Contents**Raytheon Savings and Investment Plan****Notes to Financial Statements**

	December 31, 2002
Changes in net assets:	
Contributions	\$ 187,851,729
Dividends	18,302,488
Net depreciation of investments	(47,428,563)
Distribution to participants	(59,002,979)
Administrative expenses	(196,713)
Net transfers to other investments	(26,115,234)
	<u>\$ 73,410,728</u>

E. Investment Contracts

Investments include collateralized fixed income investment contracts commonly referred to as Synthetic Guaranteed Investment Contracts and short-term investments, which are managed by investment management firms. The assets underlying the investment contracts are owned by the Plan and are maintained by the investment management firms. The accounts are credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The contracts are included in the financial statements at contract values as reported to the Plan by the contracting companies. Contract value represents contributions made under the contracts, plus earnings, less participant withdrawals and administrative expenses. The Plan utilizes a benefit responsive wrapper contract issued by third parties that provides market and cash flow risk protection to the Plan. The value of the wrapper is the difference between the fair value of the underlying assets and the contract value. At December 31, 2002, the value of the wrapper was (\$92,076,676.) Participants may direct the withdrawals or transfer of all or a portion of their investment at contract value with limited restrictions related to transferring funds into a competing fund investment option. Due to the high creditworthiness of the contract issuer, there is no valuation reserve to adjust contract amount.

The crediting interest rates are adjusted quarterly to reflect the experienced and anticipated yields to be earned on such investments, based on their book value. The average yield and crediting interest rates were as follows:

Table of Contents**Raytheon Savings and Investment Plan****Notes to Financial Statements**

	Average yield	Crediting interest rate
For the year ended December 31, 2002:		
Chase Manhattan Bank (429666)	5.83 %	5.43 %
State Street Bank and Trust (99054)	5.53 %	5.44 %
Westdeutsche Landesbank (WLB6173)	5.82 %	5.43 %
UBS Warburg (3088)	5.54 %	5.42 %
For the year ended December 31, 2001:		
Chase Manhattan Bank (429666)	6.29 %	6.00 %
Deutsche Bank AG (FID-RAY-1)	6.20 %	5.90 %
State Street Bank and Trust (99054)	6.30 %	6.00 %
Westdeutsche Landesbank (WLB6173)	6.14 %	6.00 %

Table of Contents

Raytheon Savings and Investment Plan

Notes to Financial Statements

F. Federal Income Tax Status

The Internal Revenue Service has determined and informed the Company by letter dated July 18, 1995 that the Plan and related trust are designed in accordance with applicable sections of the Code. The Plan and related Trust have been amended and restated since receiving the determination letter. However, the plan administrator and the Plan's legal counsel believe that the Plan is currently designed and being operated in compliance with applicable requirements of the Code.

G. 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 proportional 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.

H. Related Party Transactions

The Plan's trustee is Fidelity Management Trust Company (the Trustee). Certain plan investments are shares of mutual funds managed by the Trustee and therefore, these transactions in addition to participant loans qualify as party-in-interest transactions.

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 \$800,551,172 and sales amounted to \$784,660,322 for the year ended December 31, 2002.

Table of Contents**Raytheon Company Savings and Investment Plan****Schedule H, line 4i Schedule of Assets (Held at End of Year)**

Identity of Issuer	Description of Investment	Cost	Current Value
Fidelity	Fidelity STIF		\$ 53,111,961
AOL TIME WARNER INC	CORPORATE BOND AOL TIME WARNER 6.75% 4/15/11		415,964
AT&T CORP	CORPORATE BOND AT&T CORP 7.3% 11/15/11		1,912,761
AT&T CORP	CORPORATE BOND AT&T CORP 6.375% 3/15/04		512,500
AT&T WIRELESS SVCS INC	CORPORATE BOND AT&T WIRELESS 7.35% 3/01/06		412,000
AT&T WIRELESS SVCS INC	CORPORATE BOND AT&T WIRELESS 7.875% 3/01/11		804,000
ABBAY NATL PLC	CORPORATE BOND ABBAY NATL MTN 6.69 10/17/05DT		615,106
ALLEGHENY ENRGY	CORPORATE BOND ALLEGHENY ENRGY 8.25% 4/15/12		316,800
ALLIANCE CAPITAL MGMT LP	CORPORATE BOND ALLIANCE CAPTL 5.625% 8/15/06		615,817
ALLSTATE CORP	CORPORATE BOND ALLSTATE CORP 7.875% 5/01/05		553,341
AMERICAN GEN FIN CORP SR	CORPORATE BOND AGFC SR MTN 5.875% 7/14/06 F		1,076,455
AMERICAN GEN FIN CORP SR	CORPORATE BOND AGFC SR MTN 4.5% 11/15/07		1,029,540
AMVESCAP PLC	CORPORATE BOND AMVESCAP PLC 5.9% 1/15/07		419,024
ARDEN RLTY LTD PARTNERSHI	CORPORATE BOND ARDEN RLTY LTD 8.875% 3/01/05		973,613
ASSOCIATES CORP OF NO AME	CORPORATE BOND ASSOC-NA 7.75% 2/15/05		2,146,154
BRE PROPERTIES INC	CORPORATE BOND BRE PROPERTIES 5.95% 3/15/07		895,663
BANK OF BOSTON CORP (OLD)	CORPORATE BOND BANK OF BOSTON 6.625 12/01/05		448,846
BANK OF NEW YORK INC	CORPORATE BOND BONYINC 8.5% 12/15/04		279,700
BANK ONE CORP	CORPORATE BONDBANKONE GLBL 6.5% 2/01/06		2,209,246
BOSTON PROP	CORPORATE BOND BOSTON PROP 6.25% 1/15/13 144A		609,240
CIT GROUPT HLDNG	CORPORATE BOND CIT GROUP HLDNG 7.75% 4/02/12		567,193
CAMDEN PROPERTY TRUST	CORPORATE BONDCAMDEN PROPERTY 5.875 11/30/12		558,124
CHASE MAN CORP	CORPORATE BOND CHASE MAN CORP 7.25% 6/01/07		1,113,525
CITIGROUP	CORPORATE BOND CITIGROUP 5.625% 8/27/12		946,334
CITIZCOM	CORPORATE BOND CITIZCOM 8.5% 5/15/06		1,345,485
COASTAL CORP	CORPORATE BOND COASTAL CORP 9.625% 5/15/12		344,250
COASTAL CORP	CORPORATE BOND COASTAL CORP 6.2% 5/15/04		262,300
CONS NATURAL	CORPORATE BOND CONS NATURAL 7.375% 4/01/05		1,097,402

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CONS NATURAL	CORPORATE BOND CONS NATURAL 5.375% 11/01/06	560,256
CONSTELATION	CORPORATE BOND CONSTELATION EC 6.35% 4/01/07	672,993
CONSTELATION	CORPORATE BOND CONSTELATION EC 7% 4/01/12	352,087
CONSTELATION	CORPORATE BOND CONSTELATION EN 6.125% 9/01/09	81,806
CONTL CAB	CORPORATE BOND CONTL CAB 9% 9/01/08	399,053
CAF	CORPORATE BOND CAF GLBL 6.875% 3/15/12	1,472,929
CCR MTN	CORPORATE BOND CCR MTN 7.26% 5/10/04	1,064,603
CCR SER MTNE	CORPORATE BOND CCR SER MTNE 6.934999% 7/16/07	1,126,508
COX COMMUN INC	CORPORATE BOND COX COMMUN INC 7.75% 8/15/06	223,510
CREDIT SUISSE	CORPORATE BOND CREDIT SUISSE F 6.5% 1/15/12	235,127
DCX	CORPORATE BOND DCX 6.4 5/15/06	2,155,918
DELTA ETC	CORPORATE BOND DELTA ETC A-2 7.57% 11/18/10	129,866
DANBNK	CORPORATE BOND DANBNK 6.375 08-05 UT2 144A	1,050,323
DEUTSCHE TEL	CORPORATE BOND DEUTSCHE TEL GLB8.25 6/15/05DT	1,251,950
DEUTSCHE TEL	CORPORATE BOND DEUTSCHE TEL GLB 8% 6/15/10	777,420
DOMINION RESRCE	CORPORATE BOND DOMINION RESRCE 7.625% 7/15/05	246,829
DUKE CAP CORP	CORPORATE BOND DUKE CAP CORP 6.75% 2/15/32	144,765
EOP OPER	CORPORATE BOND EOP OPER 6.763% 6/15/07	270,828
EOP OPER	CORPORATE BOND EOP OPER 7.375% 11/15/03	520,254

Table of Contents

Identity of Issuer	Description of Investment	Cost	Current Value
EXELON GEN	CORPORATE BOND EXELON GEN GLBL 6.95% 6/15/11	\$	1,443,116
FPL GROUP	CORPORATE BOND FPL GROUP 6.125% 5/15/07		756,471
FALCONBRIDGE LTD	CORPORATE BOND FALCONBRIDGE LTD 7.35% 6/05/12		1,035,870
FIFTHTHIRD BANK	CORPORATE BOND FIFTHTHIRD BANK 6.75% 7/15/05		1,098,996
FIRST UN	CORPORATE BOND FIRST UN GBL 7.55% 8/18/05 DT		360,551
FIRSTENERGY	CORPORATE BOND FIRSTENERGY 5.5% 11/15/06		643,614
FIRSTENERGY	CORPORATE BOND FIRSTENERGY 6.45% 11/15/11		711,313
FLEET FINL	CORPORATE BOND FLEET FINL 7.125% 4/15/06		99,689
FLEET FINL	CORPORATE BOND FLEETBOSTON GLB 7.25 9/15/05DT		1,062,987
FORD MTR CR	CORPORATE BOND FORD MTR GLB 7.375% 10/28/09DT		743,147
FORD MTR CR	CORPORATE BOND FORD MTR CR GLB 7.5% 3/15/05DT		2,040,528
FORD MTR CR	CORPORATE BOND FORD MTR CR GLB 7.875% 6/15/10DT		503,132
FORD MTR CR	CORPORATE BOND FORDMTRCR GLBL 6.875% 2/01/06		450,788
FORD MTR CR	CORPORATE BOND FORD MTR CR GLB 6.5 1/25/07 DT		982,780
FRANCE TELECOM	CORPORATE BOND FRANCE TELECOM STEP 3/1/11		1,445,338
GEN ELEC	CORPORATE BOND GEN ELEC GLBL 6.125% 2/22/11 A		1,516,236
GECAPMTN	CORPORATE BOND GECAPMTN 6% 6/15/12		2,915,123
GMAC	CORPORATE BOND GMAC GLBL 7.5% 7/15/05 DT		121,105
GMAC	CORPORATE BOND GMAC 6.75% 1/15/06		1,998,749
GMAC	CORPORATE BOND GMAC 6.875% 9/15/11 GLBL		324,110
GOLDMAN SACHS	CORPORATE BOND GOLDMAN SACHS 7.625% 8/17/05		1,127,760
GOLDMAN SACHS	CORPORATE BOND GOLDMAN SACHS GLB 5.7% 9/01/12		626,820
GSCO	CORPORATE BOND GSCO 7.2% 11/01/06 144A		1,109,832
HSBC	CORPORATE BOND HSBC CAP 9.547/10 12/31/49 144		1,371,359
HEARST-ARGYLE	CORPORATE BOND HEARST-ARGYLE 7% 11/15/07		533,083
HEWLETT	CORPORATE BOND HEWLETT 5.5% 7/01/07		1,254,813
HOUSEHOLD	CORPORATE BOND HOUSEHOLD 6.5% 1/24/06		527,136
HOUSEHOLD	CORPORATE BOND HOUSEHOLD 6.375% 10/15/11		1,939,415
HOUSEHOLD	CORPORATE BOND HOUSEHOLD 7% 5/15/12		323,110
HOUSEHOLD	CORPORATE BOND HOUSEHOLD 6.375% 11/27/12		542,845
ING CAP	CORPORATE BOND ING CAP FDG 8.439/VRN PERP DTC		1,162,836
KINDER MORGAN	CORPORATE BOND KINDER MORGAN E 7.125% 3/15/12		790,500
KINDER MORGAN	CORPORATE BOND KINDER MORGAN 5.35% 8/15/07		1,046,406
LBW NY	CORPORATE BOND LBW NY 6.35% 4/01/12		444,361

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LEGG MASON INC	CORPORATE BOND LEGG MASON INC 6.75% 7/02/08	1,115,172
LEHMHLD	CORPORATE BOND LEHMHLD GLBL 6.25% 5/15/06 DT	798,136
LEHMAN BR MTN	CORPORATE BOND LEHMAN BR MTN 6.625% 1/18/12	830,123
MBNA CORP	CORPORATE BOND MBNA CORP 7.5% 3/15/12	763,310
MELLON BANK	CORPORATE BOND MELLON BANK NA 7.375% 5/15/07	924,214
MELLON FUNDING	CORPORATE BOND MELLON FUNDING 7.5% 6/15/05	1,066,452
MERRIL LNCH	CORPORATE BOND MERRIL LNCH B MTN 6.15 1/26/06	1,016,987
MERRIL LNCH	CORPORATE BOND MERRILL LYN CO MTN 4% 11/15/07	489,949
METLIFE INC	CORPORATE BOND METLIFE INC 5.375% 12/15/12	516,503
MDAMERIC	CORPORATE BOND MDAMERIC EN 4.625% 10/1/7 144A	346,873
MDAMERIC	CORPORATE BOND MDAMERIC EN 5.875 10/1/12 144A	380,149
MONONGAHELA PWR	CORPORATE BOND MONONGAHELA PWR 5% 10/01/06	362,085
MORGAN STANLEY	CORPORATE BOND MORGAN STAN GBL 7.75% 6/15/05	1,177,075
MORGAN STANLEY	CORPORATE BOND MORGAN STANLEY 6.1% 4/15/06	1,301,790
MSTDW	CORPORATE BOND MSTDW 5.8% 4/01/07	791,861
MOTOROLA INC	CORPORATE BOND MOTOROLA INC 8% 11/01/11	828,000
NATIONSBANK	CORPORATE BOND NATIONSBANK 6.875% 2/15/05	1,091,927
NEWCOURT CR GRP	CORPORATE BOND NEWCOURT CR GRP 6.875% 2/16/05	1,681,752

Table of Contents

Identity of Issuer	Description of Investment	Cost	Current Value
NEWS AMER	CORPORATE BOND NEWS AMER 6.625% 1/09/08	\$	1,071,783
NISOURCE FIN	CORPORATE BOND NISOURCE FIN 7.625% 11/15/05		522,229
NISOURCE FIN	CORPORATE BOND NISOURCE FIN 7.875% 11/15/10		576,989
NORFOLKS	CORPORATE BOND NORFOLKS 6% 4/30/08		109,541
NORWEST FIN	CORPORATE BOND NORWEST FIN 7.2% 4/01/04		2,550,746
NOVA SCOT	CORPORATE BOND NOVA SCOT GLBL 5.75 2/27/12 CN		2,195,616
ONTARIO PROV	CORPORATE BOND ONTARIO PROV GBL 7% 8/04/05		2,610,684
PNCFUND	CORPORATE BOND PNCFUND 5.75% 8/1/06		1,065,101
PPL ELEC UTILS	CORPORATE BOND PPL ELEC UTILS 5.875% 8/15/07		588,668
PPL ELEC UTILS	CORPORATE BOND PPL ELEC UTILS 6.25% 8/15/09		783,224
PEMEX PROJ	CORPORATE BOND PEMEX PROJ 7.875% 2/01/09 144A		537,500
PEMEX MTR	CORPORATE BOND PEMEX MTR 7.375% 12/15/14 144A		512,500
PENN PWR & LGHT	CORPORATE BOND PENN PWR & LGHT 6.5% 4/01/05		1,083,796
PETRONAS CAP	CORPORATE BOND PETRONAS CAP 7% 5/22/12 144A		384,781
POPULAR NA INC	CORPORATE BOND POPULAR NA INC 6.125% 10/15/06		854,815
POWERGEN US	CORPORATE BOND POWERGEN US FDG 4.5% 10/15/04		1,061,358
PRME PROPERTY	CORPORATE BOND PRME PROPERTY 6.25% 5/15/07		1,064,700
PRINCIPAL LIFE	CORPORATE BOND PRINCIPAL LIFE 6.25% 2/15/12		741,994
PROGRESS ENERGY	CORPORATE BOND PROGRESS ENERGY 6.75% 3/01/06		1,396,288
PUBLIC SVC ELEC	CORPORATE BOND PUBLIC SVC ELEC&G 6.875% 1/1/3		1,500,000
RELIANT ENERGY	CORPORATE BOND RELIANT ENERGY 8.125% 7/15/05		460,794
REYNOLDS	CORPORATE BOND REYNOLDS RJ TOB 6.5% 6/01/07		1,591,069
ROYAL BK	CORPORATE BOND ROYAL BK SC GLB 8.817PERP SER2		409,662
ROYAL BK	CORPORATE BOND ROYAL KPN NV YANK 8% 10/01/10		1,463,844
SLM CORP	CORPORATE BOND SLM CORP 5.375% 1/15/13		1,031,340
ST PAUL	CORPORATE BOND ST PAUL COS 8.125% 4/15/10		811,715
SALOMONSMITH	CORPORATE BOND SALOMONSMITH 5.875% 3/15/06 DT		1,080,580
SEMPRA ENERGY	CORPORATE BOND SEMPRA ENERGY 7.95% 3/01/10		324,977
SHAW COMM	CORPORATE BOND SHAW COMM 7.2% 12/15/11		864,687
SOUTHERN PWR	CORPORATE BOND SOUTHERN PWR CO 6.25% 7/15/12		977,286
SPRINT CAP	CORPORATE BOND SPRINT CAP CRP 6.125% 11/15/08		455,000
SPRINT CAP			472,500

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	CORPORATE BOND SPRINT CAP CORP 6%	
	1/15/07	
SPRINT CAP	CORPORATE BOND SPRINT CAP CORP 8.375%	
	3/15/12	398,000
STATE ST CORP	CORPORATE BOND STATE ST CORP 7.65%	
	6/15/10	599,971
SWISSBK	CORPORATE BOND SWISSBK 6.75% 7/15/05	1,089,437
TCI COMM INC	CORPORATE BOND TCI COMM INC 8.65%	
	9/15/04	1,073,645
TECO	CORPORATE BOND TECO 6.125% 5/01/07	517,650
TECO	CORPORATE BOND TECO 7% 5/01/12	1,108,800
TIAA GLOBAL	CORPORATE BOND TIAA GLOBAL MKT 5%	
	3/01/07	558,898
TXU CORP	CORPORATE BOND TXU CORP 6.375% 6/15/06 J	402,600
TELECOM	CORPORATE BOND TELECOM DE PR 6.65%	
	5/15/06	508,211
TELEFONOS	CORPORATE BOND TELEFONOS MEX 8.25%	
	1/26/06	1,095,000
TELUS CORP	CORPORATE BOND TELUS CORP 7.5% 6/01/07	441,350
TELUS CORP	CORPORATE BOND TELUS CORP 8% 6/01/11	888,000
TENN GAS	CORPORATE BOND TENN GAS PIPELI 6%	
	12/15/11	1,058,400
TEXAS EAST	CORPORATE BOND TEXAS EAST 7.3% 12/01/10	558,084
TEXTRON	CORPORATE BOND TEXTRON FIN 7.125%	
	12/09/04	1,070,183
TIME WARNER INC	CORPORATE BOND TIME WARNER INC 7.75%	
	6/15/05	1,065,460
USBANKNA	CORPORATE BOND USBANKNA 5.7% 12/15/08	2,197,888
UNION PLANTERS	CORPORATE BOND UNION PLANTERS 5.125%	
	6/15/07	334,656
MEXICO GOV	CORPORATE BOND MEXICO GOV GLB 7.5%	
	1/14/12 DT	536,250
VALERO ENRGY	CORPORATE BOND VALERO ENRGY 6.875%	
	4/15/12	442,598

Table of Contents

Identity of Issuer	Description of Investment	Cost	Current Value
VERIZON GBL	CORPORATE BOND VERIZON GBL 7.25% 12/1/10		\$ 1,278,599
VERIZON GBL	CORPORATE BOND VERIZON GBL 6.125% 6/15/07		1,097,002
VERIZON GBL	CORPORATE BOND VERIZON GBL 7.375% 9/01/12		862,904
VERIZON GBL	CORPORATE BOND VERIZON WRLSS 5.375% 12/15/06		1,269,293
VERIZON GBL	CORPORATE BOND VERIZON NEW YOR 7.375% 4/01/32		433,641
WASH MUTUAL INC	CORPORATE BOND WASH MUTUAL INC 5.625% 1/15/07		1,021,987
WESTERN ATLAS	CORPORATE BOND WESTERN ATLAS 7.875% 6/15/04		1,613,586
WEYERHSR GBL	CORPORATE BOND WEYERHSR GBL 6.75% 3/15/12		545,169
WILLIAMS COS GLB	CORPORATE BOND WILLIAMS COS GLB 7.5% 1/15/31		715,625
WILLIAMS COS	CORPORATE BOND WILLIAMS COS 7.125% 9/01/11		602,600
FNMA	FNMA 6.50% 1/33 #TBA		2,603,906
FNMA	FNMA 6.50% 1/33 #TBA		146,460
FNMA	FNMA 5.50% 1/33 #TBA		5,103,125
FNMA	FNMA 6.00% 1/33 #TBA		10,343,750
FNMA	FNMA 15YR 6.00% #313018		6,219,991
FNMA	FNMA 15YR 5.50% 12/14 #535168		2,253,305
FNMA	FNMA 15YR 5.50% 12/14 #535978		730,585
FNMA	FNMA 15YR 5.50% 9/14 #545728		1,699,826
FNMA	FNMA 6.50% 7/32 #545759		6,226,718
FNMA	FNMA 15YR 5.50% 8/14 #563311		350,167
FNMA	FNMA 6.50% 3/32 #636870		572,437
CHILE REP	CHILE REP GLB 6.875 4/28/09 DT		655,782
CHILE REP	CHILE REP GLB 7.125 1/11/12 DT		639,863
CHILE REP	CHILE REP GLB 5.625 7/23/07 DT		510,000
MALAYSIA GBL	MALAYSIA GBL 7.5% 7/15/11 DT		485,888
POLAND GBL	POLAND GBL 6.25% 7/03/12 DT		1,015,650
GNMA	GNMA 7.00% 1/33 #TBA		575,669
GNMA	GNMA 7.00% 8/28 #416611		483,876
GNMA	GNMA 7.00% 2/28 #462548		121,829
GNMA	GNMA 7.00% 7/28 #462643		3,889,636
GNMA	GNMA 7.00% 2/28 #468709		295,838
GNMA	GNMA 7.00% 10/28 #481353		957,205
GNMA	GNMA 8.00% 4/30 #519225		72,912
GNMA	GNMA 8.00% 8/30 #536951		727,184
GNMA	GNMA 7.00% 5/32 #552576		1,433,121
GNMA	GNMA 8.00% 11/29 #186997		258,692
FHLMC	FHLMC 5.75% 3/15/09		11,116,928
FHLMC	FHLMC 5.875% 3/21/11 SUBS		345,458
FNMA	FNMA 6.25% 2/01/11 SUBS		509,186
FNMA	FNMA 5.5% 2/15/06		3,269,891
FNMA	FNMA 4.75% 1/02/07 SUBS		1,150,934
SLMA	SLMA 4.75% 4/23/04		2,609,438
CSFB	CSFB 01-CKN5 AX CSTR 9/34		625,924
AESOP FUNDING II LLC	AESOP 02-1A A1 3.85 10/06		1,030,000
AMERICREDIT AUTO RECEIV T	AMCAR 01-B A4 5.37 6/08		1,902,556

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AMERICREDIT AUTO RECEIV T	AMCAR 01-C A4 5.01 7/08	1,319,732
BMW VEHICLE OWNER TRUST	BMWOT 01-A A3 4.7 3/05	408,983
CAPITAL ONE AUTO FIN TR	COAFT 02-A A4 4.79% 1/09	3,193,571
CAPITAL ONE AUTO FIN TR	COAFT 02-C A4A 3.44 6/09	2,031,312
COMET	COMET 02-B1 B1 1ML+68 7/08	743,906
CCMSC	CCMSC 99-2 A1 7.032 1/32	550,676
CCIMT	CCIMT 98-9 A 5.3 1/06	570,743

Table of Contents

Identity of Issuer	Description of Investment	Cost	Current Value
COMM	COMM 99-1 A2 6.455 5/32	\$	662,989
CMAT	CMAT 99-C1 A3 6.64 1/32		968,544
CMAT	CMAT 99-C2 A1 7.285 11/32		1,349,658
CMAT	CMAT 99-C2 A2 CSTR 11/32		649,240
CRC	CRC 99-ABC1 A 6.74 1/09		631,099
CSFB	CSFB 98-C1 C 6.78 5/40		1,110,460
CSFB	CSFB 00-C1 A1 7.325 4/62		1,470,557
DCAT	DCAT 00-A A4 7.23 1/05		3,084,966
DCMT	DCMT 98-7 A 5.6 5/06		1,035,376
FHR	FHR 2122 L 6 11/26		503,875
FHR	FHR 2355 AE 6 9/31		2,336,573
FHR	FHR 2396 PX 6 6/27		1,560,797
FNR	FNR 94-63 PH 7 6/23		802,191
FNR	FNR 01-64 PY 6 7/26		1,516,501
FNR	FNR 02-73 QC 5.5 1/26		1,273,472
FORDO	FORDO 02-D A3A 2.68 2/06		2,027,324
GGP	GGP 1 A2 6.602 11/07		1,387,891
GSMT	GSMT 01-FL4A D 1ML+91 12/10		285,216
GSMT	GSMT 01-FL4A E 1ML+175 12/10		208,722
GNR	GNR 02-47 VA 6.5% 4/13		779,149
HFCMC	HFCMC 00-PH1 A1 7.715 1/34		1,355,536
HHPT	HHPT 00-HLTA A1 7.055 10/15		1,236,238
HAT	HAT 02-2 A3 2.85 3/07		1,511,250
HPLCC	HPLCC 01-2 A 4.95 6/08		2,095,029
JPMC	JPMC 00-C10 A1 7.1075 8/32		560,938
MSC	MSC 97-XL1 A1 6.59 10/30		744,209
NBCMT	NBCMT 93-2 A 6 12/05		1,042,374
PCCMT	PCCMT 00-1 A 6.7 10/09		1,627,944
SCAMT	SCAMT 96-3 A 7 7/08		2,059,028
TAROT	TAROT 02-A A4 3.24 8/09		789,432
TRIZE	TRIZE 01-TZHA C3 6.522 3/13		660,073
WESTO	WESTO 00-A A3 7.22 9/04		65,181
USTB	USTB 11.75% 2/15/10 C05		3,011,425
USTB	USTB 12% 8/15/13 C08		12,631,954
USTB	USTB 11.25% 2/15/15		4,163,380
USTB	USTB 8% 11/15/21		13,271,744
USTN	USTN 7% 7/15/06		16,075,275
USTN	USTN 6.5% 2/15/10		35,362,110
USTN	USTN 6.75% 5/15/05		2,396,998
USTN	USTN 5.75% 11/15/05		757,220
ABBAY NATL FIRST CAP BV	ABBAY NAT YANK 8.2% 10/15/04		1,102,693
AUSTRALIA & N ZEAL BKG GR	ANZ YANK 6.25% 2/01/04		2,601,025
DEN DANSKE	DEN DANSKE 6.55% 9/15/03 144A		1,135,955
MANITOBA YANK	MANITOBA YANK 6.125 1/19/04		2,353,712
QUEBEC YANK	QUEBEC YANK 6.5% 1/17/06		831,212
RAS LAF YANK	RAS LAF YANK 8.294 3/15/14 144A		867,440
SCOTLAND INTL	SCOTLAND INT 8.8 1/27/04 144A		1,335,150
SCOTLAND INTL	SCOTLAND INTL 7.7% 8/15/10 144A		595,198
TYCO INTL YANK	TYCO INTL YANK 6.375% 6/15/05		1,115,500
AIG SUNAMERICA GLB FIN II	CORPORATE BOND AIG SUNAMERICA 7.6 6/15/05 144		1,378,622
AOL TIME WARNER INC	CORPORATE BOND AOL TIME WARNER 6.125% 4/15/06		196,169
AOL TIME WARNER INC	CORPORATE BOND AOL TIME WARNER 6.75% 4/15/11		306,774

Table of Contents

Identity of Issuer	Description of Investment	Cost	Current Value
AOL TIME WARNER INC	CORPORATE BOND AOL TIME WARNER 5.625% 5/01/05		\$ 971,458
AT&T CORP	CORPORATE BOND AT&T CORP GLOBAL 6% 3/15/09DTC		124,821
AT&T BROADBAND	CORPORATE BOND AT&T BROADBAND 8.375% 3/15/13		1,430,125
AMERADA HESS CORP	CORPORATE BOND AMERADA HESS CO 5.9% 8/15/06		989,468
AMERADA HESS CORP	CORPORATE BOND AMERADA HESS CO 5.3% 8/15/04		1,218,521
AMERICAN GENERAL FINANCE	CORPORATE BOND AMER GENL FIN 5.875% 12/15/05		1,444,307
ANADARKO PETROLEUM CORP	CORPORATE BOND ANADARKO PET 6.125% 3/15/12		284,530
ARCHSTONE SMITH TR (REIT)	CORPORATE BOND ARCHSTONE SMITH TR 5% 8/15/07		367,518
ASSOCIATES CORP OF NO AME	CORPORATE BOND ASSOC-NA 7.75% 2/15/05		1,100,592
ATLANTIC RICHFIELD CO	CORPORATE BOND BP AMOCO 10.875% 7/15/05		1,602,382
AVALONBAY COMMTYS INC MTN	CORPORATE BOND AVALONBAY COMM 6.625% 9/15/11		213,276
AVALONBAY COMMTYS INC MTN	CORPORATE BOND AVALONBAY COMM 5% 8/01/07		593,890
BANK OF AMERICA CORPORATI	CORPORATE BOND BANKAMER 7.8% 2/15/10 GLBL		2,206,545
BANK OF NEW YORK MTN	CORPORATE BOND BONY MTN 3.9% 9/01/07 SER E		484,844
BELLSOUTH CAP FUNDING COR	CORPORATE BOND BELLSOUTH CAP FDG6.04%11/15/26		497,001
BRISTOL-MYERS SQUIBB CO	CORPORATE BOND BRISTOL-MYERS 5.75 10/11 GLBL		612,292
BURLINGTON NORTHERN SANTE	CORPORATE BOND BURLINGTON NO 7.875% 4/15/07		1,288,026
CITIGROUP GLBL	CORPORATE BOND CITIGROUP GLBL 7.25% 10/01/10		1,439,478
CITIGROUP GLBL	CORPORATE BOND CITIGROUP GLBL 6.75 12/1/05 DT		2,918,934
CITICOR	CORPORATE BOND CITICORP 7.75% 6/15/06		998,554
COMCAST CABLE	CORPORATE BOND COMCAST CABLE 8.375% 5/01/07		790,984
CONOCO FNDNG GLBL	CORPORATE BOND CONOCO FNDNG GLB5.45 10/15/6DT		1,592,065
CONOCO	CORPORATE BOND CONOCO 5.9% 4/15/04		471,057
CONOCO	CORPORATE BOND CONOCO 6.35% 4/15/09		365,061
CONS NATURAL	CORPORATE BOND CONS NATURAL 5.375% 11/01/06		1,268,504
CONTINENTAL AIR	CORPORATE BOND CONTINENTAL AIR 6.9% 1/02/18		365,761
CONTL CAB	CORPORATE BOND CONTL CAB 8.3% 5/15/06		1,077,872
CORE INVT PTC	CORPORATE BOND CORE INVT PTC 4.727% 11/30/07		1,124,145
CREDIT SUISSE	CORPORATE BOND CREDIT SUISSE FB6.125%11/15/11		782,542
CREDIT SUISSE	CORPORATE BOND CREDIT SUISSE F 4.625% 1/15/08		988,319
DTE ENERGY CO	CORPORATE BOND DTE ENERGY CO 6% 6/01/04		628,457

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DTE ENERGY CO	CORPORATE BOND DTE ENERGY CO 6.45% 6/01/06	672,534
DELTA ETC	CORPORATE BOND DELTA ETC A-2 7.57% 11/18/10	229,762
DETROIT EDISON	CORPORATE BOND DETROIT EDISON 5.05% 10/01/05	688,490
DOMINION RESRCE	CORPORATE BOND DOMINION RESRCE 7.625% 7/15/05	329,105
DOMINION RESRCE	CORPORATE BOND DOMINION RES 5.125% 12/15/09	303,940
DOW	CORPORATE BOND DOW 5.75% 12/15/08 GLB	391,309
DOW	CORPORATE BOND DOW GLBL 6% 10/01/12	761,394
EOP OPER	CORPORATE BOND EOP OPER 6.625% 2/15/05	265,034
EOP OPER	CORPORATE BOND EOP OPER 7.375% 11/15/03	1,352,659
ERP OPERAT LP	CORPORATE BOND ERP OPERAT LP 6.95% 3/02/11	902,025
EL PASO	CORPORATE BOND EL PASO 7.875% 6/15/12 144A	367,500
FED EXPRESS	CORPORATE BOND FED EXPRESS 6.72% 1/15/22	812,752
FUNION	CORPORATE BOND FUNION 6.55% 10/15/35	898,903
FIRSTENERGY	CORPORATE BOND FIRSTENERGY 5.5% 11/15/06	1,201,748
FLEETBOSTON GLB	CORPORATE BOND FLEETBOSTON GLB4.875 12/1/06DT	1,472,404
FLA POWER & LIGHT	CORPORATE BOND FLA POWER & LIGHT 5.875% 4/09	554,453
FL PWR<	CORPORATE BOND FL PWR< 6.875% 12/01/05	836,296
FORD MTR CR	CORPORATE BOND FORD MTR CR GLOBL 5.8% 1/12/09	621,421
FORD MTR CR	CORPORATE BOND FORD MTR CR GBL 7.6% 8/01/05	995,519
FORD MTR CR	CORPORATE BOND FORDMTRCR GLBL 6.875% 2/01/06	2,875,028
FORD MTR CR	CORPORATE BOND FORDMTRCR GLB 7.375% 2/01/11DT	1,351,622

Table of Contents

Identity of Issuer	Description of Investment	Cost	Current Value
GEN ELEC	CORPORATE BOND GEN ELEC GLBL 6.125% 2/22/11 A	\$	3,611,892
GEN ELEC	CORPORATE BOND GECAPMTN 5% 6/15/07		2,551,824
GEN ELEC	CORPORATE BOND GECAP GLBL MTN 5.45% 1/15/13		155,810
GENERAL MT	CORPORATE BOND GENERAL MI 5.125% 2/15/07		1,806,134
GMAC	CORPORATE BOND GMAC GLOBAL 5.85% 1/14/09 DTC		547,651
GMAC	CORPORATE BOND GMAC GLOBAL 7.75% 1/19/10		1,203,924
GMAC	CORPORATE BOND GMAC 6.75% 1/15/06		2,371,572
GMAC	CORPORATE BOND GMAC 7.25% 3/02/11		1,019,031
GMAC	CORPORATE BOND GMAC GLBL 6.875% 8/28/12		418,944
FORD MTR CR	CORPORATE BOND FORD MTR GLB 7.375% 10/28/09EC		203,127
HONEYWELL GLBL	CORPORATE BOND HONEYWELL GLB 6.875 10/3/05 DT		830,649
HONEYWELL GLBL	CORPORATE BOND HONEYWELL GLBL 6.125% 11/01/11		624,475
HOUSEHOLD	CORPORATE BOND HOUSEHOLD 6.5% 1/24/06		532,461
HOUSEHOLD	CORPORATE BOND HOUSEHOLD 6.375% 10/15/11		1,855,775
IBRD GLOBAL	CORPORATE BOND IBRD GLOBAL 5% 3/28/06 884		3,618,000
JP MORGAN CHASE	CORPORATE BOND JP MORGAN CHASE 5.25% 5/30/07		1,918,785
KFW INTL FN GLB	CORPORATE BOND KFW INTL FN GLB 5.25 6/28/06DT		2,249,402
KFW INTL FIN	CORPORATE BOND KFW INTL FIN 4.75% 1/24/07		418,724
KELLOGG	CORPORATE BOND KELLOGG 6.6% 4/01/11		946,046
KINDER MORGAN	CORPORATE BOND KINDER MORGAN 6.5% 9/01/12		1,593,732
KSS	CORPORATE BOND KSS 6.3% 3/01/11		1,773,888
KRAFT FOODS GLB	CORPORATE BOND KRAFT FOODS GLB 5.625% 11/1/11		1,347,021
KROGER	CORPORATE BOND KROGER 6.8% 4/01/11		986,543
LEHMHL D GLBL	CORPORATE BOND LEHMHL D GLBL 6.25% 5/15/06 DT		1,957,073
LOCKHEED MARTIN	CORPORATE BOND LOCKHEED MARTIN 7.25% 5/15/06		1,098,056
LOCKHEED MARTIN	CORPORATE BOND LOCKHEED MART 7.2% 5/01/36 PO8		386,905
MOBIL OIL CDA	CORPORATE BOND MOBIL OIL CDA 5% 12/21/04 EMTN		1,054,500
AMERITECH CAPITAL FUNDING	CORPORATE BOND AMERITECH CAP 6.25% 5/18/09 EC		637,883
IBRD	CORPORATE BOND IBRD 6.015% 6/21/04		904,254
METLIFE INC	CORPORATE BOND METLIFE INC 5.25% 12/01/06		1,066,140
METLIFE INC	CORPORATE BOND METLIFE INC 5.375% 12/15/12		232,426
JP MORGAN CHASE	CORPORATE BOND JP MORGAN 6.25% 2/15/11		711,485
MSTDW GLBL	CORPORATE BOND MSTDW GLBL 6.75% 4/15/11		1,533,551
MSTDW GLBL	CORPORATE BOND MSTDW 5.8% 4/01/07		1,242,028
NORFOLK SOUTH	CORPORATE BOND NORFOLK SOUTH 7.05 5/01/37P04		1,312,710
NORTRNMTN	CORPORATE BOND NORTRNMTN 6.3% 3/07/11		1,380,974

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NORTHROP GRUMM	CORPORATE BOND NORTHROP GRUMM 8.625% 10/15/04	543,317
OCCIDENTAL PET	CORPORATE BOND OCCIDENTAL PET 6.75% 1/15/12	341,720
OCEAN ENERGY	CORPORATE BOND OCEAN ENERGY 4.375% 10/01/07	715,421
ONCOR ELEC	CORPORATE BOND ONCOR ELEC DEV 5% 9/01/07 144A	314,761
ONCOR ELEC	CORPORATE BOND ONCOR ELE DL6.375 1/15/15 144A	448,580
PECO ENERGY	CORPORATE BOND PECO ENERGY CO 5.95% 11/01/11	1,500,067
EUROBK GLBL	CORPORATE BOND EUROBK GLBL 5.625% 1/24/06 EC	1,417,000
FLEETBOSTON GLB	CORPORATE BOND FLEETBOSTON GLB 7.25 9/15/05EC	705,380
PHARMACIA CORP	CORPORATE BOND PHARMACIA CORP 5.75% 12/01/05	750,763
PROGRESS ENERGY	CORPORATE BOND PROGRESS ENERGY 6.75% 3/01/06	2,282,395
PROGRESS ENERGY	CORPORATE BOND PROGRESS ENERGY 6.85% 4/15/12	437,987
PRUDENTIAL FDG	CORPORATE BOND PRUDENTIAL FDG 6.6 5/15/08 144	1,189,765
QWEST CORP	CORPORATE BOND QWEST CORP 8.875% 3/15/12	203,700
ROHM & HAAS	CORPORATE BOND ROHM & HAAS 6.95% 7/15/04	1,600,295
SBC COMM GLBL	CORPORATE BOND SBC COMM GLBL 6.25 3/15/11	876,440
SAFEWAY INC	CORPORATE BOND SAFEWAY INC 6.15% 3/01/06	568,594

Table of Contents

Identity of Issuer	Description of Investment	Cost	Current Value
SEARS ROEBUCK GBL	CORPORATE BOND SEARS ROEBUCK GBL 6.25 5/01/09	\$	335,475
SEARS ROEBUCK GBL	CORPORATE BOND SEARS RO ACC GLBL 6.75 8/15/11		390,905
SEARS ROEBUCK GBL	CORPORATE BOND SEARS ROEBUCK GL 6.7 4/15/12DT		920,740
TIAA GLBL MKT	CORPORATE BOND TIAA GLBL MKT 4.125% 11/15/07		905,080
TAMPA ELEC CO	CORPORATE BOND TAMPA ELEC CO 5.375% 8/15/07		782,396
TRAINS	CORPORATE BOND TRAINS 5-2002 0% 1/25/07 144A		2,918,568
TEXACO CAPITAL	CORPORATE BOND TEXACO CAPITAL 8.625% 6/30/10		566,904
TEXAS EAST	CORPORATE BOND TEXAS EAST 5.25% 7/15/07		647,065
TIME WARNER INC	CORPORATE BOND TIME WARNER INC 9.125% 1/15/13		527,796
TIME WARNER INC	CORPORATE BOND TIME WARNER INC 7.975% 8/15/04		347,063
TIME WARNER INC	CORPORATE BOND TIME WARNER INC 8.11% 8/15/06		226,037
TIME WARNER INC	CORPORATE BOND TIME WARNER INC 7.25% 10/15/17		519,462
TOSCO CORP	CORPORATE BOND TOSCO CORP 7.625% 5/15/06		708,124
TURNER BROAD	CORPORATE BOND TURNER BROAD 8.375% 7/01/13		614,250
TYCO YANK	CORPORATE BOND TYCO YANK 6.375% 2/15/06		128,040
TYCO YANK	CORPORATE BOND TYCO INTL YANK 5.8% 8/01/06		51,975
UPAC	CORPORATE BOND UPAC 6.7% 12/01/06		652,673
UNITED AIR	CORPORATE BOND UNITED AIR 6.201% 9/01/08 01-1		291,643
US BANCORP MTN	CORPORATE BOND US BANCORP MTN 3.95% 8/23/07		1,247,323
UNITED TECHNOLOGIES	CORPORATE BOND UNITED TECHNOLOGIES 7% 9/15/06		709,884
UNITED TECHNOLOGIES	CORPORATE BOND UNITED TECH 4.875% 11/01/06		1,058,298
VERIZON	CORPORATE BOND VERIZON GLBL 7.25% 12/1/10		517,122
VERIZON	CORPORATE BOND VERIZON NE GLB 6.5% 9/15/11 DT		723,224
VERIZON	CORPORATE BOND VERIZON PA GLBL 5.65% 11/15/11		812,567
VERIZON	CORPORATE BOND VERIZON NJ GLBL 5.875% 1/17/12		953,564
WELLPOINT NEW	CORPORATE BOND WELLPOINT NEW 6.375% 1/15/12		987,592
WEYERHAEUSER	CORPORATE BOND WEYERHAEUSER 6% 8/01/06		896,915
WEYERHAEUSER	CORPORATE BOND WEYERHAEUSER 5.95% 11/01/08		720,559
WEYERHAEUSER	CORPORATE BOND WEYERHSR GLBL 5.5% 3/15/05		502,474

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WEYERHAEUSER	CORPORATE BOND WEYERHAUSER 5.25% 12/15/09	176,951
WORLDCOM INC GLBL	CORPORATE BOND WORLDCOM INC GLBL 8% 5/15/06	27,600
WORLDCOM INC GLBL	CORPORATE BOND WORLDCOM GLBL 8.25% 5/15/10 DT	293,250
WORLDCOM INC GLBL	CORPORATE BOND WORLDCOM 7.375% 1/15/06 144A	92,000
WORLDCOM INC GLBL	CORPORATE BOND WORLDCOM GLBL 7.5% 5/15/11 DT	59,800
FHLG	FHLG 15YR 6.00% 6/14 #E81303	988,595
FHLG	FHLG 15YR 6.00% 4/16 #E83298	574,306
FHLG	FHLG 15YR 6.50% 11/09 #G11047	1,504,686
FHLG	FHLG 15YR 5.50% 4/17 #E01143	926,250
FNMA	FNMA 15YR 5.50% 1/18 #TBA	1,968,281
FNMA	FNMA 6.00% 1/33 #TBA	(4,551,250)
FNMA	FNMA 6.00% 4/08 #251725	1,605,704
FNMA	FNMA 6.00% 11/28 #323362	2,312,120
FNMA	FNMA 6.00% 7/29 #323812	2,189,271
FNMA	FNMA 15YR 6.00% 4/14 #323980	386,023
FNMA	FNMA 6.00% 7/08 #426525	919,508
FNMA	FNMA 15YR 6.00% 10/13 #433147	267,351
FNMA	FNMA 15YR 6.00% 2/14 #449296	1,052,449
FNMA	FNMA 15YR 6.00% 6/15 #535444	1,298,140
FNMA	FNMA 15YR 6.00% 12/14 #535747	2,272,830
FNMA	FNMA 15YR 5.50% 8/15 #545151	1,268,057
FNMA	FNMA ARM 4/22 #556945	1,553,976
FNMA	FNMA ARM 10/29 #556946	1,125,120

Table of Contents

Identity of Issuer	Description of Investment	Cost	Current Value
FNMA	FNMA ARM 4/16 #556948	\$	1,276,677
FNMA	FNMA 15YR 6.00% 4/16 #577520		40,720
FNMA	FNMA 15YR 6.00% 1/14 #588348		228,937
FNMA	FNMA 15YR 6.00% 7/14 #592873		484,358
FNMA	FNMA 15YR 6.00% 12/16 #620961		52,814
FNMA	FNMA 6.00% 5/32 #642419		97,336
QUEBEC PROV MTN	QUEBEC PROV MTN 6.35% 1/30/26A		1,521,684
UST	UST 5YR FUT MAR03 FUT GSCO		(20,838,000)
UST	UST 10YR FUT MAR03 TYH3 GSCO		(7,478,047)
UST	UST 2YR FUT MAR03 TUH3		(11,620,125)
GNMA	GNMA 15YR 7.50% 10/07 #780381		1,569,719
GNMA	GNMA 15YR 7.50% 6/09 #780462		432,397
GNMA	GNMA 15YR 6.50% 7/09 #780470		1,036,512
FHLMC	FHLMC 4.75% 10/11/12		1,717,350
FHLMC	FHLMC GLBL 4% 10/29/07		1,388,860
FHLMC	FHLMC 4.25/6.25% 3/22/06		3,880,930
FHLMC	FHLMC 7% 3/15/10		8,138,119
FHLMC	FHLMC 6.875% 9/15/10		4,442,819
FHLMC	FHLMC 5.25% 1/15/06		1,944,574
FHLMC	FHLMC 5.5% 7/15/06		835,441
FHLMC	FHLMC 4.875% 3/15/07		7,401,363
FNMA	FNMA 7.25% 1/15/10		4,241,020
FNMA	FNMA 5.5% 2/15/06		3,286,295
FNMA	FNMA 5% 1/15/07		3,522,854
FNMA	FANNIEMAE GLBL 5.25% 4/15/07		3,525,211
FNMA	FNMA 3.3% 7/02/04		2,998,402
BT GOVT STIF FUND	BT GOVT STIF FUND		14,011,797
CA DWR SER	CA DWR SER E 3.585% 5/01/04		1,108,228
AMSOUTH AUTO TRUST	ASAT 00-1 A4 6.76 2/05		3,850,403
CAPCO AMER SECURITIZATION	CASC 98-D7 A1A 5.86 10/30		1,472,067
CAPITAL AUTO RECVS ASSET	CARAT 02-3 A3 3.58% 10/06		2,683,329
CCMSC	CCMSC 97-1 A2 7.37 6/29		3,268,377
CCIMT	CCIMT 97-6 A 0 8/06		2,371,331
COMM	COMM 99-1 A2 6.455 5/32		247,216
CSFB	CSFB 01-33 4A1 6.5 4/16		1,096,654
FHR	FHR 1512 H 6.5 2/08		3,145,109
FNGT	FNGT 02-T6 A1 3.31 2/32		1,731,193
FNR	FNR 01-47 VA 6 7/12		3,375,110
FRBPT	FRBPT 00-FRB1 A2 CSTR 6/30		989,874
FORD	FORDO 02-C A3 3.38% 12/15		2,970,348
GMAC	GMACC 99-C1 A2 6.175 5/33		2,588,653
GMAC	GMACC 99-C2 A2 6.945 9/33		1,834,181
GT	GT 99-4 A5 6.97 5/31		1,271,473
LBCMT	LBCMT 99-C2 A1 7.105 10/32		2,659,242
MBNA	MBNAM 00-E A 7.8 10/12		2,262,634
BECO	BECO 99-1 A3 6.62 3/07		3,616,389
MLMI	MLMI 97-C1 A3 7.12 6/29		1,084,369
MLMI	MLMI 97-C2 A2 6.54 12/29		1,478,887
NBCMT	NBCMT 93-2 A 6 12/05		1,563,561
NAROT	NAROT 01-B A4 5.35 10/06		1,414,572
PHMS	PHMS 92-39 A10 7 11/07		3,216,236
PHMS	PHMS 93-2 A5 7 2/08		2,129,397

Table of Contents

Identity of Issuer	Description of Investment	Cost	Current Value
RFMSI	RFMSI 95-S12 A2 7.25 8/10	\$	762,261
SLMA	SLMA 02-1 A1 3ML+3 10/10		3,013,199
USTB	USTB 10.375% 11/15/12		9,502,956
USTB	USTB 9.25% 2/15/16		26,710,308
USTB	USTB 8.5% 2/15/20		2,645,195
USTN	USTN 6.5% 8/15/05		3,271,659
USTN	USTN 5.625% 5/15/08		243,924
USTN	USTN 4.75% 11/15/08		398,420
USTN	USTN 6.5% 2/15/10		13,985,150
USTN	USTN 6.75% 5/15/05		25,419,332
USTN	USTN 5% 2/15/11		6,707,869
USTN	USTN 5% 8/15/11		1,206,218
USTN	USTN 4.875% 2/15/12		7,595,857
USTN	USTN 3% 2/29/04		2,345,821
USTN	USTN 3.625% 3/31/04		3,749,794
USTN	USTN 3.375% 4/30/04		2,567,675
USTN	USTN 3.25% 5/31/04		5,903,186
USTN	USTN 2.125% 10/31/04		1,819,829
USTN	USTN 3% 11/15/07		4,296,072
USTN	USTN 4% 11/15/12		704,828
NORCEN EN YANK	NORCEN EN YANK 7.375% 5/15/06		1,810,537
TYCO INTL YANK	TYCO INTL YANK 6.375% 6/15/05		1,838,150
TBC INC	POOLED EMP DAILY VAR RT 12/31/2099 DD 11/01/01		114,590,097
TBC INC	POOLED EMP DAILY VAR RT 12/31/2099 DD 11/01/01		9,876,938
TBC INC	POOLED EMP DAILY VAR RT 12/31/2099 DD 11/01/01		7,172,259
TBC INC	POOLED EMP DAILY VAR RT 12/31/2099 DD 11/01/01		12,566,759
TBC INC	POOLED EMP DAILY VAR RT 12/31/2099 DD 11/01/01		41,959,663
FEDERAL NATL	MTG ASSN DISCOUNT MAT 02/12/2003		887,247
FEDERAL NATL	MTG ASSN DISC MAT 03/05/2003		139,556
UNITED STATES	TREASURY BILL DUE 02/20/2003 DD 08/22/02		488,650
AFRICAN DEVELOPMENT BANK	6.500% 15/03/2004		14,777,000
COMMIT TO PUR FNMA SF MTG	5.500% 01/01/2018 DD 01/01/03		2,953,313
PIMCO	SWAP #31883 INT RT SWAP 5.000% 06/18/2008 DD 12/12/02		1,967,331
AIG SUNAMERICA	SR NT 144A 5.100% 01/17/2007 DD 01/17/02		4,281,840
AOL TIME WARNER INC	NT 6.875% 05/01/2012 DD 04/08/02		570,294
AT&T CORP SR	NT VAR RT 11/15/2006 DD 05/15/02		4,275,200
AT&T CORP SR	NT VAR RT 11/15/2011 DD 05/15/02		398,949
AT&T WIRELESS SVCS INC	SR NT 7.875% 03/01/2011 DD 09/01/01		195,975
AT&T BROADBAND CORP	NT 8.375% 03/15/2013 DD 11/18/02		255,587
AXA FINL INC	SR NT 7.750% 08/01/2010 DD 07/28/00		169,733
AETNA INC SR	NT 7.375% 03/01/2006 DD 03/02/01		379,509
COMMIT TO PUR FNMA SF MTG	5.000% 02/01/2018 DD 02/01/03		19,385,890
COMMIT TO PUR FNMA SF MTG	5.500% 01/01/2018 DD 01/01/03		1,035,930
COMMIT TO PUR FNMA SF MTG	5.500% 01/01/2033 DD 01/01/03		6,729,888
COMMIT TO PUR FNMA SF MTG	5.500% 02/01/2033 DD 02/01/03		18,783,235
COMMIT TO PUR FNMA SF MTG	6.000% 01/01/2033 DD 01/01/03		11,367,730
COMMIT TO PUR FNMA SF MTG	6.000% 01/01/2033 DD 01/01/03		11,884,445
COMMIT TO PUR GNMA SF MTG	6.500% 01/15/2033 DD 01/01/03		3,146,250
ALBERTSONS INC	NT 7.500% 02/15/2011 DD 01/29/01		488,971
ALBERTSONS INC	NT 7.500% 02/15/2011 DD 01/29/01		51,773

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ALCOA INC	NT 2013 5.375% 01/15/2013 DD 08/13/02	206,384
COMMIT TO PUR FHLMC GOLD SFM	7.500% 12/01/2033 DD 12/01/03	1,750,997

Table of Contents

Identity of Issuer	Description of Investment	Cost	Current Value
ALLSTATE	FINL GBL FDG 144A 7.125% 09/26/2005 DD 09/26/00		\$ 2,788,275
ALLTEL CORP	SR NT 7.000% 07/01/2012 DD 06/19/02		63,385
AMERADA HESS CORP	NT 6.650% 08/15/2011 DD 08/15/01		92,844
AMERICAN AIRLS	P/T 01-2 CL A1 6.978% 10/01/2012 DD 10/04/01		2,068,532
AMERICAN EXPRESS	01-2 CL A-1 5.530% 10/15/2008 DD 03/23/01		868,888
AMERICAN GEN FIN	MTN #TR00378 5.375% 10/01/2012 DD 09/30/02		320,952
AMERICAN GEN FIN CORP	MTN 4.500% 11/15/2007 DD 11/26/02		268,227
AMERICAN GENL CORP	NTS 7.500% 08/11/2010 DD 08/11/00		1,539,746
ANADARKO FIN CO	SR NT 6.750% 05/01/2011 DD 04/26/01		56,339
ANADARKO PETE CORP	NT 6.125% 03/15/2012 DD 03/08/02		114,907
ANTHEM INS COS SURPLUS	NT 144A 9.125% 04/01/2010 DD 02/02/00		246,064
ANTHEM INC	NT 6.800% 08/01/2012 DD 07/31/02		65,628
ASSET SECURITIZATION	97MD7 A1A 7.320% 01/13/2030 DD 03/27/97		1,397,795
ASSOCIATES CORP	N A NOTES 6.100% 01/15/2005 DD 01/09/98		3,213,000
BB&T CORP	SUB NT 2012 4.750% 10/01/2012 DD 09/24/02		336,203
BMW VEH OWNER	TR 02 A CL A 4 4.460% 05/25/2007 DD 05/23/02		789,165
BANC AMER COML	MTG 02 PB2 A4 6.186% 06/11/2035 DD 05/01/02		1,109,910
BANK AMER CORP	SUB NT 7.400% 01/15/2011 DD 01/23/01		683,217
BANK AMER CORP	SR NT 4.875% 09/15/2012 DD 09/25/02		197,104
BANK AMER CORP	SR NT 3.875% 01/15/2008 DD 11/26/02		3,783,048
BANK ONE CORP	MTN SB 00001 6.000% 02/17/2009 DD 02/17/99		109,109
BANK ONE CORP	SUB NT 7.875% 08/01/2010 DD 08/02/00		323,595
BANK ONE ISSUANCE	TR 02-4 CL A 2.940% 06/16/2008 DD 10/23/02		1,015,210
BANKBOSTON	N A SUB NTS 7.000% 09/15/2007 DD 09/16/97		2,263,260
BEAR STEARNS COML	MTG 01-A2 6.480% 02/15/2035 DD 05/01/01		504,999
BEAR STEARNS ARM	TR 02 9 IIA VAR RT 10/25/2032 DD 09/01/02		5,645,183
BEAR STEARNS COS	MTN #TR 00379 VAR RT 09/21/2004 DD 09/21/00		3,003,750
BELLSOUTH CAP FUNDING CORP	7.750% 02/15/2010 DD 02/16/00		