

RAYTHEON CO/  
Form 10-K/A  
February 08, 2006  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

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**FORM 10-K/A**

(Amendment No. 1)

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

For the fiscal year ended December 31, 2004.

.. **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

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**RAYTHEON COMPANY**

(Exact Name of Registrant as Specified in its Charter)

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**DELAWARE**  
(State or Other Jurisdiction of Incorporation or Organization)

**95-1778500**  
(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

**Securities registered pursuant to Section 12(b) of the Act:**

| <u>Title of Each Class</u>    | <u>Name of Each Exchange on Which Registered</u> |
|-------------------------------|--|
| Common Stock, \$.01 par value | New York Stock Exchange                          |
|                               | Chicago Stock Exchange                           |
|                               | Pacific Exchange                                 |

**Securities registered pursuant to Section 12(g) of the Act:**

None

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K

Indicate by check mark whether the registrant is an accelerated filer. Yes  No

The aggregate market value of the voting stock held by non-affiliates of the Registrant, as of June 27, 2004, was approximately \$15.5 billion.

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Number of shares of Common Stock outstanding as of December 31, 2004: 453,096,000.

**Documents incorporated by reference and made a part of this Form 10-K:**

Portions of the Definitive Proxy Statement for Raytheon s 2005 Annual Meeting are incorporated by reference in Part III of this Form 10-K.

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**EXPLANATORY NOTE**

Raytheon Company (the Company or Raytheon ) is filing this Amendment No. 1 to its Annual Report on Form 10-K for the fiscal year ended December 31, 2004 solely to revise Item 6 (Selected Financial Data) by deleting the selected financial data relating to 2001 and 2000 and to make a similar change to Exhibit 12 (Computation of Ratio of Earnings to Fixed Charges).

In April 2005, the Company submitted an offer of settlement to the staff of the Enforcement Division of the Securities and Exchange Commission, which the Enforcement Division staff has agreed to recommend to the Commission, to resolve a pending investigation of the Company's disclosures and accounting practices, primarily related to its Raytheon Aircraft Corporation ( RAC ) commuter aircraft business during the period from 1997 to 2001. This offer of settlement was previously disclosed in a press release and in a Form 8-K dated April 15, 2005. In connection with its investigation, the staff of the Enforcement Division has alleged that, among other matters, approximately \$67 million to \$240 million of the total \$693 million charge the Company took in the third quarter of 2001 related to losses on its commuter assets (the commuter loss provision ) should have been taken at year-end 2000, and that the commuter loss provision taken in 2001 was thus overstated by a corresponding amount. In offering to settle the pending matter, Raytheon neither admits nor denies these allegations.

In connection with the settlement, the Company acknowledges certain past inadequate documentation, disclosure, and accounting practices, and further acknowledges that, in the exercise of reasonable judgment, a portion of the total \$693 million charge taken in 2001 should have been recorded at year-end 2000. The Company has not, however, conducted a current detailed analysis for such periods for the purpose of attempting to allocate the commuter loss provision between the two years. The Company believes that such an undertaking now would be unreasonably difficult and burdensome.

RAC has not manufactured new commuter aircraft since 2002. The Company formed Raytheon Airline Aviation Services, LLC ( RAAS ) to manage the commuter portfolio, and since the fourth quarter of 2003, the Company has included the financial results of RAAS in the Other reporting segment. The Company believes that it would be unduly difficult and burdensome to restate the five-year statistical summary table, particularly when such a restatement would relate to a non-core line of business. RAAS accounted for 0.5%, 0.5% and 0.7%, of the Company's net sales during 2004, 2003 and 2002, respectively, and accounted for 2% and 3% of the Company's total assets at December 31, 2004 and December 31, 2003, respectively. Accordingly, the Company is omitting the selected financial data for 2001 and 2000 previously included in the table (and in Exhibit 12) and such financial data should no longer be relied upon.

As previously disclosed, the Company recorded a \$12 million after-tax charge related to the offer of settlement in its 2005 first quarter.

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## PART II

**Item 6. Selected Financial Data**

## FIVE-YEAR STATISTICAL SUMMARY

| <i>(In millions except share amounts and total employees)</i>        | 2004      | 2003      | 2002      | 2001 <sup>1</sup> | 2000 <sup>1</sup> |
|--|-----------|-----------|-----------|-------------------|-------------------|
| <b>Results of Operations</b>   |           |           |           |                   |                   |
| Net sales  | \$ 20,245 | \$ 18,109 | \$ 16,760 |                   |                   |
| Operating income   | 1,388     | 1,316     | 1,783     |                   |                   |
| Interest expense   | 418       | 537       | 497       |                   |                   |
| Income from continuing operations                                    | 439       | 535       | 756       |                   |                   |
| Loss from discontinued operations, net of tax                        | (63)      | (170)     | (887)     |                   |                   |
| Cumulative effect of change in accounting principle, net of tax      | 41        |           | (509)     |                   |                   |
| Net income (loss)  | 417       | 365       | (640)     |                   |                   |
| Net cash provided by operating activities from continuing operations | 2,114     | 2,567     | 847       |                   |                   |
| Net cash provided by (used in) operating activities                  | 2,071     | 2,034     | (349)     |                   |                   |
| Diluted earnings per share from continuing operations                | \$ 0.99   | \$ 1.29   | \$ 1.85   |                   |                   |
| Diluted earnings (loss) per share                                    | 0.94      | 0.88      | (1.57)    |                   |                   |
| Dividends declared per share   | 0.80      | 0.80      | 0.80      |                   |                   |
| Average diluted shares outstanding <i>(in thousands)</i>             | 442,201   | 415,429   | 408,031   |                   |                   |
| <b>Financial Position at Year-End</b>                                |           |           |           |                   |                   |
| Cash and cash equivalents  | \$ 556    | \$ 661    | \$ 544    |                   |                   |
| Current assets   | 7,124     | 7,125     | 7,922     |                   |                   |
| Property, plant, and equipment, net                                  | 2,738     | 2,711     | 2,396     |                   |                   |
| Total assets   | 24,153    | 24,208    | 24,678    |                   |                   |
| Current liabilities  | 5,644     | 4,322     | 5,839     |                   |                   |
| Long-term liabilities (excluding debt)                               | 3,224     | 3,281     | 2,831     |                   |                   |
| Long-term debt   | 4,229     | 6,517     | 6,280     |                   |                   |
| Subordinated notes payable   | 408       | 859       | 858       |                   |                   |
| Total debt   | 5,153     | 7,391     | 8,291     |                   |                   |
| Stockholders' equity   | 10,551    | 9,162     | 8,870     |                   |                   |
| <b>General Statistics</b>  |           |           |           |                   |                   |
| Total backlog  | \$ 32,543 | \$ 27,542 | \$ 25,666 |                   |                   |
| U.S. government backlog included above                               | 25,525    | 21,353    | 18,254    |                   |                   |
| Capital expenditures   | 363       | 428       | 458       |                   |                   |
| Depreciation and amortization  | 434       | 393       | 364       |                   |                   |
| Total employees from continuing operations                           | 79,400    | 77,700    | 76,400    |                   |                   |

<sup>(1)</sup> In April 2005, the Company submitted an offer of settlement to the staff of the Enforcement Division of the Securities and Exchange Commission, which the Enforcement Division staff has agreed to recommend to the Commission, to resolve a pending investigation of the Company's disclosures and accounting practices, primarily related to its Raytheon Aircraft Corporation ( RAC ) commuter aircraft business during the period from 1997 to 2001. This offer of settlement was previously disclosed in a press release and in a Form 8-K dated April 15, 2005. In connection with its investigation, the staff of the Enforcement Division has alleged that, among other matters, approximately \$67 million to \$240 million of the total \$693 million charge the Company took in the third quarter of 2001 related to losses on its commuter assets (the commuter loss provision ) should have been taken at year-end 2000, and that the commuter loss provision taken in 2001 was

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Certain prior year amounts have been reclassified to conform with the current year presentation.

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**PART IV**

**Item 15. Exhibits and Financial Statements Schedules**

(b) Exhibits:

- 12 Statement regarding Computation of Ratio of Earnings to Combined Fixed Charges for the year ended December 31, 2004.
- 31.1 Certification of William H. Swanson pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of Biggs C. Porter pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.



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**SIGNATURE**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**RAYTHEON COMPANY**

By: /s/ Biggs C. Porter  
**Biggs C. Porter**

**Vice President and Corporate Controller,**

**Acting Chief Financial Officer**

Dated: February 8, 2006

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