

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K/A- No.1

/X/ Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 1997.

/ / 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.)

141 SPRING STREET, LEXINGTON, MASSACHUSETTS  
(Address of Principal Executive Offices)

02173  
(Zip Code)

Registrant's telephone number, including area code (781) 862-6600

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

Title of Each Class	Name of Each Exchange on Which Registered
Class A Common Stock, \$.01 par value	New York Stock Exchange
Class B Common Stock, \$.01 par value	Chicago Stock Exchange
Series A Junior Participating Preferred Stock purchase rights	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 .X. 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. [ ]

The aggregate market value of the voting stock held by non-affiliates of the Registrant, as of February 22, 1998, was approximately \$18,648,013,310. For purposes of this disclosure, non-affiliates are deemed to be all persons other than members of the Board of Directors of the Registrant.

Number of shares of Common Stock outstanding as of February 22, 1998: 338,811,777, consisting of 102,630,503 shares of Class A Common Stock and 236,181,274 shares of Class B Common Stock.

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

Portions of Raytheon's Annual Report to Stockholders Part I, Part II, Part IV for the fiscal year ended December 31, 1997

Portions of the Proxy Statement for Raytheon's Part III 1998 Annual Meeting which will be filed with the Commission within 120 days after the close of Raytheon's fiscal year

The sole purpose of this Form 10-K/A is to file Annual Reports for the Registrant's various savings and investment plans.

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has caused this amendment to be signed on its behalf by the undersigned, thereunto duly authorized.

RAYTHEON COMPANY (REGISTRANT)

By: /s/ Thomas D. Hyde  
Thomas D. Hyde  
Senior Vice President and  
General Counsel

Date: June 30, 1998

## Exhibit Index

Exhibit No.	Description of Documents
99.1	Annual Report for the Raytheon Savings and Investment Plan.
99.1a	Consent of Independent Accountants
99.1b	Raytheon Savings and Investment Plan, heretofore filed as an exhibit to the Company's S-8 Registration Statement No. 333-56117 on June 5, 1998, is hereby incorporated by reference.
99.2	Annual Report for the Raytheon Savings and Investment Plan for Specified Hourly Payroll Employees.
99.2a	Consent of Independent Accountants
99.2b	Raytheon Savings and Investment Plan for Specified Hourly Payroll Employees, heretofore filed as an exhibit to the Company's S-8 Registration Statement No. 333-56117 on June 5, 1998, is hereby incorporated by reference.
99.3	Annual Report for the Raytheon Employee Savings and Investment Plan.
99.3a	Consent of Independent Accountants
99.3b	Raytheon Employee Savings and Investment Plan, heretofore filed as an exhibit to the Company's S-8 Registration Statement No. 333-56117 on June 5, 1998, is hereby incorporated by reference.
99.4	Annual Report for the Raytheon Savings and Investment Plan for Puerto Rico Based Employees.
99.4a	Consent of Independent Accountants
99.4b	Raytheon Savings and Investment Plan for Puerto Rico Based Employees, heretofore filed as an exhibit to the Company's S-8 Registration Statement No. 333-56117 on June 5, 1998, is hereby incorporated by reference.
99.5	Annual Report for the E-Systems, Inc. Employee Savings Plan.
99.5a	Consent of Independent Accountants
99.5b	E-Systems, Inc. Employee Savings Plan, heretofore filed as an exhibit to the Company's S-8 Registration Statement No. 333-56117 on June 5, 1998, is hereby incorporated by reference.
99.6	Annual Report for the Raytheon TI Systems Savings Plan.
99.6a	Consent of Independent Accountants
99.6b	Raytheon TI Systems Savings Plan, heretofore filed as an exhibit to the Company's S-8 Registration Statement No. 333-56117 on June 5, 1998, is hereby incorporated by reference.

- 99.7 Annual Report for the Raytheon Salaried Savings and Investment Plan.  
99.7a Consent of Independent Accountants  
99.7b Raytheon Salaried Savings and Investment Plan, heretofore filed as an exhibit to the Company's S-8 Registration Statement No. 333-56117 on June 5, 1998, is hereby incorporated by reference.
- 99.8 Annual Report for the Raytheon California Hourly Savings and Investment Plan.  
99.8a Consent of Independent Accountants  
99.8b Raytheon California Hourly Savings and Investment Plan, heretofore filed as an exhibit to the Company's S-8 Registration Statement No. 333-56117 on June 5, 1998, is hereby incorporated by reference.
- 99.9 Annual Report for the Raytheon Tucson Bargaining Savings and Investment Plan.  
99.9a Consent of Independent Accountants  
99.9b Raytheon Tucson Bargaining Savings and Investment Plan, heretofore filed as an exhibit to the Company's S-8 Registration Statement No. 333-56117 on June 5, 1998, is hereby incorporated by reference.
- 99.10 Annual Report for the Raytheon Savings and Investment Plan (10014).  
99.10a Consent of Independent Accountants  
99.10b Raytheon Savings and Investment Plan (10014), heretofore filed as an exhibit to the Company's S-8 Registration Statement No. 333-56117 on June 5, 1998, is hereby incorporated by reference.

RAYTHEON SAVINGS AND INVESTMENT PLAN  
FINANCIAL STATEMENTS  
TO ACCOMPANY 1997 FORM 5500  
ANNUAL REPORT OF EMPLOYEE BENEFIT PLAN  
UNDER ERISA OF 1974  
FOR THE YEAR ENDED DECEMBER 31, 1997

The supplemental schedules required to accompany the Plan's Form 5500 are not required since the Plan's assets are held in a Master Trust. Accordingly, detailed financial information, including the supplemental schedules, must be filed separately with the Department of Labor by the plan administrator.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of  
Raytheon Company:

We have audited the accompanying statements of net assets available for plan benefits of the Raytheon Savings and Investment Plan (the "Plan") as of December 31, 1997 and 1996, and the related statement of changes in net assets available for plan benefits for the year ended December 31, 1997. 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 in accordance with generally accepted auditing standards. 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of December 31, 1997 and 1996, and the changes in net assets available for plan benefits for the year ended December 31, 1997 in conformity with generally accepted accounting principles.

Coopers & Lybrand LLP  
Boston, Massachusetts  
May 29, 1998

RAYTHEON SAVINGS AND INVESTMENT PLAN  
STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS

as of December 31, 1997 and 1996

	1997	1996
Assets:		
Master trust investments:		
At contract value (Notes B, E and H)	\$ 772,455,041	\$ 772,729,672
At fair value (Notes B, F and H)	1,887,852,039	1,476,625,144
	-----	-----
	2,660,307,080	2,249,354,816
	-----	-----
Receivables:		
Accrued investment income and other receivables	3,765,409	931,039
Cash and cash equivalents	18,482,006	21,398,335
	-----	-----
Total assets	2,682,554,495	2,271,684,190
	-----	-----
Liabilities:		
Payable for outstanding purchases	3,213,981	1,488,542
Accrued expenses and other payables	1,766,653	954,240
	-----	-----
Total liabilities	4,980,634	2,442,782
	-----	-----
Net assets available for plan benefits	\$2,677,573,861	\$2,269,241,408
	=====	=====

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

## RAYTHEON SAVINGS AND INVESTMENT PLAN

STATEMENT OF CHANGES IN NET ASSETS  
AVAILABLE FOR PLAN BENEFITS

for the year ended December 31, 1997

Additions to net assets attributable to:	
Investment income (Notes B, E, and H):	
Net appreciation of investments	\$ 266,296,571
Interest	60,810,967
Dividends	65,037,158
	-----
	392,144,696
	-----
Contributions and deferrals:	
Employee deferrals	139,052,540
Employer contributions	41,031,026
Transfers (Note G)	2,012,446
	-----
	182,096,012
	-----
Total additions	574,240,708
	-----
Deductions from net assets attributable to:	
Distributions to participants	165,263,589
Administrative expenses	644,666
	-----
Total deductions	165,908,255
	-----
Increase in net assets	408,332,453
	-----
Net assets available for plan benefits, beginning of year	2,269,241,408
	-----
Net assets available for plan benefits, end of year	\$2,677,573,861
	=====

The accompanying notes are an integral part of the 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 certain employees of Raytheon Company (the "Company"). To participate in the Plan, eligible employees must have three months of service and may enter the Plan only on the first day of each month. 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 Sections 401(a) and 401(k) of the Internal Revenue Code (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 Company Master Trust for Defined Contribution Plans ("Master Trust") with the assets of other defined contribution plans of the Company and subsidiaries. The trustee of the Master Trust maintains a separate account reflecting the equitable share in the Trust of each plan.

Investment income and administrative expenses relating to the Master Trust are allocated to the individual plans based upon average monthly balances invested by each plan.

## Contributions and Deferrals

Eligible employees are allowed to defer to the Plan up to 17% of their salaries. The Company contributes amounts equal to 50% of each participant's deferral, up to a maximum of 3% of the participant's salary. As of December 31, 1997, the annual employee deferral for a participant cannot exceed \$9,500. Rollover contributions from other qualified plans are accepted by the Plan. Participants may invest their deferrals in increments of 1% in any combination of seven funds: (a) a Fixed Income Fund under which assets are invested primarily in contracts providing for fixed rates of interest for specified periods of time, (b) an Equity Fund which invests in shares of a mutual fund which consists primarily of income-producing equity securities, (c) a Raytheon Common Stock Fund which invests in shares of Raytheon Company Class B common stock, (d) a Stock Index Fund which invests in a commingled pool consisting primarily of equity securities and is designed to track the S&P 500 Index, (e) a Balanced Fund which invests in shares of a mutual fund which consists primarily of equity securities, bonds and money market instruments, (f) the Magellan Fund, a growth fund which invests primarily in equities of companies of all types and sizes, and (g) the Blue Chip Fund, a growth fund which invests primarily in equities of well known and established companies. Dividends and distributions from investments of the Raytheon Common Stock Fund, the Equity Fund, the Stock Index Fund, the Balanced Fund, the Magellan Fund and the Blue Chip Fund are reinvested in their respective funds; stock dividends, stock splits and similar changes are also reflected in the funds.



#### Participant Accounts

Each participant's account is credited with the participant's deferral, the Company's contribution and an allocation of plan earnings. Plan earnings are allocated based on account balances by fund.

#### Vesting

Participants are immediately vested in their voluntary deferrals plus actual earnings thereon. Vesting requirements for employer contributions plus earnings thereon may vary depending upon when an employee became eligible to participate in the Plan. Vesting generally occurs upon the earliest of the completion of five years of service or three years of plan participation or upon retirement, death, disability, or attainment of normal retirement age. Forfeitures of the nonvested portions of terminated participants' accounts are used to reduce required contributions of the Company.

#### 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. On termination of employment, a participant will receive a lump-sum distribution unless the vested account is valued in excess of \$3,500 and the participant elects to defer distribution. A retiree or a beneficiary of a deceased participant may defer the distribution until January of the year following attainment of age 65.

#### Loans to Participants

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 vested account balance or \$50,000. The minimum loan which may be granted is \$500. The interest rate applied is equal to the prime rate published in the Wall Street Journal on the first business day in June and December of each year. Loans must be repaid over a period of up to 5 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.

#### Administrative Expenses

Substantially all expenses of administering the Plan are paid by the plan participants.

#### B. Summary of Significant Accounting Policies:

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

The Plan's investment contracts are fully benefit-responsive and are therefore included in the financial statements at their contract value, defined as net contributions and deferrals plus interest earned on the underlying investments at contracted rates. Because the investment contracts are fully benefit-responsive, contract values approximate fair value. Investments in mutual funds and the commingled pool 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 trade date. Except for its investment contracts (Note E), the Plan's investments are held by bank-administered trust funds. Payables for outstanding security transactions represent trades which have occurred but have not yet settled.

The Plan presents in the statement of changes in net assets 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.

Benefits are recorded when paid.

Certain items in the 1996 financial statements have been reclassified to conform to the 1997 presentation.

The preparation of the financial statements in conformity with generally accepted accounting principles requires the plan administrator to make significant estimates and assumptions that affect the reported amounts of net assets and liabilities available for benefits at the date of the financial statements and the changes in net assets available for benefits during the reporting period and, when applicable, disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from the estimates included in the financial statements.

The Plan provides for various investment options in any combination of stocks, bonds, 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.

#### C. Federal Income Tax Status:

The Plan obtained its latest determination letter in July 1995, in which the Internal Revenue Service stated that the Plan, as submitted, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan has been amended 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 the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

## D. Plan Termination:

Although it has not expressed any intention to do so, the Company reserves the right under the Plan at any time or times to discontinue its contributions and to terminate the Plan subject to the provisions of ERISA. 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 any amounts then credited to his or her account.

## E. Investment Contracts:

The Plan invests in collateralized fixed income investment portfolios (with no expiration date), three of which are managed by insurance companies and one of which is managed by an investment management firm. The credited interest rates are adjusted semiannually to reflect the experienced and anticipated yields to be earned on such investments, based on their book value. The annualized average yield and credited interest rates were as follows:

	Annualized Average Yield	Credited Interest Rate
For year ended December 31, 1997:		
Bankers Trust (WBS 92-485)	6.95%	6.95%
Metropolitan Life Insurance Company (GIC GA-12908)	6.86%	6.86%
Metropolitan Life Insurance Company (GIC GA-13659)	6.43%	6.43%
Prudential Asset Management Company (GIC 917163-001)	6.99%	6.99%
For the year ended December 31, 1996:		
Bankers Trust (WBS 92-485)	6.87%	6.95%
Metropolitan Life Insurance Company (GIC GA-12908)	6.77%	6.86%
Metropolitan Life Insurance Company (GIC GA-13659)	6.36%	6.43%
Prudential Asset Management Company (GIC 917163-001)	6.89%	6.99%

The contract values are subject to limitations in certain situations including large workforce reductions and plan termination.

In the financial statements, the two Metropolitan Life Insurance Company contracts are recorded as one investment option.

## F. Related Party Transactions:

In accordance with the provisions of the Plan, Fidelity Management Trust Company (the "Trustee") acts as the Plan's agent for purchases and sales of shares of Raytheon Company Class B common stock. These transactions are performed on the Master Trust level. For the Master Trust, purchases amounted to \$200,689,057 and \$158,515,882 and sales amounted to \$102,165,608 and \$38,523,792 for the years ended December 31, 1997 and 1996, respectively.

## G. Transfers:

Transfers include transfers of participant accounts, individually and/or in groups, between the Raytheon Savings and Investment Plan and all other plans included in the Raytheon Company Master Trust for those participants and/or groups of participants who changed plans during the year. Transfers also include transfers of participant accounts, individually and/or in groups, between the Raytheon Savings and Investment Plan and similar savings plans of other companies for those participants who changed companies during the year.

## H. Fund Data:

The following is a summary of net assets available for plan benefits by fund as of December 31, 1997:

	Fixed Income Fund	Equity Fund	Raytheon Common Stock Fund	Stock Index Fund	Balanced Fund	Magellan Fund
<b>Assets:</b>						
Master trust investments:						
At contract value:						
Bankers Trust*	\$288,500,627					
Prudential Insurance Company of America*	178,944,318					
Metropolitan Life Insurance Company*	305,010,096					
At fair value:						
Fidelity Equity Income Fund*		\$702,811,931				
Raytheon Company Common Stock*			\$378,088,027			
BT Pyramid Equity Index Fund*				\$410,284,635		
Fidelity Balanced Fund					\$99,624,204	
Fidelity Magellan Fund						\$73,972,306
Fidelity Blue Chip Fund						
Loans receivable from participants						
Total investments	772,455,041	702,811,931	378,088,027	410,284,635	99,624,204	73,972,306
<b>Receivables:</b>						
Accrued investment income and other receivables			2,782,739	982,670		
Cash and cash equivalents	7,610,141		6,842,320	4,029,545		
Total assets	780,065,182	702,811,931	387,713,086	415,296,850	99,624,204	73,972,306
<b>Liabilities:</b>						
Payable for outstanding purchases			3,213,981			
Accrued expenses and other payables			750,673	1,015,980		
Total liabilities			3,964,654	1,015,980		
Net assets available for plan benefits	\$780,065,182	\$702,811,931	\$383,748,432	\$414,280,870	\$99,624,204	\$73,972,306

\*Represents more than 5% of net assets available for plan benefits

	Blue Chip Fund	Loan Fund	Total
<b>Assets:</b>			
Master trust investments:			
At contract value:			
Bankers Trust*			\$288,500,627
Prudential Insurance Company of America*			178,944,318
Metropolitan Life Insurance Company*			305,010,096
At fair value:			
Fidelity Equity Income Fund*			702,811,931
Raytheon Company Common Stock*			378,088,027
BT Pyramid Equity Index Fund*			410,284,635
Fidelity Balanced Fund			99,624,204
Fidelity Magellan Fund			73,972,306
Fidelity Blue Chip Fund	\$104,583,449		104,583,449
Loans receivable from participants		\$118,487,487	118,487,487
Total investments	104,583,449	118,487,487	2,660,307,080
<b>Receivables:</b>			
Accrued investment income and other receivables			3,765,409
Cash and cash equivalents			18,482,006
Total assets	104,583,449	118,487,487	2,682,554,495
<b>Liabilities:</b>			
Payable for outstanding purchases			3,213,981
Accrued expenses and other payables			1,766,653
Total liabilities			4,980,634
Net assets available for plan benefits	\$104,583,449	\$118,487,487	\$2,677,573,861

\*Represents more than 5% of net assets available for plan benefits

## H. Fund Data, continued:

The following is a summary of net assets available for plan benefits by fund as of December 31, 1996:

	Fixed Income Fund	Equity Fund	Raytheon Common Stock Fund	Stock Index Fund	Balanced Fund	Magellan Fund
<b>Assets:</b>						
Master trust investments:						
At contract value:						
Bankers Trust*	\$291,452,605					
Prudential Insurance Company of America*	180,698,171					
Metropolitan Life Insurance Company*	300,578,896					
At fair value:						
Fidelity Equity Income Fund*		\$528,486,753				
Raytheon Company Common Stock*			\$372,372,739			
BT Pyramid Equity Index Fund*				\$279,051,705		
Fidelity Balanced Fund					\$76,235,541	
Fidelity Magellan Fund						\$44,824,995
Fidelity Blue Chip Fund						
Loans receivable from participants*						
Total investments	772,729,672	528,486,753	372,372,739	279,051,705	76,235,541	44,824,995
<b>Receivables:</b>						
Accrued investment income and other receivables			548,433	382,606		
Cash and cash equivalents	12,555,817		5,629,300	3,213,218		
Total assets	785,285,489	528,486,753	378,550,472	282,647,529	76,235,541	44,824,995
<b>Liabilities:</b>						
Payable for outstanding purchases			1,488,542			
Accrued expenses and other payables			520,203	434,037		
Total liabilities			2,008,745	434,037		
Net assets available for plan benefits	\$785,285,489	\$528,486,753	\$376,541,727	\$282,213,492	\$76,235,541	\$44,824,995

\*Represents more than 5% of net assets available for plan benefits

	Blue Chip Fund	Loan Fund	Total
Assets:			
Master trust investments:			
At contract value:			
Bankers Trust*			\$291,452,605
Prudential Insurance Company of America*			180,698,171
Metropolitan Life Insurance Company*			300,578,896
At fair value:			
Fidelity Equity Income Fund*			528,486,753
Raytheon Company Common Stock*			372,372,739
BT Pyramid Equity Index Fund*			279,051,705
Fidelity Balanced Fund			76,235,541
Fidelity Magellan Fund			44,824,995
Fidelity Blue Chip Fund	\$61,559,093		61,559,093
Loans receivable from participants*		\$114,094,318	114,094,318
	-----	-----	-----
Total investments	61,559,093	114,094,318	2,249,354,816
	-----	-----	-----
Receivables:			
Accrued investment income and other receivables			931,039
Cash and cash equivalents			
			21,398,335
	-----	-----	-----
Total assets	61,559,093	114,094,318	2,271,684,190
	-----	-----	-----
Liabilities:			
Payable for outstanding purchases			1,488,542
Accrued expenses and other payables			954,240
	-----	-----	-----
Total liabilities			2,442,782
	-----	-----	-----
Net assets available for plan benefits	\$61,559,093	\$114,094,318	\$2,269,241,408
	=====	=====	=====

\*Represents more than 5% of net assets available for plan benefits

## H. Fund Data, continued:

The following is a summary of net assets available for plan benefits by fund as of December 31, 1997:

	Fixed Income Fund	Equity Fund	Raytheon Common Stock Fund	Stock Index Fund	Balanced Fund	Magellan Fund
Additions to net assets attributable to:						
Investment income:						
Net appreciation of investments		\$120,948,030	\$20,461,839	\$ 96,741,885	\$ 6,060,528	\$ 8,101,648
Interest	\$ 52,083,232		339,719	263,648		
Dividends		38,332,138	5,635,976		11,796,445	4,345,938
	52,083,232	159,280,168	26,437,534	97,005,533	17,856,973	12,447,586
Contributions and deferrals:						
Employee deferrals	37,374,193	31,354,470	23,142,038	23,100,455	6,820,556	7,325,877
Employer contributions	11,021,000	9,475,138	6,973,904	6,738,271	2,031,306	2,141,751
Transfers	416,725	217,088	486,144	313,180	33,797	43,026
	48,811,918	41,046,696	30,602,086	30,151,906	8,885,659	9,510,654
Total additions	100,895,150	200,326,864	57,039,620	127,157,439	26,742,632	21,958,240
Deductions from net assets attributable to:						
Distributions to participants	78,215,945	33,061,517	19,458,406	18,864,751	5,234,076	2,700,029
Administrative expenses	218,539	168,459	106,090	95,457	23,552	13,897
Total deductions	78,434,484	33,229,976	19,564,496	18,960,208	5,257,628	2,713,926
Interfund transfers	(27,680,973)	7,228,290	(30,268,419)	23,870,147	1,903,659	9,902,997
Increase (decrease) in net assets	(5,220,307)	174,325,178	7,206,705	132,067,378	23,388,663	29,147,311
Net assets available for plan benefits, beginning of year	785,285,489	528,486,753	376,541,727	282,213,492	76,235,541	44,824,995
Net assets available for plan benefits, end of year	\$780,065,182	\$702,811,931	\$383,748,432	\$414,280,870	\$99,624,204	\$73,972,306



	Blue Chip Fund	Loan Fund	Total
Additions to net assets attributable to:			
Investment income:			
Net appreciation of investments	\$ 13,982,641		\$266,296,571
Interest		\$ 8,124,368	60,810,967
Dividends	4,926,661		65,037,158
	-----	-----	-----
	18,909,302	8,124,368	392,144,696
	-----	-----	-----
Contributions and deferrals:			
Employee deferrals	9,651,786	283,165	139,052,540
Employer contributions	2,649,656		41,031,026
Transfers	49,778	452,708	2,012,446
	-----	-----	-----
	12,351,220	735,873	182,096,012
	-----	-----	-----
Total additions	31,260,522	8,860,241	574,240,708
	-----	-----	-----
Deductions from net assets attributable to:			
Distributions to participants	3,102,399	4,626,466	165,263,589
Administrative expenses	18,672		644,666
	-----	-----	-----
Total deductions	3,121,071	4,626,466	165,908,255
	-----	-----	-----
Interfund transfers	14,884,905	159,394	--
	-----	-----	-----
Increase (decrease) in net assets	43,024,356	4,393,169	408,332,453
	-----	-----	-----
Net assets available for plan benefits, beginning of year	61,559,093	114,094,318	2,269,241,408
	-----	-----	-----
Net assets available for plan benefits, end of year	<u>\$104,583,449</u>	<u>\$118,487,487</u>	<u>\$2,677,573,861</u>

## I. Master Trust:

All plan investments are included under the Master Trust. At December 31, 1997, assets of the Plan represented 76.2% of the total assets under the Master Trust. This has decreased from 80.2% at December 31, 1996. The following is a summary of net assets available for plan benefits by fund under the Master Trust as of December 31, 1997:

	Fixed Income Fund	Equity Fund	Raytheon Common Stock Fund	Stock Index Fund	Balanced Fund	Magellan Fund	Blue Chip Fund
<b>Assets:</b>							
<b>Investments:</b>							
At contract value:							
Bankers Trust*	\$351,035,073						
Prudential Insurance Company of America*	217,731,699						
Metropolitan Life Insurance Company*	371,123,080						
At fair value:							
Fidelity Equity Income Fund*		\$782,799,011					
Raytheon Company Common Stock*			\$745,980,294				
BT Pyramid Equity Index Fund*				\$484,781,406			
Fidelity Balance Fund					\$117,556,481		
Fidelity Magellan Fund						\$91,863,155	
Fidelity Blue Chip Fund Templeton Foreign I Fund							\$136,586,123
Fidelity Investment Grade Bond Fund							
Fidelity Retirement Money Market Fund							
Loans receivable from participants							
	-----	-----	-----	-----	-----	-----	-----
Total investments	939,889,852	782,799,011	745,980,294	484,781,406	117,556,481	91,863,155	136,586,123
	-----	-----	-----	-----	-----	-----	-----
<b>Receivables:</b>							
Employer contribution							
Accrued Investment income and other receivables			5,489,592	1,161,112			
Cash and cash equivalents	9,232,100		13,498,051	4,761,268			
	-----	-----	-----	-----	-----	-----	-----
Total assets	949,121,952	782,799,011	764,967,937	490,703,786	117,556,481	91,863,155	136,586,123
	-----	-----	-----	-----	-----	-----	-----
<b>Liabilities:</b>							
Payables for outstanding purchases							
			6,340,318				
Accrued expenses and other payables			1,480,875	1,200,471			
	-----	-----	-----	-----	-----	-----	-----
Total liabilities			7,821,193	1,200,471			
	-----	-----	-----	-----	-----	-----	-----
Net assets available for plan benefits	\$949,121,952	\$782,799,011	\$757,146,744	\$489,503,315	\$117,556,481	\$91,863,155	\$136,586,123
	=====	=====	=====	=====	=====	=====	=====
Percentage of Master Trust that are plan assets of the Raytheon Savings and Investment Plan.	82.2%	89.8%	50.7%	84.6%	84.7%	80.5%	76.6%

\*Represents more than 5% of net assets available for plan benefits.

N/A: The Templeton Foreign I Fund, Investment Grade Bond Fund, and Retirement Money Market Fund are not available for the Raytheon Savings and Investment Plan.

	Templeton Foreign I Fund	Investment Grade Bond Fund	Retirement Money Market Fund	Loan Fund	Total
<b>Assets:</b>					
<b>Investments:</b>					
At contract value:					
Bankers Trust*					\$ 351,035,073
Prudential Insurance Company of America*					217,731,699
Metropolitan Life Insurance Company*					371,123,080
At fair value:					
Fidelity Equity Income Fund*					782,799,011
Raytheon Company Common Stock*					745,980,294
BT Pyramid Equity Index Fund*					484,781,406
Fidelity Balance Fund					117,556,481
Fidelity Magellan Fund					91,863,155
Fidelity Blue Chip Fund					136,586,123
Templeton Foreign I Fund	\$5,471,176				5,471,176
Fidelity Investment grade Bond Fund		\$1,548,125			1,548,125
Fidelity Retirement Money Market Fund			\$12,186,085		12,186,085
Loans receivable from participants				\$166,395,767	166,395,767
	-----	-----	-----	-----	-----
Total investments	5,471,176	1,548,125	12,186,085	166,395,767	3,485,057,475
	-----	-----	-----	-----	-----
<b>Receivables:</b>					
Employer contribution			4,015,100		4,015,100
Accrued investment income and other receivables					6,650,704
<b>Cash and cash equivalents</b>					
	-----	-----	-----	-----	-----
Total assets	5,471,176	1,548,125	16,201,185	166,395,767	3,523,214,698
	-----	-----	-----	-----	-----
<b>Liabilities:</b>					
Payables for outstanding purchases					6,340,318
Accrued expenses and other payables					2,681,346
	-----	-----	-----	-----	-----
Total liabilities					9,021,664
	-----	-----	-----	-----	-----
Net assets available for plan benefits	\$5,471,176	\$1,548,125	\$16,201,185	\$166,395,767	\$3,514,193,034
	=====	=====	=====	=====	=====
Percentage of Master Trust that are plan assets of the Raytheon Savings and Investment Plan	N/A	N/A	N/A	71.2%	76.2%

\*Represents more than 5% of net assets available for plan benefits

N/A: The Templeton Foreign I Fund, Investment Grade Bond Fund, and Retirement Money Market Fund are not available for the Raytheon Savings and Investment Plan.

## I. Master Trust, continued:

The following is a summary of net assets available for plan benefits by fund under the Master Trust as of December 31, 1996:

	Fixed Income Fund	Equity Fund	Raytheon Common Stock Fund	Stock Index Fund	Balanced Fund	Magellan Fund
Assets:						
Investments:						
At contract value:						
Bankers Trust*	\$339,670,440					
Prudential Insurance Company of America*	210,594,065					
Metropolitan Life Insurance Company*	350,310,646					
At fair value:						
Fidelity Equity Income Fund *		\$578,166,630				
Raytheon Company Common Stock*			\$671,136,043			
BT Pyramid Equity Index Fund*				\$307,555,916		
Fidelity Balance Fund					\$83,265,065	
Fidelity Magellan Fund						\$50,454,961
Fidelity Blue Chip Fund						
Loans receivable from participants*						
Total investments	900,575,151	578,166,630	671,136,043	307,555,916	83,265,065	50,454,961
Receivables:						
Accrued investment income			39,737	13,686		
Cash and cash equivalents	14,633,134		10,145,818	3,541,437		
Total assets	915,208,285	578,166,630	681,321,598	311,111,039	83,265,065	50,454,961
Liabilities:						
Payables for outstanding purchases			2,682,835			
Total liabilities			2,682,835			
Net assets available for plan benefits	\$915,208,285	\$578,166,630	\$678,638,763	\$311,111,039	\$83,265,065	\$50,454,961
Percentage of Master Trust that are plan assets of the Raytheon Savings and Investment Plan.	85.8%	91.4%	55.5%	90.7%	91.6%	88.8%

\*Represents more than 5% of net assets available for plan benefits.

	Blue Chip Fund	Loan Fund	Total
Assets:			
Investments:			
At contract value:			
Bankers Trust*			\$339,670,440
Prudential Insurance Company of America*			210,594,065
Metropolitan Life Insurance Company*			350,310,646
At fair value:			
Fidelity Equity Income Fund *			578,166,630
Raytheon Company Common Stock*			671,136,043
BT Pyramid Equity Index Fund*			307,555,916
Fidelity Balance Fund			83,265,065
Fidelity Magellan Fund			50,454,961
Fidelity Blue Chip Fund	\$67,866,240		67,866,240
Loans receivable from participants*		\$144,824,714	144,824,714
Total investments	67,866,240	144,824,714	2,803,844,720
Receivables:			
Accrued investment income			53,423
Cash and cash equivalents			28,320,389
Total assets	67,866,240	144,824,714	2,832,218,532
Liabilities:			
Payables for outstanding purchases			2,682,835
Total liabilities			2,682,835
Net assets available for plan benefits	\$67,866,240	\$144,824,714	\$2,829,535,697
Percentage of Master Trust that are plan assets of the Raytheon Savings and Investment Plan	90.7%	78.8%	80.2%

\*Represents more than 5% of net assets available for plan benefits



	Templeton Foreign I Fund	Investment Grade Bond Fund	Retirement Money Market Fund	Loan Fund	Total
Investment income:					
Net appreciation (depreciation) of assets	\$(826,396)	\$22,581			\$302,745,594
Interest				\$10,848,204	74,153,722
Dividends	549,717	36,337	\$266,835		79,616,073
	-----	-----	-----	-----	-----
Total investment income/(loss)	\$(276,679)	\$58,918	\$266,835	\$10,848,204	\$456,515,389
	=====	=====	=====	=====	=====



CONSENT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of  
Raytheon Company

We consent to the incorporation by reference in the Registration Statement of Raytheon Company on Form S-8 (File No. 333-56117) of our report dated May 29, 1998 on our audits of the financial statements of the Raytheon Savings and Investment Plan as of December 31, 1997 and 1996 and for the year ended December 31, 1997, which report is included in this annual report on Form 10-K/A.

Coopers & Lybrand LLP

Boston, Massachusetts  
June 29, 1998

EXHIBIT 99.2

RAYTHEON SAVINGS AND INVESTMENT PLAN  
FOR SPECIFIED HOURLY PAYROLL EMPLOYEESFINANCIAL STATEMENTS  
TO ACCOMPANY 1997 FORM 5500  
ANNUAL REPORT OF EMPLOYEE BENEFIT PLAN  
UNDER ERISA OF 1974

FOR THE YEAR ENDED DECEMBER 31, 1997

The supplemental schedules required to accompany the Plan's Form 5500 are not required since the Plan's assets are held in a Master Trust. Accordingly, detailed financial information, including the supplemental schedules, must be filed separately with the Department of Labor by the plan administrator.

## REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of  
Raytheon Company:

We have audited the accompanying statements of net assets available for plan benefits of the Raytheon Savings and Investment Plan for Specified Hourly Payroll Employees (the "Plan") as of December 31, 1997 and 1996, and the related statement of changes in net assets available for plan benefits for the year ended December 31, 1997. 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 in accordance with generally accepted auditing standards. 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of December 31, 1997 and 1996, and the changes in net assets available for plan benefits for the year ended December 31, 1997 in conformity with generally accepted accounting principles.

Coopers &amp; Lybrand LLP

Boston, Massachusetts  
May 29, 1998

RAYTHEON SAVINGS AND INVESTMENT PLAN  
FOR SPECIFIED HOURLY PAYROLL EMPLOYEES

STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS

as of December 31, 1997 and 1996

	1997	1996
Assets:		
Master trust investments:		
At contract value (Notes B, E and H)	\$118,688,832	\$114,483,156
At fair value (Notes B, F and H)	210,894,210	167,294,559
	-----	-----
	329,583,042	281,777,715
	-----	-----
Receivables:		
Accrued investment income and other receivables	536,061	120,280
Cash and cash equivalents	2,639,423	3,030,913
	-----	-----
Total assets	332,758,526	284,928,908
	-----	-----
Liabilities:		
Payable for outstanding purchases	512,188	233,567
Accrued expenses and other payables	215,365	120,450
	-----	-----
Total liabilities	727,553	354,017
	-----	-----
Net assets available for plan benefits	\$332,030,973	\$284,574,891
	=====	=====

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

RAYTHEON SAVINGS AND INVESTMENT PLAN  
FOR SPECIFIED HOURLY PAYROLL EMPLOYEES

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS

for the year ended December 31, 1997

Additions to net assets attributable to:	
Investment income (Notes B, E and H):	
Net appreciation of investments	\$24,128,490
Interest	9,928,559
Dividends	5,734,138
	-----
	39,791,187
	-----
Contributions and deferrals:	
Employee deferrals	22,972,877
Employer contributions	7,537,344
Transfers (Note G)	316,293
	-----
	30,826,514
	-----
Total additions	70,617,701
	-----
Deductions from net assets attributable to:	
Distributions to participants	22,400,103
Administrative expenses	77,846
Transfers (Note G)	683,670
	-----
Total deductions	23,161,619
	-----
Increase in net assets	47,456,082
Net assets available for	
plan benefits, beginning of year	284,574,891
	-----
Net assets available for	
plan benefits, end of year	\$332,030,973
	=====

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

## A. Description of Plan:

## General

The following description of the Raytheon Savings and Investment Plan for Specified Hourly Payroll Employees (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 certain hourly payroll employees of Raytheon Company (the "Company") who are employed in units represented by specified labor unions. To participate in the Plan, eligible employees must have three months of service and may enter the Plan only on the first day of each month. 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 Sections 401(a) and 401(k) of the Internal Revenue Code (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 Company Master Trust for Defined Contribution Plans "Master Trust" with the assets of other defined contribution plans of Raytheon Company and subsidiaries. The trustee of the Master Trust maintains a separate account reflecting the equitable share in the Trust of each plan.

Investment income and administrative expenses relating to the Master Trust are allocated to the individual plans based upon average monthly balances invested by each plan.

## Contributions and Deferrals

Eligible employees are allowed to defer to the Plan up to 17% of their salaries. The Company contributes amounts equal to 50% of each participant's deferral, up to a maximum of 3% of the participant's salary. As of December 31, 1997, the annual employee deferral for a participant cannot exceed \$9,500. Rollover contributions from other qualified plans are accepted by the Plan. Participants may invest their deferrals in increments of 1% in any combination of seven funds: (a) a Fixed Income Fund under which assets are invested primarily in contracts providing for fixed rates of interest for specified periods of time, (b) an Equity Fund which invests in shares of a mutual fund which consists primarily of income-producing equity securities, (c) a Raytheon Common Stock Fund which invests in shares of Raytheon Company Class B common stock, (d) a Stock Index Fund which invests in a commingled pool consisting primarily of equity securities and is designed to track the S&P 500 Index, (e) a Balanced Fund which invests in shares of a mutual fund which consists primarily of equity securities, bonds and money market instruments, (f) the Magellan Fund, a growth fund which invests primarily in equities of companies of all types and sizes, and (g) the Blue Chip Fund, a growth fund which invests primarily in equities of well known and established companies. Dividends and distributions from investments of the Equity Fund, the Raytheon Common Stock Fund, the Stock Index Fund, the Balanced Fund, the Magellan Fund and the Blue Chip Fund are reinvested in their respective funds; stock dividends, stock splits and similar changes are also reflected in the funds.

#### Participant Accounts

Each participant's account is credited with the participant's deferral, the Company's contribution and an allocation of plan earnings. Plan earnings are allocated based on account balances by fund.

#### Vesting

Participants are immediately vested in their voluntary deferrals plus actual earnings thereon. Vesting requirements for employer contributions plus earnings thereon may vary depending upon when an employee became eligible to participate in the Plan. Vesting generally occurs upon the earliest of the completion of five years of service or upon three years of participation or upon retirement, death, disability, or attainment of normal retirement age. Forfeitures of the nonvested portions of terminated participants' accounts are used to reduce required contributions of the Company.

#### 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. On termination of employment, a participant will receive a lump-sum distribution unless the vested account is valued in excess of \$3,500 and the participant elects to defer distribution. A retiree or a beneficiary of a deceased participant may defer the distribution until January of the year following attainment of age 65.

#### Loans to Participants

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 vested account balance or \$50,000. The minimum loan which may be granted is \$500. The interest rate applied is equal to the prime rate published in the Wall Street Journal on the first business day in June and December of each year. Loans must be repaid over a period of up to 5 years by means 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.

#### Administrative Expenses

Substantially all expenses of administering the Plan are paid by the plan participants.

#### B. Summary of Significant Accounting Policies:

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

The Plan's investment contracts are fully benefit-responsive and are therefore included in the financial statements at their contract value, defined as net contributions and deferrals plus interest earned on the underlying investments at contracted rates. Because the investment contracts are fully benefit-responsive, contract values approximate fair value. Investments in mutual funds and the commingled pool 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 trade date. Except for its investment contracts (Note E), the Plan's investments are held by bank-administered trust funds. Payables for outstanding security transactions represent trades which have occurred but have not yet settled.

The Plan presents in the statement of changes in net assets 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.

Benefits are recorded when paid.

Certain items in the 1996 financial statements have been reclassified to conform to the 1997 presentation.

The preparation of the financial statements in conformity with generally accepted accounting principles requires the Plan administrator to make significant estimates and assumptions that affect the reported amounts of net assets and liabilities available for benefits at the date of the financial statements and the changes in net assets available for benefits during the reporting period and, when applicable, disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from the estimates included in the financial statements.

The Plan provides for various investment options in any combination of stocks, bonds, 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.

## C. Federal Income Tax Status:

The Plan obtained its latest determination letter in June 1995, in which the Internal Revenue Service stated that the Plan, as submitted, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan has been amended 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 the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

## D. Plan Termination:

Although it has not expressed any intention to do so, the Company reserves the right under the Plan at any time or times to discontinue its contributions and to terminate the Plan subject to the provisions of ERISA. 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 any amounts then credited to his or her account.

## E. Investment Contracts:

The Plan invests in collateralized fixed income investment portfolios (with no expiration date), three of which are managed by insurance companies and one of which is managed by an investment management firm. The credited interest rates are adjusted semiannually to reflect the experienced and anticipated yields to be earned on such investments, based on their book value. The annualized average yield and credited interest rates were as follows:

	Annualized Average Yield	Credited Interest Rate
For the year ended December 31, 1997:		
Bankers Trust (WBS 92-485)	6.95%	6.95%
Metropolitan Life Insurance Company (GIC GA-12908)	6.86%	6.86%
Metropolitan Life Insurance Company (GIC GA-13659)	6.43%	6.43%
Prudential Asset Management Company (GIC 917163-001)	6.99%	6.99%
For the year ended December 31, 1996:		
Bankers Trust (WBS 92-485)	6.87%	6.95%
Metropolitan Life Insurance Company (GIC GA-12908)	6.77%	6.86%
Metropolitan Life Insurance Company (GIC GA-13659)	6.36%	6.43%
Prudential Asset Management Company (GIC 917163-001)	6.89%	6.99%

The contract values are subject to limitations in certain situations including large workforce reductions and plan termination.

In the financial statements, the two Metropolitan Life Insurance Company contracts are recorded as one investment option.



## F. Related Party Transactions:

In accordance with the provisions of the Plan, Fidelity Management Trust Company (the "Trustee") acts as the Plan's agent for purchases and sales of shares of Raytheon Company Class B common stock. These transactions are performed on the Master Trust level. For the Master Trust, purchases amounted to \$200,689,057 and \$158,515,882 and sales amounted to \$102,165,608 and \$38,523,792 for the years ended December 31, 1997 and 1996 respectively.

## G. Transfers:

Transfers include transfers of participant accounts, individually and/or in groups, between the Raytheon Savings and Investment Plan for Specified Hourly Payroll Employees and other plans included in the Raytheon Company Master Trust for those participants and/or groups of participants who changed plans during the year. Transfers also include transfers of participant accounts, individually and/or in groups, between the Raytheon Savings and Investment Plan for Specified Hourly Payroll Employees and similar savings plans of other companies for those participants who changed companies during the year.

## H. Fund Data:

The following is a summary of net assets available for plan benefits by fund as of December 31, 1997:

	Fixed Income Fund	Equity Fund	Raytheon Common Stock Fund	Stock Index Fund	Balanced Fund	Magellan Fund
<b>Assets:</b>						
Master trust investments:						
At contract value:						
Bankers Trust*	\$ 44,328,538					
Prudential Insurance Company of America*	27,495,053					
Metropolitan Life Insurance Company*	46,865,241					
At fair value:						
Fidelity Equity Income Fund*		\$60,433,311				
Raytheon Company Common Stock*			\$60,253,020			
BT Pyramid Equity Index Fund*				\$38,661,267		
Fidelity Balanced Fund					\$6,955,322	
Fidelity Magellan Fund						\$6,462,497
Fidelity Blue Chip Fund						
Loans receivable from participants*						
Total investments	118,688,832	60,433,311	60,253,020	38,661,267	6,955,322	6,462,497
<b>Receivables:</b>						
Accrued investment income and other receivables			443,463	92,598		
Cash and cash equivalents	1,169,309		1,090,409	379,705		
Total assets	119,858,141	60,433,311	61,786,892	39,133,570	6,955,322	6,462,497
<b>Liabilities:</b>						
Payable for security purchases			512,188			
Accrued expenses and other payables			119,629	95,736		
Total liabilities			631,817	95,736		
Net assets available for plan benefits	\$119,858,141	\$60,433,311	\$61,155,075	\$39,037,834	\$6,955,322	\$6,462,497

\*Represents more than 5% of net assets available for plan benefits

	Blue Chip Fund	Loan Fund	Total
Assets:			
Master trust investments:			
At contract value:			
Bankers Trust*			\$ 44,328,538
Prudential Insurance Company of America*			27,495,053
Metropolitan Life Insurance Company*			46,865,241
At fair value:			
Fidelity Equity Income Fund*			60,433,311
Raytheon Company Common Stock*			60,253,020
BT Pyramid Equity Index Fund*			38,661,267
Fidelity Balanced Fund			6,955,322
Fidelity Magellan Fund			6,462,497
Fidelity Blue Chip Fund	\$7,967,742		7,967,742
Loans receivable from participants*		\$30,161,051	30,161,051
	-----	-----	-----
Total investments	7,967,742	30,161,051	329,583,042
	-----	-----	-----
Receivables:			
Accrued investment income and other receivables			536,061
Cash and cash equivalents			
			2,639,423
	-----	-----	-----
Total assets	7,967,742	30,161,051	332,758,526
	-----	-----	-----
Liabilities:			
Payable for security purchases			512,188
Accrued expenses and other payables			215,365
	-----	-----	-----
Total liabilities			727,553
	-----	-----	-----
Net assets available for plan benefits	\$7,967,742	\$30,161,051	\$332,030,973
	=====	=====	=====

\*Represents more than 5% of net assets available for plan benefits

## H. Fund Data, continued:

The following is a summary of net assets available for plan benefits by fund as of December 31, 1996:

	Fixed Income Fund	Equity Fund	Raytheon Common Stock Fund	Stock Index Fund	Balanced Fund	Magellan Fund
<b>Assets:</b>						
Master trust investments:						
At contract value:						
Bankers Trust*	\$ 43,177,931					
Prudential Insurance Company of America*	26,771,195					
Metropolitan Life Insurance Company*	44,534,030					
At fair value:						
Fidelity Equity Income Fund*		\$ 43,658,303				
Raytheon Company Common Stock*			\$58,428,943			
BT Pyramid Equity Index Fund*				\$24,961,318		
Fidelity Balanced Fund					\$4,954,118	
Fidelity Magellan Fund						\$3,449,226
Fidelity Blue Chip Fund						
Loans receivable from participants*						
Total investments	114,483,156	43,658,303	58,428,943	24,961,318	4,954,118	3,449,226
<b>Receivables:</b>						
Accrued investment income and other receivables			86,055	34,225		
Cash and cash equivalents	1,860,197		883,292	287,424		
Total assets	116,343,353	43,658,303	59,398,290	25,282,967	4,954,118	3,449,226
<b>Liabilities:</b>						
Payable for security purchases			233,567			
Accrued expenses and other payables			81,625	38,825		
Total liabilities			315,192	38,825		
Net assets available for plan benefits	\$116,343,353	\$43,658,303	\$59,083,098	\$25,244,142	\$4,954,118	\$3,449,226

\*Represents more than 5% of net assets available for plan benefits

	Blue Chip Fund	Loan Fund	Total
Assets:			
Master trust investments:			
At contract value:			
Bankers Trust*			\$ 43,177,931
Prudential Insurance Company of America*			26,771,195
Metropolitan Life Insurance Company*			44,534,030
At fair value:			
Fidelity Equity Income Fund*			43,658,303
Raytheon Company Common Stock*			58,428,943
BT Pyramid Equity Index Fund*			24,961,318
Fidelity Balanced Fund			4,954,118
Fidelity Magellan Fund			3,449,226
Fidelity Blue Chip Fund	\$3,856,512		3,856,512
Loans receivable from participants*		\$27,986,139	27,986,139
	-----	-----	-----
Total investments	3,856,512	27,986,139	281,777,715
	-----	-----	-----
Receivables:			
Accrued investment income and other receivables			120,280
Cash and cash equivalents			
			3,030,913
	-----	-----	-----
Total assets	3,856,512	27,986,139	284,928,908
	-----	-----	-----
Liabilities:			
Payable for security purchases			233,567
Accrued expenses and other payables			120,450
	-----	-----	-----
Total liabilities			354,017
	-----	-----	-----
Net assets available for plan benefits	\$3,856,512	\$27,986,139	\$284,574,891
	=====	=====	=====

\*Represents more than 5% of net assets available for plan benefits

## H. Fund Data, continued:

The following is a summary of changes in net assets available for plan benefits by fund for the year ended December 31, 1997:

	Fixed Income Fund	Equity Fund	Raytheon Common Stock Fund	Stock Index Fund	Balanced Fund	Magellan Fund
Additions to net assets attributable to:						
Investment income:						
Net appreciation of investments		\$10,239,734	\$ 2,967,135	\$ 9,026,757	\$ 403,216	\$ 594,940
Interest	\$ 7,851,164		54,192	24,903		
Dividends		3,278,728	898,130		810,267	369,647
	7,851,164	13,518,462	3,919,457	9,051,660	1,213,483	964,587
Contributions and deferrals:						
Employee deferrals	9,368,379	3,598,647	5,088,392	2,747,610	605,549	700,927
Employer contributions	3,326,160	1,109,758	1,624,848	830,490	185,207	209,348
Transfers					46,161	82,365
	12,694,539	4,708,405	6,713,240	3,578,100	836,917	992,640
Total additions	20,545,703	18,226,867	10,632,697	12,629,760	2,050,400	1,957,227
Deductions from net assets attributable to:						
Distributions to participants	11,616,989	2,869,930	3,322,970	2,081,750	363,234	193,308
Administrative expenses	32,938	14,292	15,351	11,261	1,586	1,108
Transfers	400,342	95,582	31,320	156,426		
Total deductions	12,050,269	2,979,804	3,369,641	2,249,437	364,820	194,416
Interfund transfers	(4,980,646)	1,527,945	(5,191,079)	3,413,369	315,624	1,250,460
Increase in net assets	3,514,788	16,775,008	2,071,977	13,793,692	2,001,204	3,013,271
Net assets available for plan benefits, beginning of year	116,343,353	43,658,303	59,083,098	25,244,142	4,954,118	3,449,226
Net assets available for plan benefits, end of year	\$119,858,141	\$60,433,311	\$61,155,075	\$39,037,834	\$6,955,322	\$6,462,497

	Blue Chip Fund	Loan Fund	Total
attributable to:			
Investment income:			
Net appreciation of investments	\$ 896,708		\$ 24,128,490
Interest		\$1,998,300	9,928,559
Dividends	377,366		5,734,138
	-----	-----	-----
	1,274,074	1,998,300	39,791,187
	-----	-----	-----
Contributions and deferrals:			
Employee deferrals	863,373		22,972,877
Employer contributions	251,533		7,537,344
Transfers	42,247	145,520	316,293
	-----	-----	-----
	1,157,153	145,520	30,826,514
	-----	-----	-----
Total additions	2,431,227	2,143,820	70,617,701
	-----	-----	-----
Deductions from net assets			
attributable to:			
Distributions to participants	236,246	1,715,676	22,400,103
Administrative expenses	1,310		77,846
Transfers			683,670
	-----	-----	-----
Total deductions	237,556	1,715,676	23,161,619
	-----	-----	-----
Interfund transfers	1,917,559	1,746,768	--
	-----	-----	-----
Increase in net assets	4,111,230	2,174,912	47,456,082
	-----	-----	-----
Net assets available for plan benefits, beginning of year	3,856,512	27,986,139	284,574,891
	-----	-----	-----
Net assets available for plan benefits, end of year	\$7,967,742	\$30,161,051	\$332,030,973
	=====	=====	=====

## I. Master Trust:

All plan investments are included under the Master Trust. At December 31, 1997, assets of the Plan represented 9.4% of the total assets under the Master Trust. This has decreased from 10.1% at December 31, 1996. The following is a summary of net assets available for plan benefits by fund under the Master Trust as of December 31, 1997:

	Fixed Income Fund	Equity Fund	Raytheon Common Stock Fund	Stock Index Fund	Balanced Fund	Magellan Fund	Blue Chip Fund
Assets:							
Investments:							
At contract value:							
Bankers Trust*	\$351,035,073						
Prudential Insurance Company of America*	217,731,699						
Metropolitan Life Insurance Company*	371,123,080						
At fair value:							
Fidelity Equity Income Fund*		\$782,799,011					
Raytheon Company Common Stock*			\$745,980,294				
BT Pyramid Equity Index Fund*				\$484,781,406			
Fidelity Balance Fund					\$117,556,481		
Fidelity Magellan Fund						\$91,863,155	
Fidelity Blue Chip Fund							\$136,586,123
Templeton Foreign I Fund							
Fidelity Investment Grade Bond Fund							
Fidelity Retirement Money Market Fund							
Loans receivable from participants							
Total investments	939,889,852	782,799,011	745,980,294	484,781,406	117,556,481	91,863,155	136,586,123
Receivables:							
Employer contribution							
Accrued investment income and other receivables			5,489,592	1,161,112			
Cash and cash equivalents	9,232,100		13,498,051	4,761,268			
Total assets	949,121,952	782,799,011	764,967,937	490,703,786	117,556,481	91,863,155	136,586,123
Liabilities:							
Payables for outstanding purchases			6,340,318				
Accrued expenses and other payables			1,480,875	1,200,471			
Total liabilities			7,821,193	1,200,471			
Net assets available for plan benefits	\$949,121,952	\$782,799,011	\$757,146,744	\$489,503,315	\$117,556,481	\$91,863,155	\$136,586,123
Percentage of Master Trust that are plan assets of the Raytheon Savings and Investment Plan for Specified Hourly Payroll Employees.	12.6%	7.7%	8.1%	8.0%	5.9%	7.0%	5.8%

\*Represents more than 5% of net assets available for plan benefits.



N/A: The Templeton Foreign I Fund, Investment Grade Bond Fund, and Retirement Money Market Fund are not available for the Raytheon Savings and Investment Plan for Specified Hourly Payroll Employees.

	Templeton Foreign I Fund	Investment Grade Bond Fund	Retirement Money Market Fund	Loan Fund	Total
<b>Assets:</b>					
<b>Investments:</b>					
At contract value:					
Bankers Trust*					\$ 351,035,073
Prudential Insurance Company of America*					217,731,699
Metropolitan Life Insurance Company*					371,123,080
At fair value:					
Fidelity Equity Income Fund*					782,799,011
Raytheon Company Common Stock*					745,980,294
BT Pyramid Equity Index Fund*					484,781,406
Fidelity Balance Fund					117,556,481
Fidelity Magellan Fund					91,863,155
Fidelity Blue Chip Fund					136,586,123
Templeton Foreign I Fund	\$5,471,176				5,471,176
Fidelity Investment Grade Bond Fund		\$1,548,125			1,548,125
Fidelity Retirement Money Market Fund			\$12,186,085		12,186,085
Loans receivable from participants				\$166,395,767	166,395,767
Total investments	5,471,176	1,548,125	12,186,085	166,395,767	3,485,057,475
<b>Receivables:</b>					
Employer contribution			4,015,100		4,015,100
Accrued investment income and other receivables					6,650,704
<b>Cash and cash equivalents</b>					
Total assets	5,471,176	1,548,125	16,201,185	166,395,767	3,523,214,698
<b>Liabilities:</b>					
Payables for outstanding purchases					6,340,318
Accrued expenses and other payables					2,681,346
Total liabilities					9,021,664
Net assets available for plan benefits	\$5,471,176	\$1,548,125	\$16,201,185	\$166,395,767	\$3,514,193,034
Percentage of Master Trust that are plan assets of the Raytheon Savings and Investment Plan for Specified Hourly Payroll Employees	N/A	N/A	N/A	18.1%	9.4%

\*Represents more than 5% of net assets available for plan benefits

N/A: The Templeton Foreign I Fund, Investment Grade Bond Fund, and Retirement Money Market Fund are not available for the Raytheon Savings and Investment Plan for Specified Hourly Payroll Employees.

## I. Master Trust, continued:

The following is a summary of net assets available for plan benefits by fund under the Master Trust as of December 31, 1996:

	Fixed Income Fund	Equity Fund	Raytheon Common Stock Fund	Stock Index Fund	Balanced Fund	Magellan Fund
<b>Assets:</b>						
Investments:						
At contract value:						
Bankers Trust*	\$339,670,440					
Prudential Insurance Company of America*	210,594,065					
Metropolitan Life Insurance Company*	350,310,646					
At fair value:						
Fidelity Equity Income Fund *		\$578,166,630				
Raytheon Company Common Stock*			\$671,136,043			
BT Pyramid Equity Index Fund*				\$307,555,916		
Fidelity Balance Fund					\$83,265,065	
Fidelity Magellan Fund						\$50,454,961
Fidelity Blue Chip Fund						
Loans receivable from participants*						
Total investments	900,575,151	578,166,630	671,136,043	307,555,916	83,265,065	50,454,961
Receivables:						
Accrued investment income			39,737	13,686		
Cash and cash equivalents	14,633,134		10,145,818	3,541,437		
Total assets	915,208,285	578,166,630	681,321,598	311,111,039	83,265,065	50,454,961
Liabilities:						
Payables for outstanding purchases			2,682,835			
Total liabilities			2,682,835			
Net assets available for plan benefits	\$915,208,285	\$578,166,630	\$678,638,763	\$311,111,039	\$83,265,065	\$50,454,961
Percentage of Master Trust that are plan assets of the Raytheon Saving and Investment Plan for Specified Hourly Payroll Employees	12.7%	7.6%	8.7%	8.1%	6.0%	6.8%

\*Represents more than 5% of net assets available for plan benefits

	Blue Chip Fund	Loan Fund	Total
Assets:			
Investments:			
At contract value:			
Bankers Trust*			\$339,670,440
Prudential Insurance Company of America*			210,594,065
Metropolitan Life Insurance Company*			350,310,646
At fair value:			
Fidelity Equity Income Fund *			578,166,630
Raytheon Company Common Stock*			671,136,043
BT Pyramid Equity Index Fund*			307,555,416
Fidelity Balance Fund			83,265,065
Fidelity Magellan Fund			50,454,961
Fidelity Blue Chip Fund	\$67,866,240		67,866,240
Loans receivable from participants*		\$144,824,714	144,824,714
Total investments	67,866,240	144,824,714	2,803,844,720
Receivables:			
Accrued investment income			53,423
Cash and cash equivalents			28,320,389
Total assets	67,866,240	144,824,714	2,832,218,532
Liabilities:			
Payables for outstanding purchases			2,682,835
Total liabilities			2,682,835
Net assets available for plan benefits	\$67,866,240	\$144,824,714	\$2,829,535,697
Percentage of Master Trust that are plan assets of the Raytheon Savings and Investment Plan for Specified Hourly Payroll Employees.	5.7%	19.3%	10.1%

\*Represents more than 5% of net assets available for plan benefits.

## I. Master Trust, continued:

The following is a summary of investment income by fund under the Master Trust for the year ended December 31, 1997:

	Fixed Income Fund	Equity Fund	Raytheon Common Stock Fund	Stock Index Fund	Balanced Fund	Magellan Fund	Blue Chip Fund
Investment income:							
Net appreciation (depreciation) of assets	\$ (191,924)	\$132,974,182	\$30,715,963	\$109,162,707	\$ 6,388,316	\$ 9,026,047	\$15,474,118
Interest	62,319,073		673,934	312,511			
Dividends		42,443,971	11,118,152		13,680,351	5,217,835	6,302,875
Total investment income/(loss)	\$62,127,149	\$175,418,153	\$42,508,049	\$109,475,218	\$20,068,667	\$14,243,882	\$21,776,993

	Templeton Foreign I Fund	Investment Grade Bond Fund	Retirement Money Market Fund	Loan Fund	Total
Investment income:					
Net appreciation (depreciation) of assets	\$(826,396)	\$22,581			\$302,745,594
Interest				\$10,848,204	74,153,722
Dividends	549,717	36,337	\$266,835		79,616,073
	-----	-----	-----	-----	-----
Total investment income/(loss)	\$(276,679)	\$58,918	\$266,835	\$10,848,204	\$456,515,389
	=====	=====	=====	=====	=====

CONSENT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of  
Raytheon Company

We consent to the incorporation by reference in the Registration Statement of Raytheon Company on Form S-8 (File No. 333-56117) of our report dated May 29, 1998 on our audits of the financial statements of the Raytheon Savings and Investment Plan for Specified Hourly Payroll Employees as of December 31, 1997 and 1996 and for the year ended December 31, 1997, which report is included in this annual report on Form 10-K/A.

Coopers & Lybrand LLP  
Boston, Massachusetts  
June 29, 1998

## RAYTHEON EMPLOYEE SAVINGS AND INVESTMENT PLAN

FINANCIAL STATEMENTS TO ACCOMPANY 1997 FORM 5500  
ANNUAL REPORT OF EMPLOYEE BENEFIT PLAN UNDER ERISA OF 1974

FOR THE YEAR ENDED DECEMBER 31, 1997

The supplemental schedules required to accompany the Plan's Form 5500 are not required since the Plan's assets are held in a Master Trust. Accordingly, detailed financial information, including the supplemental schedules, must be filed separately with the Department of Labor by the plan administrator.

## REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of  
Raytheon Company:

We have audited the accompanying statements of net assets available for plan benefits of the Raytheon Employee Savings and Investment Plan (the "Plan") as of December 31, 1997 and 1996, and the related statement of changes in net assets available for plan benefits for the year ended December 31, 1997. 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 in accordance with generally accepted auditing standards. 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of December 31, 1997 and 1996, and the changes in net assets available for plan benefits for the year ended December 31, 1997 in conformity with generally accepted accounting principles.

Coopers & Lybrand LLP

Boston, Massachusetts  
May 29, 1998



RAYTHEON EMPLOYEE SAVINGS AND INVESTMENT PLAN  
STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS

as of December 31, 1997 and 1996

	1997	1996
<b>Assets:</b>		
Master trust investments:		
At contract value (Notes B, E and H)	\$20,126,493	\$12,229,251
At fair value (Notes B, F and H)	41,496,932	24,989,334
	-----	-----
	61,623,425	37,218,585
	-----	-----
Receivables:		
Accrued investment income and other receivables	79,759	15,071
Cash and cash equivalents	422,687	345,294
	-----	-----
Total assets	62,125,871	37,578,950
	-----	-----
<b>Liabilities:</b>		
Payable for outstanding purchases	72,220	29,112
Accrued expenses and other payables	34,682	15,104
	-----	-----
Total liabilities	106,902	44,216
	-----	-----
Net assets available for plan benefits	\$62,018,969	\$37,534,734
	=====	=====

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

## RAYTHEON EMPLOYEE SAVINGS AND INVESTMENT PLAN

STATEMENT OF CHANGES IN NET ASSETS  
AVAILABLE FOR PLAN BENEFITS

for the year ended December 31, 1997

Additions to net assets attributable to:	
Investment income (Notes B, E and H):	
Net appreciation of investments	\$ 4,772,686
Interest	1,613,198
Dividends	1,412,484
	-----
	7,798,368
Contributions and deferrals:	
Employee deferrals	18,694,367
Employer contributions	5,135,516
Transfers (Note G)	120,755
	-----
	23,950,638
	-----
Total additions	31,749,006
Deductions from net assets attributable to:	
Distributions to participants	5,963,118
Administrative expenses	12,997
Transfers (Note G)	1,288,656
	-----
Total deductions	7,264,771
	-----
Increase in net assets	24,484,235
Net assets available for plan benefits, beginning of year	37,534,734
	-----
Net assets available for plan benefits, end of year	\$62,018,969
	=====

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

## A. Description of Plan:

## General

The following description of the Raytheon Employee 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 and covers the employees of the Raytheon Support Services Company, the Raytheon Aerospace Support Service Company, and the Range Systems Engineer Support Company, wholly-owned subsidiaries of Raytheon Company (the "Company"). To participate in the Plan, eligible employees must have three months of service and may enter the Plan only on the first day of each month. 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 Sections 401(a) and 401(k) of the Internal Revenue Code (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 Company Master Trust for Defined Contribution Plans ("Master Trust") with the assets of other defined contribution plans of Raytheon Company and subsidiaries. The trustee of the Master Trust maintains a separate account reflecting the equitable share in the Trust of each plan.

Investment income and administrative expenses relating to the Master Trust are allocated to the individual plan based upon average monthly balances invested by each plan.

## Contributions and Deferrals

Eligible employees are allowed to defer to the Plan up to 17% of their salaries. In 1995, the Company began to make qualified nonelective contributions (QNECs) to certain accounts based on specific employee agreements. In 1996, matching contributions under a specific agreement were made for certain employees. As of December 31, 1997, the annual employee deferral for a participant cannot exceed \$9,500. Rollover contributions from other qualified plans are accepted by the Plan. Participants may invest their deferrals in increments of 1% in any combination of seven funds: (a) a Fixed Income Fund under which assets are invested primarily in contracts providing for fixed rates of interest for specified periods of time, (b) an Equity Fund which invests in shares of a mutual fund which consists primarily of income-producing equity securities, (c) a Raytheon Common Stock Fund which invests in shares of Raytheon Company Class B common stock, (d) a Stock Index Fund which invests in a commingled pool consisting primarily of equity securities and is designed to track the S&P 500 Index, (e) a Balanced Fund which invests in shares of a mutual fund which consists primarily of equity securities, bonds and money market instruments, (f) the Magellan Fund, a growth fund which invests primarily in equities of companies of all types and sizes, and (g) the Blue Chip Fund, a growth fund which invests primarily in equities of well known and established companies. Dividends and distributions from investments of the Equity Fund, the Raytheon Common Stock Fund, the Stock Index Fund, the Balanced Fund, the Magellan Fund and the Blue Chip Fund are reinvested in their respective funds; stock dividends, stock splits and similar changes are also reflected in the funds.

## Participant Accounts

Each participant's account is credited with the participant's deferral, any applicable employer contributions (QNECs or matching contributions) and an allocation of plan earnings. Plan earnings are allocated based on account balances by fund.

## Vesting

Participants are immediately vested in their voluntary deferrals and employer contributions plus actual earnings thereon.

## 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. On termination of employment, a participant will receive a lump-sum distribution unless the vested account is valued in excess of \$3,500 and the participant elects to defer distribution. A retiree or a beneficiary of a deceased participant may defer the distribution until January of the year following attainment of age 65.

## Loans to Participants

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 interest rate applied is equal to the prime rate published in the Wall Street Journal on the first business day in June and December of each year. Loans must be repaid over a period of up to 5 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.

## Administrative Expenses

Substantially all expenses of administering the Plan are paid by the plan participants.

## B. Summary of Significant Accounting Policies:

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

The Plan's investment contracts are fully benefit-responsive and are therefore included in the financial statements at their contract value, defined as net employee contributions plus interest earned on the underlying investments at contracted rates. Because the investment contracts are fully benefit-responsive, contract values approximate fair value. Investments in mutual funds and the commingled pool 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 trade date. Except for its investment contracts (Note E), the Plan's investments are held by bank-administered trust funds. Payables for outstanding security transactions represent trades which have occurred but have not yet settled.

The Plan presents in the statement of changes in net assets 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.

Benefits are recorded when paid.

Certain items in the 1996 financial statements have been reclassified to conform to the 1997 presentation.

The preparation of the financial statements in conformity with generally accepted accounting principles requires the Plan administrator to make significant estimates and assumptions that affect the reported amounts of net assets and liabilities available for benefits at the date of the financial statements and the changes in net assets available for benefits during the reporting period and, when applicable, disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from the estimates included in the financial statements.

The Plan provides for various investment options in any combination of stocks, bonds, 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.

C. Federal Income Tax Status:

The Plan obtained its latest determination letter in June 1995, in which the Internal Revenue Service stated that the Plan, as submitted, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan has been amended 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 the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

## D. Plan Termination:

Although it has not expressed any intention to do so, the Company reserves the right under the Plan at any time or times to discontinue its contributions and to terminate the Plan subject to the provisions of ERISA. 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 any amounts then credited to his or her account.

## E. Investment Contracts:

The Plan invests in collateralized fixed income investment portfolios (with no expiration date), three of which are managed by insurance companies and one of which is managed by an investment management firm. The credited interest rates are adjusted semiannually to reflect the experienced and anticipated yields to be earned on such investments, based on their book value. The annualized average yield and credited interest rates were as follows:

	Annualized Average Yield	Credited Interest Rate
For the year ended December 31, 1997:		
Bankers Trust (WBS 92-485)	6.95%	6.95%
Metropolitan Life Insurance Company (GIC GA-12908)	6.86%	6.86%
Metropolitan Life Insurance Company (GIC GA-13659)	6.43%	6.43%
Prudential Asset Management Company (GIC 917163-001)	6.99%	6.99%
For the year ended December 31, 1996:		
Bankers Trust (WBS 92-485)	6.87%	6.95%
Metropolitan Life Insurance Company (GIC GA-12908)	6.77%	6.86%
Metropolitan Life Insurance Company (GIC GA-13659)	6.36%	6.43%
Prudential Asset Management Company (GIC 917163-001)	6.89%	6.99%

The contract values are subject to limitations in certain situations including large workforce reductions and plan termination.

In the financial statements, the two Metropolitan Life Insurance Company contracts are recorded as one investment option.

## F. Related Party Transactions:

In accordance with the provisions of the Plan, Fidelity Management Trust Co. (the "Trustee") acts as the Plan's agent for purchases and sales of shares of Raytheon Company Class B common stock. These transactions are performed on the Master Trust level. For the Master Trust, purchases amounted to \$200,689,057 and \$158,515,882 and sales amounted to \$102,165,608 and \$38,523,792 for the years ended December 31, 1997 and 1996, respectively.

## G. Transfers:

Transfers include transfers of participant accounts, individually and/or in groups, between the Plan and all other plans included in the Raytheon Company Master Trust for those participants and/or groups of participants who changed plans during the year. Transfers also include transfers of participant accounts, individually and/or in groups, between the Plan and similar savings plans of other companies for those participants who changed companies during the year.

## H. Fund Data:

The following is a summary of net assets available for plan benefits by fund as of December 31, 1997:

	Fixed Income Fund	Equity Fund	Raytheon Common Stock Fund	Stock Index Fund	Balanced Fund	Magellan Fund
Assets:						
Master trust investments:						
At contract value:						
Bankers Trust*	\$ 7,516,950					
Prudential Insurance Company of America*	4,662,435					
Metropolitan Life Insurance Company*	7,947,108					
At fair value:						
Fidelity Equity Income Fund*		\$9,742,698				
Raytheon Company Common Stock*			\$ 8,495,820			
BT Pyramid Equity Index Fund*				\$ 7,213,874		
Fidelity Balanced Fund					\$2,923,744	
Fidelity Magellan Fund*						\$3,910,859
Fidelity Blue Chip Fund*						
Loans receivable from participants*						
Total investments	20,126,493	9,742,698	8,495,820	7,213,874	2,923,744	3,910,859
Receivables:						
Accrued investment income and other receivables			62,529	17,230		
Cash and cash equivalents	198,284		153,750	70,653		
Total assets	20,324,777	9,742,698	8,712,099	7,301,757	2,923,744	3,910,859
Liabilities:						
Payable for outstanding purchases			72,220			
Accrued expenses and other payables			16,868	17,814		
Total liabilities			89,088	17,814		
Net assets available for plan benefits	\$20,324,777	\$9,742,698	\$8,623,011	\$7,283,943	\$2,923,744	\$3,910,859

\*Represents more than 5% of net assets available for plan benefits

	Blue Chip Fund	Loan Fund	Total
Assets:			
Master trust investments:			
At contract value:			
Bankers Trust*			\$ 7,516,950
Prudential Insurance Company of America*			4,662,435
Metropolitan Life Insurance Company*			7,947,108
At fair value:			
Fidelity Equity Income Fund*			9,742,698
Raytheon Company Common Stock*			8,495,820
BT Pyramid Equity Index Fund*			7,213,874
Fidelity Balanced Fund			2,923,744
Fidelity Magellan Fund*			3,910,859
Fidelity Blue Chip Fund*	\$4,599,412		4,599,412
Loans receivable from participants*		\$4,610,525	4,610,525
	-----	-----	-----
Total investments	4,599,412	4,610,525	61,623,425
	-----	-----	-----
Receivables:			
Accrued investment income and other receivables			79,759
Cash and cash equivalents			422,687
	-----	-----	-----
Total assets	4,599,412	4,610,525	62,125,871
	-----	-----	-----
Liabilities:			
Payable for outstanding purchases			72,220
Accrued expenses and other payables			34,682
	-----	-----	-----
Total liabilities			106,902
	-----	-----	-----
Net assets available for plan benefits	\$4,599,412	\$4,610,525	\$62,018,969
	=====	=====	=====

\*Represents more than 5% of net assets available for plan benefits



## H. Fund Data:

The following is a summary of net assets available for plan benefits by fund as of December 31, 1996:

	Fixed Income Fund	Equity Fund	Raytheon Common Stock Fund	Stock Index Fund	Balanced Fund	Magellan Fund
Assets:						
Master trust investments:						
At contract value:						
Bankers Trust*	\$ 4,612,540					
Prudential Insurance Company of America*	2,859,737					
Metropolitan Life Insurance Company*	4,756,974					
At fair value:						
Fidelity Equity Income Fund*		\$5,454,189				
Raytheon Company Common Stock*			\$7,282,577			
BT Pyramid Equity Index Fund*				\$3,169,184		
Fidelity Balanced Fund*					\$1,978,807	
Fidelity Magellan Fund*						\$2,053,270
Fidelity Blue Chip Fund*						
Loans receivable from participants*						
Total investments	12,229,251	5,454,189	7,282,577	3,169,184	1,978,807	2,053,270
Receivables:						
Accrued investment income and other receivables			10,726	4,345		
Cash and cash equivalents	198,709		110,093	36,492		
Total assets	12,427,960	5,454,189	7,403,396	3,210,021	1,978,807	2,053,270
Liabilities:						
Payable for outstanding purchases			29,112			
Accrued expenses and other payables			10,174	4,930		
Total liabilities			39,286	4,930		
Net assets available for plan benefits	\$12,427,960	\$5,454,189	\$7,364,110	\$3,205,091	\$1,978,807	\$2,053,270

\*Represents more than 5% of net assets available for plan benefits

	Blue Chip Fund	Loan Fund	Total
Assets:			
Master trust investments:			
At contract value:			
Bankers Trust*			\$ 4,612,540
Prudential Insurance Company of America*			2,859,737
Metropolitan Life Insurance Company*			4,756,974
At fair value:			
Fidelity Equity Income Fund*			5,454,189
Raytheon Company Common Stock*			7,282,577
BT Pyramid Equity Index Fund*			3,169,184
Fidelity Balanced Fund*			1,978,807
Fidelity Magellan Fund*			2,053,270
Fidelity Blue Chip Fund*	\$2,340,883		2,340,883
Loans receivable from participants*		\$2,710,424	2,710,424
	-----	-----	-----
Total investments	2,340,883	2,710,424	37,218,585
	-----	-----	-----
Receivables:			
Accrued investment income and other receivables			15,071
Cash and cash equivalents			345,294
	-----	-----	-----
Total assets	2,340,883	2,710,424	37,578,950
	-----	-----	-----
Liabilities:			
Payable for outstanding purchases			29,112
Accrued expenses and other payables			15,104
	-----	-----	-----
Total liabilities			44,216
	-----	-----	-----
Net assets available for plan benefits	\$2,340,883	\$2,710,424	\$37,534,734
	=====	=====	=====

\*Represents more than 5% of net assets available for plan benefits



	Blue Chip Fund	Loan Fund	Total
Additions to net assets attributable to:			
Investment income:			
Net appreciation of investments	\$ 569,649		\$ 4,772,686
Interest		\$ 249,919	1,613,198
Dividends	215,000		1,412,484
	-----	-----	-----
	784,649	249,919	7,798,368
	-----	-----	-----
Contributions and deferrals:			
Employee deferrals	995,486	36,713	18,694,367
Employer contributions	336,432		5,135,516
Transfers		120,755	120,755
	-----	-----	-----
	1,331,918	157,468	23,950,638
	-----	-----	-----
Total additions	2,116,567	407,387	31,749,006
	-----	-----	-----
Deductions from net assets attributable to:			
Distributions to participants	261,871	462,922	5,963,118
Administrative expenses	761		12,997
Transfers	92,025		1,288,656
	-----	-----	-----
Total deductions	354,657	462,922	7,264,771
	-----	-----	-----
Interfund transfers	496,619	1,955,636	--
	-----	-----	-----
Increase in net assets	2,258,529	1,900,101	24,484,235
	-----	-----	-----
Net assets available for plan benefits, beginning of year	2,340,883	2,710,424	37,534,734
	-----	-----	-----
Net assets available for plan benefits, end of year	\$4,599,412	\$4,610,525	\$62,018,969
	=====	=====	=====

## J. Master Trust:

All plan investments are included under the Master Trust. At December 31, 1997, assets of the Plan represented 1.8% of the total assets under the Master Trust. This has increased from 1.3% at December 31, 1996. The following is a summary of net assets available for plan benefits by fund under the Master Trust as of December 31, 1997:

	Fixed Income Fund	Equity Fund	Raytheon Common Stock Fund	Stock Index Fund	Balanced Fund	Magellan Fund	Blue Chip Fund
<b>Assets:</b>							
<b>Investments:</b>							
At contract value:							
Bankers Trust*	\$351,035,073						
Prudential Insurance Company of America*	217,731,699						
Metropolitan Life Insurance Company*	371,123,080						
At fair value:							
Fidelity Equity Income Fund*		\$782,799,011					
Raytheon Company Common Stock*			\$745,980,294				
BT Pyramid Equity Index Fund*				\$484,781,406			
Fidelity Balance Fund					\$117,556,481		
Fidelity Magellan Fund						\$91,863,155	
Fidelity Blue Chip Fund							\$136,586,123
Templeton Foreign I Fund							
Fidelity Investment Grade Bond Fund							
Fidelity Retirement Money Market Fund							
Loans receivable from participants							
Total investments	939,889,852	782,799,011	745,980,294	484,781,406	117,556,481	91,863,155	136,586,123
<b>Receivables:</b>							
Employer contribution Accrued investment income and other receivables			5,489,592	1,161,112			
Cash and cash equivalents	9,232,100		13,498,051	4,761,268			
Total assets	949,121,952	782,799,011	764,967,937	490,703,786	117,556,481	91,863,155	136,586,123
<b>Liabilities:</b>							
Payables for outstanding purchases			6,340,318				
Accrued expenses and other payables			1,480,875	1,200,471			
Total liabilities			7,821,193	1,200,471			
Net assets available for plan benefits	\$949,121,952	\$782,799,011	\$757,146,744	\$489,503,315	\$117,556,481	\$91,863,155	\$136,586,123
Percentage of Master Trust that are plan assets of the Raytheon Employee Savings and Investment Plan	2.1%	1.2%	1.1%	1.5%	2.5%	4.3%	3.4%

\*Represents more than 5% of net assets available for plan benefits.

N/A: The Templeton Foreign I Fund, Investment Grade Bond Fund, and Retirement Money Market Fund are not available for the Raytheon Employee Savings and Investment Plan.

	Templeton Foreign I Fund	Investment Grade Bond Fund	Retirement Money Market Fund	Loan Fund	Total
<b>Assets:</b>					
<b>Investments:</b>					
At contract value:					
Bankers Trust*					\$ 351,035,073
Prudential Insurance Company of America*					217,731,699
Metropolitan Life Insurance Company*					371,123,080
At fair value:					
Fidelity Equity Income Fund*					782,799,011
Raytheon Company Common Stock*					745,980,294
BT Pyramid Equity Index Fund*					484,781,406
Fidelity Balanced Fund					117,556,481
Fidelity Magellan Fund					91,863,155
Fidelity Blue Chip Fund					136,586,123
Templeton Foreign I Fund	\$5,471,176				5,471,176
Fidelity Investment Grade Bond Fund		\$1,548,125			1,548,125
Fidelity Retirement Money Market Fund			\$12,186,085		12,186,085
Loans receivable from participants				\$166,395,767	166,395,767
<b>Total investments</b>	<b>5,471,176</b>	<b>1,548,125</b>	<b>12,186,085</b>	<b>166,395,767</b>	<b>3,485,057,475</b>
<b>Receivables:</b>					
Employer contribution			4,015,100		4,015,100
Accrued investment income and other receivables					6,650,704
<b>Cash and cash equivalents</b>					
<b>Total assets</b>	<b>5,471,176</b>	<b>1,548,125</b>	<b>16,201,185</b>	<b>166,395,767</b>	<b>3,523,214,698</b>
<b>Liabilities:</b>					
Payables for outstanding purchases					6,340,318
Accrued expenses and other payables					2,681,346
<b>Total liabilities</b>					<b>9,021,664</b>
<b>Net assets available for plan benefits</b>	<b>\$5,471,176</b>	<b>\$1,548,125</b>	<b>\$16,201,185</b>	<b>\$166,395,767</b>	<b>\$3,514,193,034</b>
Percentage of Master Trust that are plan assets of the Raytheon Employee Savings and Investment Plan	N/A	N/A	N/A	2.8%	1.8%

\*Represents more than 5% of net assets available for plan benefits

N/A: The Templeton Foreign I Fund, Investment Grade Bond Fund, and Retirement Money Market Fund are not available for the Raytheon Employee Savings and Investment Plan.

## I. Master Trust, continued:

The following is a summary of net assets available for plan benefits by fund under the Master Trust as of December 31, 1996:

	Fixed Income Fund	Equity Fund	Raytheon Common Stock Fund	Stock Index Fund	Balanced Fund	Magellan Fund
Assets:						
Investments:						
At contract value:						
Bankers Trust*	\$339,670,440					
Prudential Insurance Company of America*	210,594,065					
Metropolitan Life Insurance Company*	350,310,646					
At fair value:						
Fidelity Equity Income Fund *		\$578,166,630				
Raytheon Company Common Stock*			\$671,136,043			
BT Pyramid Equity Index Fund*				\$307,555,916		
Fidelity Balanced Fund					\$83,265,065	
Fidelity Magellan Fund						\$50,454,961
Fidelity Blue Chip Fund						
Loans receivable from participants*						
Total investments	900,575,151	578,166,630	671,136,043	307,555,916	83,265,065	50,454,961
Receivables:						
Accrued investment income			39,737	13,686		
Cash and cash equivalents	14,633,134		10,145,818	3,541,437		
Total assets	915,208,285	578,166,630	681,321,598	311,111,039	83,265,065	50,454,961
Liabilities:						
Payables for outstanding purchases			2,682,835			
Total liabilities			2,682,835			
Net assets available for plan benefits	\$915,208,285	\$578,166,630	\$678,638,763	\$311,111,039	\$83,265,065	\$50,454,961
Percentage of Master Trust that are plan assets of the Raytheon Employee Savings and Investment Plan	1.4%	0.9%	1.1%	1.0%	2.4%	4.1%

\*Represents more than 5% of net assets available for plan benefits

	Blue Chip Fund	Loan Fund	Total
Assets:			
Investments:			
At contract value:			
Bankers Trust*			\$339,670,440
Prudential Insurance Company of America*			210,594,065
Metropolitan Life Insurance Company*			350,310,646
At fair value:			
Fidelity Equity Income Fund *			578,166,630
Raytheon Company Common Stock*			671,136,043
BT Pyramid Equity Index Fund*			307,555,916
Fidelity Balanced Fund			83,265,065
Fidelity Magellan Fund			50,454,961
Fidelity Blue Chip Fund	\$67,866,240		67,866,240
Loans receivable from participants*		\$144,824,714	144,824,714
	-----	-----	-----
Total investments	67,866,240	144,824,714	2,803,844,720
	-----	-----	-----
Receivables:			
Accrued investment income			53,423
Cash and cash equivalents			28,320,389
	-----	-----	-----
Total assets	67,866,240	144,824,714	2,832,218,532
	-----	-----	-----
Liabilities:			
Payables for outstanding purchases			2,682,835
	-----	-----	-----
Total liabilities			2,682,835
	-----	-----	-----
Net assets available for plan benefits	\$67,866,240	\$144,824,714	\$2,829,535,697
	=====	=====	=====
Percentage of Master Trust that are plan assets of the Raytheon Employees Savings and Investment Plan	3.4%	1.9%	1.3%

\*Represents more than 5% of net assets available for plan benefits





	Templeton Foreign I Fund	Investment Grade Bond Fund	Retirement Money Market Fund	Loan Fund	Total
Investment income:					
Net appreciation (depreciation) of assets	\$(826,396)	\$22,581			\$302,745,594
Interest				\$10,848,204	74,153,722
Dividends	549,717	36,337	\$266,835		79,616,073
	-----	-----	-----	-----	-----
Total investment income/(loss)	\$(276,679)	\$58,918	\$266,835	\$10,848,204	\$456,515,389
	=====	=====	=====	=====	=====

CONSENT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of  
Raytheon Company

We consent to the incorporation by reference in the Registration Statement of Raytheon Company on Form S-8 (File No. 333-56117) of our report dated May 29, 1998 on our audits of the financial statements of the Raytheon Employee Savings and Investment Plan as of December 31, 1997 and 1996 and for the year ended December 31, 1997, which report is included in this annual report on Form 10-K/A.

Coopers & Lybrand LLP  
Boston, Massachusetts  
June 29, 1998

RAYTHEON SAVINGS AND INVESTMENT PLAN  
FOR PUERTO RICO BASED EMPLOYEES

FINANCIAL STATEMENTS TO ACCOMPANY 1997 FORM 5500  
ANNUAL REPORT OF EMPLOYEE BENEFIT PLAN  
UNDER ERISA OF 1974

FOR THE YEAR ENDED DECEMBER 31, 1997

The supplemental schedules required to accompany the Plan's Form 5500 are not required since the Plan's assets are held in a Master Trust. Accordingly, detailed financial information, including the supplemental schedules, must be filed separately with the Department of Labor by the plan administrator.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of  
Raytheon Catalytic, Inc.:

We have audited the accompanying statements of net assets available for plan benefits of the Raytheon Savings and Investment Plan for Puerto Rico Based Employees (the "Plan") as of December 31, 1997 and 1996, and the related statement of changes in net assets available for plan benefits for the year ended December 31, 1997. 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 in accordance with generally accepted auditing standards. 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of December 31, 1997 and 1996, and the changes in net assets available for plan benefits for the year ended December 31, 1997 in conformity with generally accepted accounting principles.

Coopers & Lybrand LLP

Boston, Massachusetts  
May 29, 1998

RAYTHEON SAVINGS AND INVESTMENT PLAN  
FOR PUERTO RICO BASED EMPLOYEES

STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS

as of December 31, 1997 and 1996

	1997	1996
Assets:		
Master trust investments:		
At contract value (Notes B, E and I)	\$ 77,879	\$ 45,344
At fair value (Notes B, F and I)	700,111	334,722
	-----	-----
	777,990	380,066
	-----	-----
Receivables:		
Accrued investment income and other receivables	1,775	275
Cash and cash equivalents	5,598	3,444
	-----	-----
Total assets	785,363	383,785
	-----	-----
Liabilities:		
Payable for security purchases	1,723	571
Accrued expenses and other payables	696	273
	-----	-----
Total liabilities	2,419	844
	-----	-----
Net assets available for plan benefits	\$782,944	\$382,941
	=====	=====

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

RAYTHEON SAVINGS AND INVESTMENT PLAN  
FOR PUERTO RICO BASED EMPLOYEES

STATEMENT OF CHANGES IN NET ASSETS  
AVAILABLE FOR PLAN BENEFITS

for the year ended December 31, 1997

Additions to net assets attributable to:	
Investment income (Notes B, E and I):	
Net appreciation of investments	\$ 63,424
Interest	7,980
Dividends	19,357
	-----
	90,761
	-----
Contributions and deferrals:	
Employee deferrals	215,430
Employer contributions	73,622
Transfers (Note H)	50,664
	-----
	339,716
	-----
Total additions	430,477
	-----
Deductions from net assets attributable to:	
Distributions to participants	25,812
Administrative expenses	132
Transfers (Note H)	4,530
	-----
Total deductions	30,474
	-----
Increase in net assets	400,003
	-----
Net assets available for plan benefits, beginning of year	382,941
	-----
Net assets available for plan benefits, end of year	\$782,944
	=====

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

## A. Description of Plan:

## General

The following description of the Raytheon Savings and Investment Plan for Puerto Rico Based Employees (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 certain Puerto Rico based employees of Raytheon Catalytic, Inc., a wholly-owned subsidiary of Raytheon Company (the "Company"). To participate in the Plan, eligible employees must have three months of service and may enter the Plan only on the first pay date of each month. 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, effective as of January 1, 1995, is intended to comply with all the requirements for a "qualified profit sharing plan" under the Revenue Code of Puerto Rico (the "Code"). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

All of the Plan's investments are held in the Raytheon Company Master Trust for Defined Contribution Plans ("Master Trust") with the assets of other defined contribution plans of Raytheon Company and subsidiaries. The trustee of the Master Trust maintains a separate account reflecting the equitable share in the Trust of each plan.

Investment income and administrative expenses relating to the Master Trust are allocated to the individual plans based upon average monthly balances invested by each plan.

## Contributions and Deferrals

Eligible employees are allowed to defer to the Plan up to 15% of their salaries. The Company contributes amounts equal to 50% of each participant's deferral, up to a maximum of 3% of the participant's salary. As of December 31, 1997, the annual employee deferral for a participant cannot exceed \$7,000. Rollover contributions from other qualified plans subject to the Code are accepted by the Plan. Participants may invest their deferrals in increments of 1% in any combination of seven funds: (a) a Fixed Income Fund under which assets are invested primarily in contracts providing for fixed rates of interest for specified periods of time, (b) an Equity Fund which invests in shares of a mutual fund which consists primarily of income-producing equity securities, (c) a Raytheon Common Stock Fund which invests in shares of Raytheon Company Class B common stock, (d) a Stock Index Fund which invests in a commingled pool consisting primarily of equity securities and is designed to track the S&P 500 Index, (e) a Balanced Fund which invests in shares of a mutual fund which consists primarily of equity securities, bonds and money market instruments, (f) the Magellan Fund, a growth fund which invests primarily in equities of companies of all types and sizes, and (g) the Blue Chip Fund, a growth fund which invests primarily in equities of well known and established companies. Dividends and distributions from investments of the Equity Fund, the Raytheon Common Stock Fund, the Stock Index Fund, the Balanced Fund, the Magellan Fund and the Blue Chip Fund are reinvested in their respective funds; stock dividends, stock splits and similar changes are also reflected in the funds.

#### Participant Accounts

Each participant's account is credited with the participant's deferral, the Company's contributions and an allocation of plan earnings. Plan earnings are allocated based on account balances by fund.

#### Vesting

Participants are immediately vested in their voluntary deferrals plus actual earnings thereon. Vesting requirements for employer contributions plus earnings thereon may vary depending upon when an employee became eligible to participate in the Plan. Vesting generally occurs upon the earliest of the completion of five years of service or three years of plan participation or upon retirement, death, disability, or attainment of retirement age. Forfeitures of the nonvested portions of terminated participants' accounts are used to reduce required contributions of the Company.

#### 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. On termination of employment, a participant will receive a lump-sum distribution unless the vested account is valued in excess of \$3,500 and the participant elects to defer distribution. A retiree or a beneficiary of a deceased participant may defer the distribution until January of the year following attainment of age 65.

#### Loans to Participants

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 one-half of the participant's account balance. The minimum loan which may be granted is \$500. The interest rate applied is equal to the prime rate published in the Wall Street Journal on the first business day in June and December of each year. 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.

#### Administrative Expenses

Substantially all expenses of administering the Plan are paid by the plan participants.

#### B. Summary of Significant Accounting Policies:

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



The Plan's investment contracts are fully benefit-responsive and are therefore included in the financial statements at their contract value, defined as net contributions and deferrals plus interest earned on the underlying investments at contracted rates. Because the investment contracts are fully benefit-responsive, contract values approximate fair value. Investments in mutual funds and the commingled pool 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 trade date. Except for its investment contracts (Note E), the Plan's investments are held by bank-administered trust funds. Payables for outstanding security transactions represent trades which have occurred but have not yet settled.

The Plan presents in the statement of changes in net assets 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.

Benefits are recorded when paid.

Certain items in the 1996 financial statements have been reclassified to conform to the 1997 presentation.

The preparation of the financial statements in conformity with generally accepted accounting principles requires the plan administrator to make significant estimates and assumptions that affect the reported amounts of net assets and liabilities available for benefits at the date of the financial statements and the changes in net assets available for benefits during the reporting period and, when applicable, disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from the estimates included in the financial statements.

The Plan provides for various investment options in any combination of stocks, bonds, 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.

## C. Tax Status:

The Plan obtained its latest determination letter in August 1996 in which the Treasury department of the Commonwealth of Puerto Rico stated that the Plan, as submitted, was in compliance with the applicable requirements of the Puerto Rico Income Tax Act of 1954, as amended. Since receiving the determination letter, the plan has been amended. The Plan administrator and the Plan's legal counsel believe that the Plan is designed and being operated in compliance with the applicable requirements of the aforementioned Act. Therefore, no provision for income taxes has been included in the Plan's financial statements.

## D. Plan Termination:

Although it has not expressed any intention to do so, the Company reserves the right under the Plan at any time or times to discontinue its contributions and to terminate the Plan subject to the provisions of ERISA. 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 any amounts then credited to his or her account.

## E. Investment Contracts:

The Plan invests in collateralized fixed income investment portfolios (with no expiration date), three of which are managed by insurance companies and one of which is managed by an investment management firm. The credited interest rates are adjusted semiannually to reflect the experienced and anticipated yields to be earned on such investments, based on their book value. The annualized average yield and credited interest rates were as follows:

	Annualized Average Yield	Credited Interest Rate
For the year ended December 31, 1997:		
Bankers Trust (WBS 92-485)	6.95%	6.95%
Metropolitan Life Insurance Company (GIC GA-12908)	6.86%	6.86%
Metropolitan Life Insurance Company (GIC GA-13659)	6.43%	6.43%
Prudential Asset Management Company (GIC 917163-001)	6.99%	6.99%
For the year ended December 31, 1996:		
Bankers Trust (WBS 92-485)	6.87%	6.95%
Metropolitan Life Insurance Company (GIC GA-12908)	6.77%	6.86%
Metropolitan Life Insurance Company (GIC GA-13659)	6.36%	6.43%
Prudential Asset Management Company (GIC 917163-001)	6.89%	6.99%

The contract values are subject to limitations in certain situations including large workforce reductions and plan termination.

In the financial statements, the two Metropolitan Life Insurance Company contracts are recorded as one investment option.

## F. Related Party Transactions:

In accordance with the provisions of the Plan, Fidelity Management Trust Company (the "Trustee") acts as the Plan's agent for purchases and sales of shares of Raytheon Company Class B common stock. These transactions are performed on the Master Trust level. For the Master Trust, purchases amounted to \$200,689,057 and \$158,515,882 and sales amounted to \$102,165,608 and \$38,523,792 for the years ended December 31, 1997 and 1996, respectively.

## G. Plan Amendment:

In 1996, the Plan was amended to require all withdrawals from the Plan to be in cash.

## H. Transfers:

Transfers include transfers of participant accounts, individually and/or in groups, between the Raytheon Savings and Investment Plan for Puerto Rico Based Employees and all other plans included in the Raytheon Company Master Trust for those participants and/or groups of participants who changed plans during the year. Transfers also include transfers of participant accounts, individually and/or in groups, between the Raytheon Saving and Investment Plan for Puerto Rico Based Employees and similar savings plans of other companies for those participants who changed companies during the year.

## I. Fund Data:

The following is a summary of net assets available for plan benefits by fund as of December 31, 1997:

	Income Fund	Equity Fund	Raytheon Stock Fund	Index Fund	Balanced Fund	Magellan Fund	Blue Chip Fund	Loan Fund	Total
Assets:									
Master trust investments:									
At contract value:									
Bankers Trust	\$29,087								\$ 29,087
Prudential Insurance Company of America	18,041								18,041
Metropolitan Life Insurance Company	30,751								30,751
At fair value:									
Fidelity Equity Income*		\$214,116							214,116
Raytheon Company Common Stock*			\$202,655						202,655
BT Pyramid Equity Index Fund*				\$118,530					118,530
Fidelity Balanced Fund					\$32,784				32,784
Fidelity Magellan Fund*						\$40,215			40,215
Fidelity Blue Chip Fund							\$35,416		35,416
Loans receivable from participants*								\$56,395	56,395
Total investments	77,879	214,116	202,655	118,530	32,784	40,215	35,416	56,395	777,990
Receivables:									
Accrued investment income and other receivables			1,491	284					1,775
Cash and cash equivalents	767		3,667	1,164					5,598
Total assets	78,646	214,116	207,813	119,978	32,784	40,215	35,416	56,395	785,363
Liabilities:									
Payable for security purchases			1,723						1,723
Accrued expenses and other payables			402	294					696
Total liabilities			2,125	294					2,419
Net assets available for plan benefits	\$78,646	\$214,116	\$205,688	\$119,684	\$32,784	\$40,215	\$35,416	\$56,395	\$782,944

\*Represents more than 5% of net assets available for plan benefits

## I. Fund Data, continued:

The following is a summary of net assets available for plan benefits by fund as of December 31, 1996:

	Income Fund	Equity Fund	Raytheon Stock Fund	Index Fund	Balanced Fund	Magellan Fund	Blue Chip Fund	Loan Fund	Total
Assets:									
Master trust investments:									
At contract value:									
Bankers Trust	\$17,103								\$ 17,103
Prudential Insurance Company of America	10,603								10,603
Metropolitan Life Insurance Company	17,638								17,638
At fair value:									
Fidelity Equity Income*		\$ 85,935							85,935
Raytheon Company Common Stock*			\$142,804						142,804
BT Pyramid Equity Index Fund*				\$ 47,618					47,618
Fidelity Balanced Fund					\$ 8,896				8,896
Fidelity Magellan Fund*						\$ 9,640			9,640
Fidelity Blue Chip Fund							\$ 5,996		5,996
Loans receivable from participants*								\$33,833	33,833
Total investments	45,344	85,935	142,804	47,618	8,896	9,640	5,996	33,833	380,066
Receivables:									
Accrued investment income and other receivables			210	65					275
Cash and cash equivalents	737		2,159	548					3,444
Total assets	46,081	85,935	145,173	48,231	8,896	9,640	5,996	33,833	383,785
Liabilities:									
Payable for security purchases			571						571
Accrued expenses and other payables			199	74					273
Total liabilities			770	74					844
Net assets available for plan benefits	\$46,081	\$ 85,935	\$144,403	\$ 48,157	\$ 8,896	\$ 9,640	\$ 5,996	\$33,833	\$382,941

\*Represents more than 5% of net assets available for plan benefits

## I. Fund Data, continued:

The following is a summary of changes in net assets available for plan benefits by fund for the year ended December 31, 1997:

	Fixed Income Fund	Equity Fund	Raytheon Common Stock Fund	Stock Index Fund	Balanced Fund	Magellan Fund	Blue Chip Fund	Loan Fund	Total
Additions to net assets attributable to:									
Investment income:									
Net appreciation of investments		\$ 24,283	\$ 9,108	\$ 24,294	\$ 507	\$ 2,851	\$ 2,381		\$ 63,424
Interest	\$ 5,711		186	78				\$ 2,005	7,980
Dividends		10,093	3,021		2,714	2,203	1,326		19,357
	5,711	34,376	12,315	24,372	3,221	5,054	3,707	2,005	90,761
Contributions and deferrals:									
Employee deferrals	25,253	41,088	63,606	30,948	14,395	18,826	21,314		215,430
Employer contributions	14,351	13,052	22,235	11,330	1,926	5,992	4,736		73,622
Transfers		8,590	10,154		4,805	2,245		\$24,870	50,664
	39,604	62,730	95,995	42,278	21,126	27,063	26,050	24,870	339,716
Total additions	45,315	97,106	108,310	66,650	24,347	32,117	29,757	26,875	430,477
Deductions from net assets attributable to:									
Distributions to participants	8,441	931	4,135	200	(583)	688		12,000	25,812
Administrative expenses	16	35	46	22	4	5	4		132
Transfers	683			3,847					4,530
Total deductions	9,140	966	4,181	4,069	(579)	693	4	12,000	30,474
Interfund transfers	(3,610)	32,041	(42,844)	8,946	(1,038)	(849)	(333)	7,687	--
Increase in net assets	32,565	128,181	61,285	71,527	23,888	30,575	29,420	22,562	400,003
Net assets available for plan benefits, beginning of year	46,081	85,935	144,403	48,157	8,896	9,640	5,996	33,833	382,941
Net assets available for plan benefits, end of year	\$78,646	\$214,116	\$205,688	\$119,684	\$32,784	\$40,215	\$35,416	\$56,395	\$782,944

## J. Master Trust:

All plan investments are included under the Master Trust. At December 31, 1997 and 1996, assets of the Plan represented less than 1% of the total assets under the Master Trust. The following is a summary of net assets available for plan benefits by fund under the Master Trust as of December 31, 1997:

	Fixed Income Fund	Equity Fund	Raytheon Common Stock Fund	Stock Index Fund	Balanced Fund	Magellan Fund	Blue Chip Fund
<b>Assets:</b>							
<b>Investments:</b>							
At contract value:							
Bankers Trust*	\$351,035,073						
Prudential Insurance Company of America*	217,731,699						
Metropolitan Life Insurance Company*	371,123,080						
At fair value:							
Fidelity Equity Income Fund*		\$782,799,011					
Common Stock* Index Fund*			\$745,980,294	\$484,781,406			
Fidelity Balanced Fund					\$117,556,481		
Fidelity Magellan Fund						\$91,863,155	
Fidelity Blue Chip Fund							\$136,586,123
Templeton Foreign I Fund							
Fidelity Investment Grade Bond Fund							
Fidelity Retirement Money Market Fund participants							
Total investments	939,889,852	782,799,011	745,980,294	484,781,406	117,556,481	91,863,155	136,586,123
<b>Receivables:</b>							
Employer contribution							
Accrued investment income and other receivables			5,489,592	1,161,112			
Cash and cash equivalents	9,232,100		13,498,051	4,761,268			
Total assets	949,121,952	782,799,011	764,967,937	490,703,786	117,556,481	91,863,155	136,586,123
<b>Liabilities:</b>							
Payables for outstanding purchases			6,340,318				
Accrued expenses and other payables			1,480,875	1,200,471			
Total liabilities			7,821,193	1,200,471			
Net assets available for plan benefits	\$949,121,952	\$782,799,011	\$757,146,744	\$489,503,315	\$117,556,481	\$91,863,155	\$136,586,123
	=====	=====	=====	=====	=====	=====	=====
Percentage of Master Trust that are plan assets of the Raytheon Savings and Investment Plan for Puerto Rico Based Employees	^	^	^	^	^	^	^

\*Represents more than 5% of net assets available for plan benefits

^Represents less than 1% of plan assets under the Master Trust

N/A: The Templeton Foreign I Fund, Investment Grade Bond Fund, and Retirement Money Market Fund are not available for the Raytheon Savings and Investment Plan for Puerto Rico Based Employees.

	Templeton Foreign I Fund	Investment Grade Bond Fund	Retirement Money Market Fund	Loan Fund	Total
<b>Assets:</b>					
<b>Investments:</b>					
At contract value:					
Bankers Trust*					\$ 351,035,073
Prudential Insurance Company of America*					217,731,699
Metropolitan Life Insurance Company*					371,123,080
At fair value:					
Fidelity Equity Income Fund*					782,799,011
Raytheon Company Common Stock*					745,980,294
BT Pyramid Equity Index Fund*					484,781,406
Fidelity Balanced Fund					117,556,481
Fidelity Magellan Fund					91,863,155
Fidelity Blue Chip Fund					136,586,123
Templeton Foreign I Fund	\$5,471,176				5,471,176
Fidelity Investment Grade Bond Fund		\$1,548,125			1,548,125
Fidelity Retirement Money Market Fund			\$12,186,085		12,186,085
Loans receivable from participants				\$166,395,767	166,395,767
<b>Total investments</b>	<b>5,471,176</b>	<b>1,548,125</b>	<b>12,186,085</b>	<b>166,395,767</b>	<b>3,485,057,475</b>
<b>Receivables:</b>					
Employer contribution			4,015,100		4,015,100
Accrued investment income and other receivables					6,650,704
<b>Cash and cash equivalents</b>					
<b>Total assets</b>	<b>5,471,176</b>	<b>1,548,125</b>	<b>16,201,185</b>	<b>166,395,767</b>	<b>3,523,214,698</b>
<b>Liabilities:</b>					
Payables for outstanding purchases					6,340,318
Accrued expenses and other payables					2,681,346
<b>Total liabilities</b>					<b>9,021,664</b>
<b>Net assets available for plan benefits</b>	<b>\$5,471,176</b>	<b>\$1,548,125</b>	<b>\$16,201,185</b>	<b>\$166,395,767</b>	<b>\$3,514,193,034</b>
Percentage of Master Trust that are plan assets of the Raytheon Savings and Investment Plan for Puerto Rico Based Employees	N/A	N/A	N/A	^	^

\*Represents more than 5% of net assets available for plan benefits  
^Represents less than 1% of plan assets under the Master Trust

N/A: The Templeton Foreign I Fund, Investment Grade Bond Fund, and Retirement Money Market Fund are not available for the Raytheon Savings and Investment Plan for Puerto Rico Based Employees.



## J. Master Trust, continued:

The following is a summary of net assets available for plan benefits by fund under the Master Trust as of December 31, 1996:

	Fixed Income Fund	Equity Fund	Raytheon Common Stock Fund	Stock Index Fund	Balanced Fund	Magellan Fund
<b>Assets:</b>						
Investments:						
At contract value:						
Bankers Trust*	\$339,670,440					
Prudential Insurance Company of America*	210,594,065					
Metropolitan Life Insurance Company*	350,310,646					
At fair value:						
Fidelity Equity Income Fund*		\$578,166,630				
Raytheon Company Common Stock*			\$671,136,043			
BT Pyramid Equity Index Fund*				\$307,555,916		
Fidelity Balanced Fund					\$83,265,065	
Fidelity Magellan Fund						\$50,454,961
Fidelity Blue Chip Fund						
Loans receivable from participants*						
Total investments	900,575,151	578,166,630	671,136,043	307,555,916	83,265,065	50,454,961
Receivables:						
Accrued investment income			39,737	13,686		
Cash and cash equivalents	14,633,134		10,145,818	3,541,437		
Total assets	915,208,285	578,166,630	681,321,598	311,111,039	83,265,065	50,454,961
Liabilities:						
Payables for outstanding purchases			2,682,835			
Total liabilities			2,682,835			
Net assets available for plan benefits	\$915,208,285	\$578,166,630	\$678,638,763	\$311,111,039	\$83,265,065	\$50,454,961
Percentage of Master Trust that are plan assets of the Raytheon Savings and Investment Plan for Puerto Rico Based Employees	^	^	^	^	^	^

\*Represents more than 5% of net assets available for plan benefits

^Represents less than 1% of plan assets under the Master Trust

	Blue Chip Fund	Loan Fund	Total
Assets:			
Investments:			
At contract value:			
Bankers Trust*			\$339,670,440
Prudential Insurance Company of America*			210,594,065
Metropolitan Life Insurance Company*			350,310,646
At fair value:			
Fidelity Equity Income Fund*			578,166,630
Raytheon Company Common Stock*			671,136,043
BT Pyramid Equity Index Fund*			307,555,916
Fidelity Balance Fund			83,265,065
Fidelity Magellan Fund			50,454,961
Fidelity Blue Chip Fund	\$67,866,240		67,866,240
Loans receivable from participants*		\$144,824,714	144,824,714
Total investments	67,866,240	144,824,714	2,803,844,720
Receivables:			
Accrued Investment income			53,423
Cash and cash equivalents			28,320,389
Total assets	67,866,240	144,824,714	2,832,218,532
Liabilities:			
Payables for outstanding purchases			2,682,835
Total liabilities			2,682,835
Net assets available for plan benefits	\$67,866,240	\$144,824,714	\$2,829,535,697

Percentage of Master Trust that are  
plan assets of the Raytheon Savings  
and Investment Plan for Puerto Rico  
Based Employees

^

^

^

\*Represents more than 5% of net assets available for plan benefits  
^Represents less than 1% of plan assets under the Master Trust

## J. Master Trust, continued:

The following is a summary of investment income by fund under the Master Trust for the year ended December 31, 1997:

	Fixed Income Fund	Equity Fund	Common Stock Fund	Stock Index Fund	Balanced Fund	Raytheon Magellan Fund	Blue Chip Fund
Investment income:							
Net appreciation (depreciation) of assets	\$ (191,924)	\$132,974,182	\$30,715,963	\$109,162,707	\$ 6,388,316	\$ 9,026,047	\$15,474,118
Interest	62,319,073		673,934	312,511			
Dividends		42,443,971	11,118,152		13,680,351	5,217,835	6,302,875
Total investment income/(loss)	<u>\$62,127,149</u>	<u>\$175,418,153</u>	<u>\$42,508,049</u>	<u>\$109,475,218</u>	<u>\$20,068,667</u>	<u>\$14,243,882</u>	<u>\$21,776,993</u>

	Templeton Foreign I Fund	Investment Grade Bond Fund	Retirement Money Market Fund	Loan Fund	Total
Investment income:					
Net appreciation (depreciation) of assets	\$(826,396)	\$22,581			\$302,745,594
Interest				\$10,848,204	74,153,722
Dividends	549,717	36,337	\$266,835		79,616,073
	-----	-----	-----	-----	-----
Total investment income/(loss)	\$(276,679)	\$58,918	\$266,835	\$10,848,204	\$456,515,389
	=====	=====	=====	=====	=====

CONSENT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of  
Raytheon Company

We consent to the incorporation by reference in the Registration Statement of Raytheon Company on Form S-8 (File No. 333-56117) of our report dated May 29, 1998 on our audits of the financial statements of the Raytheon Savings and Investment Plan for Puerto Rico Based Employees as of December 31, 1997 and 1996 and for the year ended December 31, 1997, which report is included in this annual report on Form 10-K/A.

Coopers & Lybrand LLP  
Boston, Massachusetts  
June 29, 1998

E-SYSTEMS, INC. EMPLOYEE SAVINGS PLAN  
FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA  
WITH REPORT OF INDEPENDENT ACCOUNTANTS  
for the years ended December 31, 1997 and 1996

Report of Independent Accountants

Employee Savings Plan Administrative Committee  
E-Systems, Inc. Employee Savings Plan:

We have audited the accompanying statements of net assets available for benefits of the E-Systems, Inc. Employee Savings Plan (the "Plan") as of December 31, 1997 and 1996, and the related statements of changes in net assets available for benefits for the years then ended. 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 in accordance with generally accepted auditing standards. 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 1997 and 1996, and the changes in the net assets available for benefits for the years then ended in conformity with generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedules of assets held for investment purposes as of December 31, 1997, and reportable transactions for the year then ended are presented for purposes of complying with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, and are not a required part of the basic financial statements. The supplemental schedules have been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Dallas, Texas  
June 8, 1998

E-SYSTEMS, INC. EMPLOYEE SAVINGS PLAN  
 STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS  
 December 31, 1997 and 1996

ASSETS	1997	1996
Investments--at fair value:		
Mutual funds	\$613,860,560	\$471,394,300
Collective investment fund	61,180,556	56,821,945
Raytheon common stock fund	35,787,508	33,545,329
Participant loans	22,992,597	22,858,010
	-----	-----
Total investments at fair value	733,821,221	584,619,584
	-----	-----
Receivables:		
Contributions due from employees	2,135,509	1,293,228
Contribution due from employer	9,520,806	8,599,589
	-----	-----
	11,656,315	9,892,817
	-----	-----
Net assets available for benefits	\$745,477,536	\$594,512,401
	=====	=====

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

E-SYSTEMS, INC. EMPLOYEE SAVINGS PLAN  
 STATEMENTS OF CHANGES IN NET ASSETS  
 AVAILABLE FOR BENEFITS  
 for the years ended December 31, 1997 and 1996

	1997	1996
<b>Additions:</b>		
Dividend income	\$ 54,412,625	\$ 27,722,560
Interest income	14,947,020	13,563,141
Employee contributions	44,956,931	38,892,568
Employer contributions	17,568,486	15,587,178
Transfer to/from other qualified plans	21,789,278	8,134,901
Other receipts	537,578	186,148
	-----	-----
<b>Total additions</b>	<b>154,211,918</b>	<b>104,086,496</b>
	-----	-----
<b>Deductions:</b>		
Administrative and other expenses	219,897	197,893
Benefits paid to participants	43,412,766	44,538,255
	-----	-----
<b>Total deductions</b>	<b>43,632,663</b>	<b>44,736,148</b>
	-----	-----
Net appreciation of investments	40,385,880	34,607,559
	-----	-----
Net increase	150,965,135	93,957,907
	-----	-----
Net assets available for benefits at beginning of year	594,512,401	500,554,494
	-----	-----
Net assets available for benefits at end of year	<b>\$745,477,536</b>	<b>\$594,512,401</b>
	=====	=====

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



E-SYSTEMS, INC. EMPLOYEE SAVINGS PLAN  
NOTES TO FINANCIAL STATEMENTS

1. General Description:

The E-Systems, Inc. Employee Savings Plan (the "Plan"), is a defined contribution plan sponsored by Raytheon E-Systems, Inc. ("E-Systems" or the "Company"), a wholly-owned subsidiary of Raytheon Company, which became effective January 1, 1995. Employees are immediately eligible to participate in the Plan. The Plan provides an individual account for each participant. Amounts disbursed to participants or transfers between funds are based solely upon amounts contributed to each participant's account adjusted to reflect any withdrawals and distributions, investment earnings attributable to such fund balances and appreciation or depreciation of the market value of the fund. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). The following description of the Plan is provided for general information purposes only. A detailed description of the Plan is contained in the Plan document.

Employer Contributions

The Company matches 50% of the first 3% of employee contributions to the Plan for the Plan year through the 401(k) Tax-Advantaged Capital Accumulation Plan ("T-CAP") Company Matching account.

The Plan also provides for Regular Discretionary Contributions ("E-CAP") up to 1-1/2% of the lesser of (1) base rate of pay, or (2) W-2 pay plus elected reductions. To be eligible for this contribution, the participant must be an active employee on December 31.

Certain Company subsidiaries may make Optional Employer Contributions. If employed by one of these subsidiaries on December 31, the participant receives an allocation equal to a certain percentage, determined by the Board of Directors, of the lesser of (1) base rate of pay, or (2) W-2 pay plus elected reductions.

Employee Contributions

Participants in the Plan may contribute up to 18% of their annual base rate of pay on a pre-tax basis. Base rate of pay excludes such items as shift differential, quarterly wage adjustments, commissions, unused sick pay, severance pay, allowances, awards, lump sum payments, and per diem payments. The Internal Revenue Service ("IRS") imposed limitation on employee contributions was \$9,500 for 1997 and 1996. Internal Revenue Code ("IRC") Section 415 establishes limitations on employee and employer contributions. Any contributions exceeding these limitations are refunded to the participants in accordance with the Plan document.

Vesting Rights

Participants are immediately 100% vested in their account balances derived from Company contributions, employee contributions and any amounts rolled over to the Plan from another eligible plan.

Plan Trustee

The Plan's trustee is Vanguard Fiduciary Trust Company. The trustee holds the funds for the Plan and is responsible for managing the Plan's investment assets, executing all investment transactions and recording approved transactions.

## Participant Investment Programs

Employee contributions are invested by the trustee as directed by participants and can be invested in any combination of the funds listed below. Company matching contributions, and other discretionary contributions, if any, may be invested in a different combination of funds than the pre-tax contributions. If a separate election for the Company contributions is not made by the participant, these contributions are then invested in the same fund or funds selected by the participant for their pre-tax contributions.

Participants had the option of investing their contributions in any of the following funds:

The Vanguard Retirement Savings Trust: investments seek the highest level of current income consistent with safety and stability of principal by investing primarily in contracts issued by life insurance companies, investment contracts issued by domestic commercial banks or United States branches of foreign banks, and other similar types of fixed-principal investments. The Trust may also hold no more than 15% of its assets in short-term obligations, money market funds, or federally insured deposits.

The Vanguard/Morgan Growth Fund: investments consist primarily of common stocks of corporations with either established growth patterns, emerging growth potential, or cyclical growth patterns.

The Vanguard/Windsor Fund: investments consist of a portfolio of common stocks, the objective of which is primarily long-term growth and secondly, current income through dividends.

The Vanguard Money Market Reserves Prime Portfolio: investments consist of high-quality money market instruments that mature in one year or less.

The Vanguard Short-Term Corporate Bond Portfolio: investments consist of investment grade bonds with maturities from less than one to four years, including United States Treasury and agency obligations, the objective of which is primarily to conserve principal and secondly, to maximize current income.

The Vanguard Index Trust 500 Portfolio: investments consist of a portfolio of stocks designed to match the performance of Standard & Poor's 500 Corporate Stock Price Index.

The Vanguard/Wellesley Income Fund: investments consist of about 60% in fixed-income securities and 40% in common stocks. The Fund objective is primarily current income through dividends, and secondly, moderate capital growth.

The Vanguard International Value Portfolio: investments seek maximum long-term total return consistent with reasonable risk by investing in a diversified group of large and medium-sized companies based outside of the United States. Total return includes both income and capital appreciation.

The Raytheon Common Stock Fund: investments consist of Raytheon Class B common stock. However, contributions may be invested in the Vanguard Money Market Reserves Prime Portfolio until a stock purchase is made.

#### Loan Provisions

Participants may obtain loans from their account balances in any of the Vanguard Funds and/or the Raytheon Common Stock Fund. Loans bear interest at the prime rate, as published in the Wall Street Journal on the last day of each calendar quarter, plus one percentage point. Such interest rate is effective for all loans during the subsequent quarter. All loans become part of the Loan Fund. Interest charged on loans is credited to the participant's account and is included in interest income on the statement of changes in net assets available for benefits.

The maximum a participant can borrow is 50% of his/her account balance up to a limit of \$50,000. While a participant may borrow up to 50% of their E-Systems, Inc. Employee Savings Plan account balance, loans cannot be funded from the E-CAP, Company Matching or Optional Employer accounts. However, if the participant had a loan outstanding within the previous 12 months, IRS rules require that the \$50,000 limit be reduced by their highest outstanding loan balance during the 12 months before the current loan request.

#### Transfer Provisions

Participants are permitted to make unlimited transfers among investment options, with the exception of transfers out of the Vanguard Investment Contract Trust ("VICT"). The funds transferred out of the VICT may be transferred into one of the equity funds at any time, but must remain in these equity funds for a period of 90 days. After the 90-day period, the funds may be transferred out of the equity funds and into either the Vanguard Money Market Reserves Prime Portfolio or the Vanguard Short-Term Corporate Bond Portfolio.

Participants may only transfer funds from the VICT into fixed income options once a year, during January. Fixed income options include the Vanguard Money Market Reserves Prime Portfolio and the Vanguard Short-Term Corporate Bond Portfolio. Participants may transfer up to \$500 or 25% of their balance in the VICT, whichever is higher, into the fixed income options.

#### Income Allocations

Each investment fund's gain or losses are determined and allocated by its fund manager every business day.

#### Withdrawals

All distributions except distributions of the Raytheon Common Stock Fund are made in cash. Participants are eligible for distributions upon termination, retirement, disability, or hardship (as determined by the IRS). Distributions may be made to the participant or beneficiary as a lump sum payment or as an insured annuity. No in-service withdrawals of the company matching, discretionary, or optional employer contributions are allowed.

## Plan Termination

Although the Company has not expressed any intention to do so, it has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of a termination of the Plan, all plan assets would be distributed in accordance with the Plan.

## 2. Summary of Significant Accounting Policies:

The financial statements have been prepared on the accrual basis of accounting.

### Use of Estimates

The preparation of the Plan's financial statements in conformity with generally accepted accounting principles requires the plan administrator to make significant estimates and assumptions that affect the reported amounts of net assets available for benefits at the date of the financial statements and the changes in net assets available for benefits during the reporting period and, when applicable, disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

### Risks and Uncertainties

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

### Investments

The valuation of the Plan's investments in all funds is based on the market value of the assets held in the funds. The Plan's relative interest in the funds is determined on a unit-method basis. The valuation of the Vanguard Funds is based on the closing market price of the assets which comprise the funds on the last business day of the Plan year. Investments in the Vanguard Retirement Savings Trust are carried at market value (which equals original cost plus accrued interest less any distribution). Market value approximates contract value. The valuation of Class B common stock in the Raytheon Common Stock Fund is based on closing market price as reported on the New York Stock Exchange on the last business day of the Plan year. Purchases and sales of securities are reflected on the trade-date basis. Dividend income is recognized on the ex-dividend date.

The Plan presents in the statement of changes in net assets 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.

### Administrative Expenses

The expenses incurred by the Plan are paid from Plan funds. Expenses incurred in administering the Plan are generally allocated to the respective fund to which they relate.

## 3. Plan Amendments:

The Plan was amended effective January 1, 1997, to include employees of Engineering Research Associates, Inc. Retirement Savings Plan ("ERA") and authorized the transfer of ERA employees' accounts into the Plan. This amendment also changed the distribution policy related to prior plan employer contribution accounts from the ERA Plan.

## 4. Investments:

The Plan held the following investments at December 31, 1997 and 1996 (investments that represent 5% or more of the Plan's net assets are separately identified):

	Fair Value at December 31,	
	1997	1996
Raytheon Common Stock Fund	\$ 35,787,508	\$ 33,545,329
Vanguard/Morgan Growth Fund	97,914,498	68,074,242
Vanguard/ Windsor Fund	226,774,736	173,891,032
Vanguard Money Market Reserves Prime Portfolio	91,047,417	95,347,229
Vanguard Short-Term Corporate Bond Portfolio	16,848,440	14,234,216
Vanguard Index Trust 500 Portfolio	134,265,332	84,493,315
Vanguard International Value Portfolio	14,883,787	13,172,565
Vanguard/Wellesley Income Fund	32,126,350	22,181,701
	-----	-----
	649,648,068	504,939,629
Vanguard Retirement Savings Trust	61,180,556	56,821,945
Participant loans	22,992,597	22,858,010
	-----	-----
	\$733,821,221	\$584,619,584
	=====	=====

## 5. Income Tax Status:

The IRS has determined and informed the Company by a letter dated December 4, 1996 that the Plan is designed in accordance with applicable sections of the IRC. The Plan has been amended since the date the IRS made its tax determination; however, the Plan administrator believes the Plan is designed and currently being operated in compliance with the applicable requirements of the IRC.



	Vanguard Short Term Corporate Bond Portfolio	Vanguard Index Trust 500 Portfolio	Vanguard/ Wellesley Income Fund	Vanguard International Value Portfolio	Loan Fund
Assets:					
Investments at fair value:					
Mutual funds	\$ 16,848,440	\$134,265,332	\$ 32,126,350	\$ 14,883,787	\$ --
Collective investment fund	--	--	--	--	--
Raytheon Company stock fund	--	--	--	--	--
Participant loans	--	--	--	--	22,992,597
	-----	-----	-----	-----	-----
Total investments	16,848,440	134,265,332	32,126,350	14,883,787	22,992,597
	-----	-----	-----	-----	-----
Contributions due from employees	61,411	434,798	109,353	76,546	--
Contributions due from employer	142,667	1,732,435	462,314	345,369	--
	-----	-----	-----	-----	-----
Total receivables	204,078	2,167,233	571,667	421,915	--
	-----	-----	-----	-----	-----
Net assets available for benefits	\$ 17,052,518	\$136,432,565	\$ 32,698,017	\$ 15,305,702	\$ 22,992,597
	=====	=====	=====	=====	=====

Net assets available for benefits at December 31, 1996 are as follows:

	Total	Raytheon Common Stock Fund	Vanguard Retirement Savings Trust	Vanguard/ Morgan Growth Fund	Vanguard/ Windsor Fund	Vanguard Money Market Reserves Prime Portfolio
Assets:						
Investments at fair value:						
Mutual funds	\$471,394,300	--	--	\$ 68,074,242	\$173,891,032	\$ 95,347,229
Collective investment fund	56,821,945	--	\$ 56,821,945	--	--	--
Raytheon Company stock fund	33,545,329	\$ 33,545,329	--	--	--	--
Participant loans	22,858,010	--	--	--	--	--
	-----	-----	-----	-----	-----	-----
Total investments	584,619,584	33,545,329	56,821,945	68,074,242	173,891,032	95,347,229
	-----	-----	-----	-----	-----	-----
Receivables:						
Contributions due from employees	1,293,228	77,803	105,266	174,491	376,700	146,384
Contributions due from employer	8,599,589	1,706,924	209,032	774,618	1,375,791	2,168,315
	-----	-----	-----	-----	-----	-----
Total receivables	9,892,817	1,784,727	314,298	949,109	1,752,491	2,314,699
	-----	-----	-----	-----	-----	-----
Net assets available for benefits	<u>\$594,512,401</u>	<u>\$ 35,330,056</u>	<u>\$ 57,136,243</u>	<u>\$ 69,023,351</u>	<u>\$175,643,523</u>	<u>\$ 97,661,928</u>



	Vanguard Short- Term Corporate Bond Portfolio	Vanguard Index Trust 500 Portfolio	Vanguard/ Wellesley Income Fund	Vanguard International Value Portfolio	Loan Fund
Investments at fair value:					
Mutual funds	\$ 14,234,216	\$ 84,493,315	\$ 22,181,701	\$ 13,172,565	--
Collective investment fund	--	--	--	--	--
Raytheon Company stock fund	--	--	--	--	--
Participant loans	--	--	--	--	\$ 22,858,010
	-----	-----	-----	-----	-----
Total investments	14,234,216	84,493,315	22,181,701	13,172,565	22,858,010
	-----	-----	-----	-----	-----
Receivables:					
Contributions due from employees	43,654	250,338	66,282	52,310	--
Contributions due from employer	135,064	1,484,826	398,529	346,490	--
	-----	-----	-----	-----	-----
Total receivables	178,718	1,735,164	464,811	398,800	--
	-----	-----	-----	-----	-----
Net assets available for benefits	\$ 14,412,934	\$ 86,228,479	\$ 22,646,512	\$ 13,571,365	\$ 22,858,010
	=====	=====	=====	=====	=====

6. Combining Statements of Net Assets Available for Benefits and Changes in Net Assets Available for Benefits, continued:

Changes in net assets available for benefits for the year ended December 31, 1997 are as follows:

	Total	Raytheon Common Stock Fund	Vanguard Retirement Savings Trust	Vanguard/ Morgan Growth Fund	Vanguard/ Windsor Fund	Vanguard Money Market Reserves Prime Portfolio
Net assets available for benefits, January 1, 1997	\$594,512,401	\$ 35,330,056	\$ 57,136,243	\$ 69,023,351	\$175,643,523	\$ 97,661,928
Additions:						
Dividend income	54,412,625	634,222	--	12,998,262	36,042,403	--
Interest income	14,947,020	--	3,586,959	--	--	4,912,252
Employee contributions	44,956,931	2,984,412	3,263,374	6,468,575	13,428,028	3,676,361
Employer contributions	17,568,486	2,164,068	866,470	2,037,203	3,929,947	3,313,724
Transfer to/from other qualified plans	21,789,278	821,753	1,228,041	3,536,507	4,526,759	1,470,742
Other receipts (disbursements)	537,578	13,884	21,468	30,872	70,085	339,066
Total additions	154,211,918	6,618,339	8,966,312	25,071,419	57,997,222	13,712,145
Deductions:						
Administrative and other expenses	219,897	22,085	6,223	25,145	49,143	55,156
Benefits paid to participants	43,412,766	841,545	5,830,500	4,023,261	11,284,786	9,387,950
Total deductions	43,632,663	863,630	5,836,723	4,048,406	11,333,929	9,443,106
Transfers	--	(5,655,890)	1,302,264	452,337	3,417,959	(8,121,130)
Net appreciation (depreciation) of investments	40,385,880	2,097,400	--	8,623,259	3,245,194	--
Net increase (decrease)	150,965,135	2,196,219	4,431,853	30,098,609	53,326,446	(3,852,091)
Net assets available for benefits, December 31, 1997	\$745,477,536	\$ 37,526,275	\$ 61,568,096	\$ 99,121,960	\$228,969,969	\$ 93,809,837

	Vanguard Short-Term Corporate Bond Portfolio	Vanguard Index Trust 500 Portfolio	Vanguard/ Wellesley Income Fund	Vanguard International Value Portfolio	Loan Fund
Net assets available for benefits, January 1, 1997	\$14,412,934	\$ 86,228,479	\$22,646,512	\$ 13,571,365	\$ 22,858,010
Additions:					
Dividend income	--	2,692,576	--	2,045,162	--
Interest income	930,317	--	3,382,496	--	2,134,996
Employee contributions	1,341,287	9,532,053	2,400,639	1,862,202	--
Employer contributions	389,632	3,316,226	898,198	653,018	--
Transfer to/from other qualified plans	1,009,628	5,378,213	2,503,615	1,151,048	162,972
Other receipts (disbursements)	7,834	39,628	7,329	8,805	(1,393)
Total additions	3,678,698	20,958,696	9,192,277	5,720,235	2,296,575
Administrative and other expenses	4,990	39,711	11,053	6,391	--
Benefits paid to participants	1,297,902	7,042,765	1,487,423	883,988	1,332,646
Total deductions	1,302,892	7,082,476	1,498,476	890,379	1,332,646
Transfers	174,787	8,625,867	851,109	(217,961)	(829,342)
Net appreciation (depreciation) of investments	88,991	27,701,999	1,506,595	(2,877,558)	--
Net increase (decrease)	2,639,584	50,204,086	10,051,505	1,734,337	134,587
Net assets available for benefits, December 31, 1997	\$17,052,518	\$136,432,565	\$32,698,017	\$ 15,305,702	\$ 22,992,597

6. Combining Statements of Net Assets Available for Benefits and  
Changes in Net Assets Available for Benefits, continued:

Changes in net assets available for benefits for the year ended December 31,  
1996 are as follows:

	Total	Raytheon Common Stock Fund	Vanguard Retirement Savings Trust	Vanguard/ Morgan Growth Fund	Vanguard/ Windsor/ Fund	Vanguard Money Market Reserves Prime Portfolio
Net assets available for benefits, January 1, 1996	\$500,554,494	\$ 13,185,095	\$ 53,401,234	\$42,342,785	\$124,660,848	\$ 169,074,878
Additions:						
Dividend income	27,722,560	316,591	--	6,461,821	16,617,514	--
Interest income	13,563,141	--	3,225,136	--	--	5,662,728
Employee contributions	38,892,568	1,951,850	3,596,336	5,180,985	12,436,860	3,523,422
Employer contributions	15,587,178	2,065,612	897,534	1,695,947	3,579,619	2,893,317
qualified plans	8,134,901	423,601	281,483	1,418,757	1,572,737	489,658
Other receipts (disbursements)	186,148	23,319	(5,798)	30,898	132,948	(40,319)
Total additions	104,086,496	4,780,973	7,994,691	14,788,408	34,339,678	12,528,806
Deductions:						
Administrative and other expenses	197,893	19,018	8,396	21,363	49,281	51,805
Benefits paid to participants	44,538,255	606,895	5,501,619	3,024,269	8,065,342	19,039,033
Total deductions	44,736,148	625,913	5,510,015	3,045,632	8,114,623	19,090,838
Transfers	--	18,341,916	1,250,333	9,620,443	5,961,265	(64,850,918)
Net appreciation (depreciation) of investments	34,607,559	(352,015)	--	5,317,347	18,796,355	--
Net increase (decrease)	93,957,907	22,144,961	3,735,009	26,680,566	50,982,675	(71,412,950)
Net assets available for benefits, December 31, 1996	\$594,512,401	\$ 35,330,056	\$ 57,136,243	\$69,023,351	\$175,643,523	\$ 97,661,928

	Vanguard Short-Term Corporate Bond Portfolio	Vanguard Index Trust 500 Portfolio	Vanguard/ Wellesley Income Fund	Vanguard International Value Portfolio	Loan Fund
Net assets available for benefits, January 1, 1996	\$ 11,603,894	\$ 44,579,839	\$ 14,201,003	\$ 6,644,206	\$ 20,860,712
Additions:					
Dividend income	--	1,777,001	--	2,549,633	--
Interest income	830,718	--	1,785,544	--	2,059,015
Employee contributions	1,375,434	7,078,147	2,141,832	1,607,702	--
Employer contributions	385,883	2,676,588	784,604	608,074	--
Transfer from other qualified plans	440,632	2,512,291	713,862	263,937	17,943
Other receipts (disbursements)	4,695	30,859	5,294	4,295	(43)
Total additions	3,037,362	14,074,886	5,431,136	5,033,641	2,076,915
Deductions:					
Administrative and other expenses	5,375	28,472	9,190	4,993	--
Benefits paid to participants	796,455	4,662,453	1,276,504	545,346	1,020,339
Total deductions	801,830	4,690,925	1,285,694	550,339	1,020,339
Transfers	772,960	19,806,330	4,199,218	3,957,731	940,722
Net appreciation (depreciation) of investments	(199,452)	12,458,349	100,849	(1,513,874)	--
Net increase (decrease)	2,809,040	41,648,640	8,445,509	6,927,159	1,997,298
Net assets available for benefits, December 31, 1996	\$ 14,412,934	\$ 86,228,479	\$ 22,646,512	\$ 13,571,365	\$ 22,858,010

E-SYSTEMS, INC. EMPLOYEE SAVINGS PLAN  
 Item 27a SCHEDULE OF ASSETS HELD  
 FOR INVESTMENT PURPOSES  
 December 31, 1997

Name of Issuer and Title of Issue	Interest Rate	Shares	Cost	Market
Vanguard Retirement Savings Trust		61,180,556	\$ 61,180,556	\$ 61,180,556
Vanguard/Morgan Growth Fund		5,582,355	83,538,031	97,914,498
Vanguard/Windsor Fund		13,355,403	208,193,444	226,774,736
Vanguard Money Market Reserves Prime Portfolio		91,047,417	91,047,417	91,047,417
Vanguard Short-Term Corporate Bond Portfolio		1,558,598	16,761,967	16,848,440
Vanguard Index Trust 500 Portfolio		1,490,678	95,498,167	134,265,332
Vanguard/Wellesley Income Fund		1,469,641	30,172,824	32,126,350
Raytheon Common Stock Fund		2,822,359	34,761,821	35,787,508
Vanguard International Value Portfolio		657,411	19,180,678	14,883,787
			-----	-----
Total investments			\$640,334,905	\$710,828,624
			=====	=====
Participant loans	6.97% -13.28%		\$ --	22,992,597
			=====	=====

Raytheon Company and Vanguard investments denote parties-in-interest.

E-SYSTEMS, INC. EMPLOYEE SAVINGS PLAN  
 Item 27d SCHEDULE OF REPORTABLE TRANSACTIONS  
 for the year ended December 31, 1997

Identity of Issue	Number of Purchases	Cost of Purchases	Number of Sales	Cost of Asset	Proceeds From Sales	Gain (Loss) on Sales
Category (iii) - Series of securities transactions						
Vanguard/Windsor Fund	252	\$84,330,904	253	\$29,386,487	\$34,762,479	\$5,375,992
Vanguard/Morgan Growth Fund	248	\$39,170,358	252	\$15,960,298	\$17,984,232	\$2,023,934
Raytheon Common Stock Fund	238	\$33,046,678	251	\$31,760,123	\$32,915,784	\$1,155,661
Vanguard Money Market Reserves Prime Portfolio	256	\$60,738,093	253	\$65,376,972	\$65,376,972	\$ -
Vanguard Index Trust 500 Portfolio	253	\$57,221,134	253	\$30,455,013	\$35,190,744	\$4,735,731
Vanguard Retirement Savings Trust	247	\$22,195,710	250	\$17,858,566	\$17,858,566	\$ -

There were no category (i), (ii) or (iv) reportable transactions during 1997.

Raytheon Company and Vanguard investments denote parties-in-interest.

CONSENT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of  
Raytheon Company

We consent to the incorporation by reference in the Registration Statement of Raytheon Company on Form S-8 (File No. 333-56117) of our report dated May 29, 1998 on our audits of the financial statements of the E-Systems, Inc. Employee Savings Plan as of December 31, 1997 and 1996 and for the year ended December 31, 1997, which report is included in this annual report on Form 10-K/A.

Coopers & Lybrand LLP

Boston, Massachusetts  
June 29, 1998



RAYTHEON TI SYSTEMS SAVINGS PLAN  
FINANCIAL STATEMENTS TO ACCOMPANY 1997 FORM 5500  
ANNUAL REPORT OF EMPLOYEE BENEFIT PLAN  
UNDER ERISA OF 1974

FOR THE PERIOD FROM JULY 11, 1997 to DECEMBER 31, 1997

The supplemental schedules required to accompany the Plan's Form 5500 are not required since the Plan's assets are held in a Master Trust. Accordingly, detailed financial information, including the supplemental schedules, must be filed separately with the Department of Labor by the plan administrator.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of  
Raytheon Company:

We have audited the accompanying statement of net assets available for plan benefits of the Raytheon TI Systems Savings Plan (the "Plan") as of December 31, 1997, and the related statement of changes in net assets available for plan benefits for the period from July 11, 1997 to December 31, 1997. 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 audit.

We conducted our audit in accordance with generally accepted auditing standards. 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of December 31, 1997 and the changes in net assets available for plan benefits for the period from July 11, 1997 to December 31, 1997 in conformity with generally accepted accounting principles.

Coopers & Lybrand LLP

Boston, Massachusetts  
May 29, 1998

## RAYTHEON TI SYSTEMS SAVINGS PLAN

## STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS

as of December 31, 1997

Assets:	
Master trust Investments:	
At contract value (Notes B, E and H)	\$ 27,129,250
At fair value (Notes B, F and H)	151,647,372
	-----
	178,776,622
	-----
Receivables	
Accrued investment income and other receivables	528,072
Cash and cash equivalents	1,673,631
	-----
Total assets	180,978,325
	-----
Liabilities:	
Payable for outstanding purchases	533,996
Accrued expenses and other payables	192,678
	-----
Total liabilities	726,674
	-----
Net assets available for plan benefits	\$180,251,651
	=====

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

## RAYTHEON TI SYSTEMS SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS  
AVAILABLE FOR PLAN BENEFITS

for the period from July 11, 1997 to December 31, 1997

Additions to net assets attributable to:	
Investment income (Notes B, E, and H):	
Net depreciation of investments	\$ (4,990,657)
Interest	1,304,618
Dividends	3,548,891
	-----
	(137,148)
	-----
Contributions and deferrals:	
Employee deferrals	29,221,374
Employer contributions	4,151,771
Transfers (Note G)	149,409,371
	-----
	182,782,516
	-----
Total additions	182,645,368
	-----
Deductions from net assets attributable to:	
Distributions to participants	2,367,783
Administrative expenses	14,904
Transfers (Note G)	11,030
	-----
Total deductions	2,393,717
	-----
Increase in net assets	180,251,651
	-----
Net assets available for plan benefits, beginning of year	--
	-----
Net assets available for plan benefits, end of year	\$ 180,251,651
	=====

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

## A. Description of Plan:

## General

The following description of the Raytheon TI Systems Savings 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, which was established on July 11, 1997, is a defined contribution plan covering certain employees of Raytheon Company (the "Company"). Effective July 11, 1997, employees assumed in the acquisition of the Texas Instruments defense business and that participated in the Texas Instruments Defense Savings Plan, became eligible to participate in the Plan. Participants have the option to rollover amounts accumulated in plans sponsored by Texas Instruments to the Plan. Upon election, amounts will be rolled over into funds selected by the participant. An employee becomes eligible to participate in the Plan on the date he or she becomes an employee and may enter the Plan any day thereafter during his or her employment. 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 Sections 401(a) and 401(k) of the Internal Revenue Code (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 Company Master Trust for Defined Contribution Plans ("Master Trust") with the assets of other defined contribution plans of Raytheon Company and subsidiaries. The trustee of the Master Trust maintains a separate account reflecting the equitable share in the Trust of each plan.

Investment income and administrative expenses relating to the Master Trust are allocated to the individual plans based upon average monthly balances invested by each plan.

## Contributions and Deferrals

Eligible employees are allowed to defer to the Plan up to 17% of their salaries. The Company contributes amounts equal to 50% of each participant's deferral, up to a maximum of 2% of the participant's salary. As of December 31, 1997, the annual employee deferral for a participant cannot exceed \$7,000. Rollover contributions from other qualified plans are accepted by the Plan. Participants may invest their deferrals in any combination of nine funds: (a) a Fixed Income Fund under which assets are invested primarily in contracts providing for fixed rates of interest for specified periods of time, (b) an Equity Fund which invests in shares of a mutual fund which consists primarily of income-producing equity securities, (c) a Raytheon Common Stock Fund which invests in shares of Raytheon Company Class B common stock, (d) a Stock Index Fund which invests in a commingled pool consisting primarily of equity securities and is designed to track the S&P 500 Index, (e) a Balanced Fund which invests in shares of a mutual fund which consists primarily of equity securities, bonds and money market instruments, (f) the Magellan Fund, a growth fund which invests primarily in equities of companies of all types and sizes, (g) the Blue Chip Fund, a growth fund which invests primarily in equities of well known and established companies, (h) the Templeton Foreign I Fund, a long-term capital growth fund which invests in stocks and debt obligations of companies and governments of any nation and (i) the Investment Grade Bond Fund which invests primarily in U.S. government and corporate bonds including, without limitation, index funds and mutual funds. Dividends and distributions from investments of the Equity Fund, the Raytheon Common Stock Fund, the Stock Index Fund, the Balanced Fund, the Magellan Fund, the Blue Chip Fund, the Templeton Foreign I Fund and the Investment Grade Bond Fund are reinvested in their respective funds; stock dividends, stock splits and similar changes are also reflected in the funds.

#### Participant Accounts

Each participant's account is credited with the participant's deferral, the Company's contribution and an allocation of plan earnings. Plan earnings are allocated based on account balances by fund.

#### Vesting

Participants are immediately vested in their voluntary deferrals plus actual earnings thereon. Vesting requirements for employer contributions plus earnings thereon may vary depending upon when an employee became eligible to participate in the Plan. Vesting generally occurs upon the earliest of the completion of five years of service or three years of plan participation or upon retirement, death, disability, or attainment of normal retirement age. Forfeitures of the nonvested portions of terminated participants' accounts are used to reduce required contributions of the Company.

#### 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. On termination of employment, a participant will receive a lump-sum distribution unless the vested account is valued in excess of \$3,500 and the participant elects to defer distribution. A retiree or a beneficiary of a deceased participant may defer the distribution until January of the year following attainment of age 65.

#### Loans to Participants

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 vested account balance or \$50,000. The minimum loan which may be granted is \$500. The interest rate applied is equal to the prime rate published in the Wall Street Journal on the first business day in June and December of each year. 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.

#### Administrative Expenses

Substantially all expenses of administering the Plan are paid by the plan participants.

#### B. Summary of Significant Accounting Policies:

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

The Plan's investment contracts are fully benefit-responsive and are therefore included in the financial statements at their contract value, defined as net contributions and deferrals plus interest earned on the underlying investments at contracted rates. Because the investment contracts are fully benefit-responsive, contract values approximate fair value. Investments in mutual funds and the commingled pool 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 trade date. Except for its investment contracts (Note E), the Plan's investments are held by bank-administered trust funds. Payables for outstanding security transactions represent trades which have occurred but have not yet settled.

The Plan presents in the statement of changes in net assets 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.

Benefits are recorded when paid.

The preparation of the financial statements in conformity with generally accepted accounting principles requires the plan administrator to make significant estimates and assumptions that affect the reported amounts of net assets and liabilities available for benefits at the date of the financial statements and the changes in net assets available for benefits during the reporting period and, when applicable, disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from the estimates included in the financial statements.

The Plan provides for various investment options in any combination of stocks, bonds, 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.

#### C. Federal Income Tax Status:

Given that the Plan was established effective July 11, 1997, the Plan has not received a tax determination letter to date. Raytheon Company has submitted an application with the Internal Revenue Service under the 401(b) regulation of the Internal Revenue Code and expects to receive the determination letter by December 31, 1998. The plan administrator and the Plan's legal counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

## D. Plan Termination:

Although it has not expressed any intention to do so, the Company reserves the right under the Plan at any time or times to discontinue its contributions and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, plan assets shall be distributed among all participants in proportion to their interest and employee contributions shall be distributed in accordance with the provisions contained in section 401(k)(10) of the Internal Revenue Code.

## E. Investment Contracts:

The Plan invests in collateralized fixed income investment portfolios (with no expiration date), three of which are managed by insurance companies and one of which is managed by an investment management firm. The credited interest rates are adjusted semiannually to reflect the experienced and anticipated yields to be earned on such investments, based on their book value. The annualized average yield and credited interest rates were as follows:

	Annualized Average Yield	Credited Interest Rate
For the year ended December 31, 1997:		
Bankers Trust (WBS 92-485)	6.95%	6.95%
Metropolitan Life Insurance Company (GIC GA-12908)	6.86%	6.86%
Metropolitan Life Insurance Company (GIC GA-13659)	6.43%	6.43%
Prudential Asset Management Company (GIC 917163-001)	6.99%	6.99%

The contract values are subject to limitations in certain situations including large workforce reductions and plan termination.

In the financial statements, the two Metropolitan Life Insurance Company contracts are recorded as one investment option.

## F. Related Party Transactions:

In accordance with the provisions of the Plan, Fidelity Management Trust Company (the "Trustee") acts as the Plan's agent for purchases and sales of shares of Raytheon Company Class B common stock. These transactions are performed on the Master Trust level. For the Master Trust, purchases amounted to \$200,689,057 and sales amounted to \$102,165,608 for the year ended December 31, 1997.

## G. Transfers:

Transfers include transfers of participant accounts, individually and/or in groups, between the Raytheon TI Systems Savings Plan and other plans included in the Raytheon Company Master Trust for those participants, and/or groups of participants, who changed plans during the year. Transfers also include transfers of participant accounts, individually and/or in groups, between the Raytheon TI Systems Savings Plan and similar savings plans of other companies for those participants who changed companies during the year.

During the Plan year, the participants in the Texas Instruments Defense Savings Plan voluntarily elected to transfer approximately \$149 million into the Plan. As of December 31, 1997, there are remaining participants that have the option to make a rollover election in a future period.

## H. Fund Data:

The following is a summary of net assets available for plan benefits by fund as of December 31, 1997:

	Fixed Income Fund	Equity Fund	Raytheon Common Stock Fund	Stock Index Fund	Balanced Fund	Magellan Fund
Assets:						
Master trust investments:						
At contract value:						
Bankers Trust*	\$10,132,377					
Prudential Insurance Company of America	6,284,670					
Metropolitan Life Insurance Company*	10,712,203					
At fair value:						
Fidelity Equity Income Fund		\$8,254,100				
Raytheon Company Common Stock*			\$ 62,818,459			
BT Pyramid Equity Index Fund*				\$27,442,258		
Fidelity Balanced Fund					\$7,638,642	
Fidelity Magellan Fund						\$6,635,153
Fidelity Blue Chip Fund*						
Templeton Foreign I Fund						
Fidelity Investment Grade Bond Fund						
Loans receivable from participants*						
Total investments	27,129,250	8,254,100	62,818,459	27,442,258	7,638,642	6,635,153
Receivables:						
Accrued investment income and other receivables			462,345	65,727		
Cash and cash equivalents	267,275		1,136,836	269,520		
Total assets	27,396,525	8,254,100	64,417,640	27,777,505	7,638,642	6,635,153
Liabilities:						
Payable for outstanding purchases			533,996			
Accrued expenses and other payables			124,723	67,955		
Total liabilities			658,719	67,955		
Net assets available for plan benefits	\$27,396,525	\$8,254,100	\$63,758,921	\$27,709,550	\$7,638,642	\$6,635,153

\*Represents more than 5% of net assets available for plan benefits



	Blue Chip Fund	Templeton Foreign I Fund	Investment Grade Bond Fund	Loan Fund	Total
Assets:					
Master trust investments:					
At contract value:					
Bankers Trust*					\$ 10,132,377
Prudential Insurance Company of America					6,284,670
Metropolitan Life Insurance Company*					10,712,203
At fair value:					
Fidelity Equity Income Fund					8,254,100
Raytheon Company Common Stock*					62,818,459
BT Pyramid Equity Index Fund*					27,442,258
Fidelity Balanced Fund					7,638,642
Fidelity Magellan Fund					6,635,153
Fidelity Blue Chip Fund*	\$18,760,639				18,760,639
Templeton Foreign I Fund		\$5,471,176			5,471,176
Fidelity Investment Grade Bond Fund			\$1,548,125		1,548,125
Loans receivable from participants*				\$13,078,820	13,078,820
	-----	-----	-----	-----	-----
Total investments	18,760,639	5,471,176	1,548,125	13,078,820	178,776,622
	-----	-----	-----	-----	-----
Receivables:					
Accrued investment income and other receivables					528,072
Cash and cash equivalents					1,673,631
	-----	-----	-----	-----	-----
Total assets	18,760,639	5,471,176	1,548,125	13,078,820	180,978,325
	-----	-----	-----	-----	-----
Liabilities:					
Payable for outstanding purchases					533,996
Accrued expenses and other payables					192,678
	-----	-----	-----	-----	-----
Total liabilities					726,674
	-----	-----	-----	-----	-----
Net assets available for plan benefits	\$18,760,639	\$5,471,176	\$1,548,125	\$13,078,820	\$180,251,651
	=====	=====	=====	=====	=====

\*Represents more than 5% of net assets available for plan benefits



	Blue Chip Fund	Templeton Foreign I Fund	Investment Grade Bond Fund	Loan Fund	Total
Additions to net assets attributable to:					
Investment income:					
Net appreciation (depreciation) of investments	\$ (29,047)	\$ (826,396)	\$ 22,581		\$ (4,990,657)
Interest				\$ 473,613	1,304,618
Dividends	772,525	549,717	36,337		3,548,891
	-----	-----	-----	-----	-----
	743,478	(276,679)	58,918	473,613	(137,148)
	-----	-----	-----	-----	-----
Contributions and deferrals:					
Employee deferrals	5,121,382	2,176,502	379,528		29,221,374
Employer contributions	801,233	330,882	43,226		4,151,771
Transfers	10,587,769	3,270,460	1,047,031	10,620,659	149,409,371
	-----	-----	-----	-----	-----
	16,510,384	5,777,844	1,469,785	10,620,659	182,782,516
	-----	-----	-----	-----	-----
Total additions	17,253,862	5,501,165	1,528,703	11,094,272	182,645,368
	-----	-----	-----	-----	-----
Deductions from net assets attributable to:					
Distributions to participants	183,388	21,473	13,063	151,082	2,367,783
Administrative expenses	1,415	297	82		14,904
Transfers					11,030
	-----	-----	-----	-----	-----
Total deductions	184,803	21,770	13,145	151,082	2,393,717
	-----	-----	-----	-----	-----
Interfund transfers	1,691,580	(8,219)	32,567	2,135,630	--
	-----	-----	-----	-----	-----
Increase (decrease) in net assets	18,760,639	5,471,176	1,548,125	13,078,820	180,251,651
	-----	-----	-----	-----	-----
Net assets available for plan benefits, beginning of year					--
	-----	-----	-----	-----	-----
Net assets available for plan benefits, end of year	\$18,760,639	\$5,471,176	\$1,548,125	\$13,078,820	\$180,251,651
	=====	=====	=====	=====	=====

## I. Master Trust:

All plan investments are included under the Master Trust. At December 31, 1997, assets of the Plan represented 5.1% of the total assets under the Master Trust. The following is a summary of net assets available for plan benefits by fund under the Master Trust as of December 31, 1997:

	Fixed Income Fund	Equity Fund	Raytheon Common Stock Fund	Stock Index Fund	Balanced Fund	Magellan Fund
<b>Assets:</b>						
Investments:						
At contract value:						
Bankers Trust*	\$351,035,073					
Prudential Insurance Company of America*	217,731,699					
Metropolitan Life Insurance Company*	371,123,080					
At fair value:						
Fidelity Equity Income Fund*		\$782,799,011				
Raytheon Company Common Stock*			\$745,980,294			
BT Pyramid Equity Index Fund*				\$484,781,406		
Fidelity Balanced Fund					\$117,556,481	
Fidelity Magellan Fund						\$91,863,155
Fidelity Blue Chip Fund						
Templeton Foreign I Fund						
Fidelity Investment Grade Bond Fund						
Fidelity Retirement Money Market Fund						
Loans receivable from participants						
<b>Total investments</b>	<b>939,889,852</b>	<b>782,799,011</b>	<b>745,980,294</b>	<b>484,781,406</b>	<b>117,556,481</b>	<b>91,863,155</b>
<b>Receivables:</b>						
Employer contribution						
Accrued investment income and other receivables			5,489,592	1,161,112		
Cash and cash equivalents	9,232,100		13,498,051	4,761,268		
<b>Total assets</b>	<b>949,121,952</b>	<b>782,799,011</b>	<b>764,967,937</b>	<b>490,703,786</b>	<b>117,556,481</b>	<b>91,863,155</b>
<b>Liabilities:</b>						
Payable for outstanding purchases			6,340,318			
Accrued expenses and other payables			1,480,875	1,200,471		
<b>Total liabilities</b>			<b>7,821,193</b>	<b>1,200,471</b>		
<b>Net assets available for plan benefits</b>	<b>\$949,121,952</b>	<b>\$782,799,011</b>	<b>\$757,146,744</b>	<b>\$489,503,315</b>	<b>\$117,556,481</b>	<b>\$91,863,155</b>
Percentage of Master Trust that are plan assets of the Raytheon TI Systems Savings Plan	2.9%	1.1%	8.4%	5.7%	6.5%	7.2%

\*Represents more than 5% of net assets available for plan benefits.

N/A: The Retirement Money Market Fund is not available for the Raytheon TI Systems Savings Plan.

	Blue Chip Fund	Templeton Foreign I Fund	Investment Grade Bond Fund	Retirement Money Market Fund	Loan Fund	Total
<b>Assets:</b>						
<b>Investments:</b>						
At contract value:						
Bankers Trust*						\$ 351,035,073
Prudential Insurance Company of America*						217,731,699
Metropolitan Life Insurance Company*						371,123,080
At fair value:						
Fidelity Equity Income Fund*						782,799,011
Raytheon Company Common Stock*						745,980,294
BT Pyramid Equity Index Fund*						484,781,406
Fidelity Balanced Fund						117,556,481
Fidelity Magellan Fund						91,863,155
Fidelity Blue Chip Fund	\$136,586,123					136,586,123
Templeton Foreign I Fund		\$5,471,176				5,471,176
Fidelity Investment Grade Bond Fund			\$1,548,125			1,548,125
Fidelity Retirement Money Market Fund				\$12,186,085		12,186,085
Loans receivable from participants					\$166,395,767	166,395,767
<b>Total investments</b>	<b>136,586,123</b>	<b>5,471,176</b>	<b>1,548,125</b>	<b>12,186,085</b>	<b>166,395,767</b>	<b>3,485,057,475</b>
<b>Receivables:</b>						
Employer contribution				4,015,100		4,015,100
Accrued investment income and other receivables						6,650,704
<b>Cash and cash equivalents</b>						
<b>Total assets</b>	<b>136,586,123</b>	<b>5,471,176</b>	<b>1,548,125</b>	<b>16,201,185</b>	<b>166,395,767</b>	<b>3,523,214,698</b>
<b>Liabilities:</b>						
Payable for outstanding purchases						6,340,318
Accrued expenses and other payables						2,681,346
<b>Total liabilities</b>						<b>9,021,664</b>
<b>Net assets available for plan benefits</b>	<b>\$136,586,123</b>	<b>\$5,471,176</b>	<b>\$1,548,125</b>	<b>\$16,201,185</b>	<b>\$166,395,767</b>	<b>\$3,514,193,034</b>
<b>Percentage of Master Trust that are plan assets of the Raytheon TI Systems Savings Plan</b>						
	13.7%	100%	100%	N/A	7.9%	5.1%

\*Represents more than 5% of net assets available for plan benefits

N/A: The Retirement Money Market Fund is not available for the Raytheon TI Systems Savings Plan.

## I. Master Trust, continued:

The following is a summary of investment income by fund under the Master Trust for the year ended December 31, 1997:

	Fixed Income Fund	Equity Fund	Raytheon Common Stock Fund	Stock Index Fund	Balanced Fund	Magellan Fund	Blue Chip Fund
Investment income:							
Net appreciation (depreciation)of assets	\$ (191,924)	\$132,974,182	\$30,715,963	\$109,162,707	\$ 6,388,316	\$ 9,026,047	\$15,474,118
Interest	62,319,073		673,934	312,511			
Dividends		42,443,971	11,118,152		13,680,351	5,217,835	6,302,875
Total investment income/(loss)	\$62,127,149	\$175,418,153	\$42,508,049	\$109,475,218	\$20,068,667	\$14,243,882	\$21,776,993

	Templeton Foreign I Fund	Investment Grade Bond Fund	Retirement Money Market Fund	Loan Fund	Total
Investment income:					
Net appreciation (depreciation)of assets	\$(826,396)	\$22,581			\$302,745,594
Interest				\$10,848,204	74,153,722
Dividends	549,717	36,337	\$266,835		79,616,073
	-----	-----	-----	-----	-----
Total investment income/(loss)	\$(276,679)	\$58,918	\$266,835	\$10,848,204	\$456,515,389

CONSENT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of  
Raytheon Company

We consent to the incorporation by reference in the Registration Statement of Raytheon Company on Form S-8 (File No. 333-56117) of our report dated May 29, 1998 on our audit of the financial statements of the Raytheon TI Systems Savings Plan as of December 31, 1997 and for the period from July 11, 1997 to December 31, 1997, which report is included in this annual report on Form 10-K/A.

Coopers & Lybrand LLP  
Boston, Massachusetts  
June 29, 1998



EXHIBIT 99.7

## RAYTHEON SALARIED SAVINGS AND INVESTMENT PLAN

FINANCIAL STATEMENTS  
TO ACCOMPANY 1997 FORM 5500  
ANNUAL REPORT OF EMPLOYEE BENEFIT PLAN  
UNDER ERISA OF 1974

FOR THE PERIOD FROM DECEMBER 17, 1997 TO DECEMBER 31, 1997

The supplemental schedules required to accompany the Plan's Form 5500 are not required since the Plan's assets are held in a Master Trust. Accordingly, detailed financial information, including the supplemental schedules, must be filed separately with the Department of Labor by the plan administrator.

## REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of  
Raytheon Company:

We have audited the accompanying statement of net assets available for plan benefits of the Raytheon Salaried Savings and Investment Plan (the "Plan") as of December 31, 1997, and the related statement of changes in net assets available for plan benefits for the period from December 17, 1997 to December 31, 1997. 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 audit.

We conducted our audit in accordance with generally accepted auditing standards. 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of December 31, 1997, and the changes in net assets available for plan benefits for the period from December 17, 1997 to December 31, 1997 in conformity with generally accepted accounting principles.

Coopers & Lybrand LLP

Boston, Massachusetts  
May 29, 1998

RAYTHEON SALARIED SAVINGS AND INVESTMENT PLAN  
 STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS  
 as of December 31, 1997

Assets:	
Master trust investments:	
At contract value (Notes B, E and G)	\$ 126,113
At fair value (Notes B, F and G)	3,228,259
	-----
	3,354,372
	-----
Receivables:	
Accrued investment income and other receivables	8,765
Cash and cash equivalents	24,181
	-----
Total assets	3,387,318
	-----
Liabilities:	
Payable for outstanding purchases	9,147
Accrued expenses and other payables	3,010
	-----
Total liabilities	12,157
	-----
Net assets available for plan benefits	\$3,375,161
	=====

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

## RAYTHEON SALARIED SAVINGS AND INVESTMENT PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR  
PLAN BENEFITS

for the period from December 17, 1997 to December 31, 1997

Additions to net assets attributable to:	
Investment income (Notes B, E and G):	
Net appreciation of investments	\$ 69,196
Interest	1,407
Dividends	16,039
	-----
	86,642
	-----
Contributions and deferrals:	
Employee deferrals	2,300,458
Employer contributions	988,061
	-----
	3,288,519
	-----
Total additions	3,375,161
	-----
Increase in net assets	3,375,161
	-----
Net assets available for plan benefits, beginning of year	--
	-----
Net assets available for plan benefits, end of year	\$3,375,161
	=====

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

## A. Description of Plan:

## General

The following description of the Raytheon Salaried 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, which was established on December 17, 1997, is a defined contribution plan covering certain employees of Raytheon Company (the "Company"). Effective December 17, 1997, employees assumed in connection with the merger of the defense business of Hughes Electronics Corporation with the Company, that participated in the Hughes Salaried Employees' Thrift and Savings Plan, became eligible to participate in the Plan. Participants have the option to rollover amounts accumulated in plans sponsored by the defense business of Hughes Electronics Corporation to the plan. The option to make a rollover election will extend until December 1, 1998. Upon election, amounts will be rolled over into funds selected by the participant. As of December 31, 1997, no rollovers had been made; however, the ultimate amount to be transferred under this option cannot be estimated at this time. To participate in the Plan, eligible employees must have three months of service and may enter the Plan only on the first day of each month. 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 Sections 401(a) and 401(k) of the Internal Revenue Code (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 Company Master Trust for defined contribution plans (the "Master Trust") with the assets of other defined contribution plans of Raytheon Company and subsidiaries. The trustee of the Master Trust maintains a separate account reflecting the equitable share in the Trust of each plan.

Investment income and administrative expenses relating to the Master Trust are allocated to the individual plan based upon average monthly balances invested by each plan.

## Contributions and Deferrals

Eligible employees are allowed to defer to the Plan up to 12% of their salaries. The Company contributes amounts equal to 100% of each participant's deferral, up to a maximum of 4% of the participant's salary. The contributions are invested in Raytheon Company common stock for two full plan years following the plan year for which the contributions are made, and are then allocated to participants' accounts. As of December 31, 1997, the annual employee deferral for a participant cannot exceed \$9,500. Rollover contributions from other qualified plans are accepted by the Plan. Participants may invest their deferrals in increments of 1% in any combination of seven funds: (a) a Fixed Income Fund under which assets are invested primarily in contracts providing for fixed rates of interest for specified periods of time, (b) an Equity Fund which invests in shares of a mutual fund which consists primarily of income-producing equity securities, (c) a Raytheon Common Stock Fund which invests in shares of Raytheon Company Class B common stock, (d) a Stock Index Fund which invests in a commingled pool consisting primarily of equity securities and is designed to track the S&P 500 Index, (e) a Balanced Fund which invests in shares of a mutual fund which consists primarily of equity securities, bonds and money market instruments, (f) the Magellan Fund, a growth fund which invests primarily in equities of companies of all types and sizes, and (g) the Blue Chip Fund, a growth fund which invests primarily in equities of well known and established companies. Dividends and distributions from investments of the Equity Fund, the Raytheon Common Stock Fund, the Stock Index Fund, the Balanced Fund, the Magellan Fund and the Blue Chip Fund are reinvested in their respective funds; stock dividends, stock splits and similar changes are also reflected in the funds.

#### Participant Accounts

Each participant's account is credited with the participant's deferral, the Company's contribution and an allocation of plan earnings. Plan earnings are allocated based on account balances by fund.

#### Vesting

Participants are immediately vested in their voluntary deferrals plus actual earnings thereon. Vesting requirements for employer contributions plus earnings thereon may vary depending upon when an employee became eligible to participate in the plan. Vesting generally occurs upon the earliest of the completion of five years of service or three years of Plan participation, or upon retirement, death, disability, or attainment of normal retirement age. Forfeitures of the nonvested portions of terminated participants' accounts are used to reduce required contributions of the Company.

#### 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. On termination of employment, a participant will receive a lump-sum distribution unless the vested account is valued in excess of \$3,500 and the participant elects to defer distribution. A retiree or a beneficiary of a deceased participant may defer the distribution until January of the year following attainment of age 65. There were no distributions to participants during the year.

#### Loans to Participants

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 vested account balance or \$50,000. The minimum loan which may be granted is \$500. The interest rate applied is equal to the prime rate published in the Wall Street Journal on the first business day in June and December of each year. Loans must be repaid over a period of up to 5 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.

#### Administrative Expenses

Substantially all expenses of administering the Plan are paid by the plan participants.

#### B. Summary of Significant Accounting Policies:

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

The Plan's investment contracts are fully benefit-responsive and are therefore included in the financial statements at their contract value, defined as net contributions and deferrals plus interest earned on the underlying investments at contracted rates. Because the investment contracts are fully benefit-responsive, contract values approximate fair value. Investments in mutual funds and the commingled pool 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 trade date. Except for its investment contracts (Note E), the Plan's investments are held by bank-administered trust funds. Payables for outstanding security transactions represent trades which have occurred but have not yet settled.

The Plan presents in the statement of changes in net assets 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.

Benefits are recorded when paid.

The preparation of the financial statements in conformity with generally accepted accounting principles requires the plan administrator to make significant estimates and assumptions that affect the reported amounts of net assets and liabilities available for benefits at the date of the financial statements and the change in net assets available for benefits during the reporting period and, when applicable, disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from the estimates included in the financial statements.

The Plan provides for various investment options in any combination of stocks, bonds, 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.

C. Federal Income Tax Status:

Given that the Plan was established effective December 17, 1997, the Plan has not received a tax determination letter to date. Raytheon Company has submitted an application with the Internal Revenue Service under the 401(b) regulation of the Internal Revenue Code and expects to receive the determination letter by December 31, 1998. The Plan administrator and the Plan's legal counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

D. Plan Termination:

Although it has not expressed any intention to do so, the Company reserves the right under the Plan at any time or times to discontinue its contributions and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, amounts in participants' accounts will be distributed in a single lump sum; if the participant does not consent to an immediate distribution, the amount can be transferred to another defined contribution plan sponsored by the Company.

## E. Investment Contracts:

The Plan invests in collateralized fixed income investment portfolios (with no expiration date), three of which are managed by insurance companies and one of which is managed by an investment management firm. The credited interest rates are adjusted semiannually to reflect the experienced and anticipated yields to be earned on such investments, based on their book value. The annualized average yield and credited interest rates were as follows:

	Annualized Average Yield	Credited Interest Rate
For the year ended December 31, 1997:		
Bankers Trust (WBS 92-485)	6.95%	6.95%
Metropolitan Life Insurance Company (GIC GA-12908)	6.86%	6.86%
Metropolitan Life Insurance Company (GIC GA-13659)	6.43%	6.43%
Prudential Asset Management Company (GIC 917163-001)	6.99%	6.99%

The contract values are subject to limitations in certain situations including large workforce reductions and plan termination.

In the financial statements, the two Metropolitan Life Insurance Company contracts are recorded as one investment option.

## F. Related Party Transactions:

In accordance with the provisions of the Plan, Fidelity Management Trust Company (the "Trustee") acts as the Plan's agent for purchases and sales of shares of Raytheon Company Class B common stock. These transactions are performed on the Master Trust level. For the Master Trust, purchases amounted to \$200,689,057 and sales amounted to \$102,165,608 for the year ended December 31, 1997.

## G. Fund Data:

The following is a summary of net assets available for plan benefits by fund as of December 31, 1997:

	Participant-Directed					Non-Participant Directed			Total
	Fixed Income Fund	Equity Fund	Raytheon Common Stock Fund	Stock Index Fund	Balanced Fund	Magellan Fund	Blue Chip Fund	Raytheon Common Stock Fund	
<b>Assets:</b>									
Master trust investments:									
At contract value:									
Bankers Trust	\$ 47,101								\$ 47,101
Prudential Insurance Company of America	29,215								29,215
Metropolitan Life Insurance Company	49,797								49,797
At fair value:									
Fidelity Equity Income Fund*		\$534,021							534,021
Raytheon Company Common Stock*			\$ 92,888					\$ 983,125	1,076,013
BT Pyramid Equity Index Fund*				\$353,515					353,515
Fidelity Balanced Fund*					\$236,387				236,387
Fidelity Magellan Fund*						\$616,257			616,257
Fidelity Blue Chip Fund*							\$412,066		412,066
Total investments	126,113	534,021	92,888	353,515	236,387	616,257	412,066	983,125	3,354,372
<b>Receivables:</b>									
Accrued investment income and other receivables			684	846				7,235	8,765
Cash and cash equivalents	1,239		1,681	3,469				17,792	24,181
Total assets	127,352	534,021	95,253	357,830	236,387	616,257	412,066	1,008,152	3,387,318
<b>Liabilities:</b>									
Payable for security purchases			790					8,357	9,147
Accrued expenses and other payables			184	874				1,952	3,010
Total liabilities			974	874				10,309	12,157
Net assets available for plan benefits	\$127,352	\$534,021	\$ 94,279	\$356,956	\$236,387	\$616,257	\$412,066	\$ 997,843	\$3,375,161

\*Represents more than 5% of net assets available for plan benefits





All plan investments are included under the Master Trust. At December 31, 1997, assets of the Plan represented less than 1% of the total assets under the Master Trust. The following is a summary of net assets available for plan benefits by fund under the Master Trust as of December 31, 1997:

	Fixed Income Fund	Equity Fund	Raytheon Common Stock Fund	Stock Index Fund	Balanced Fund	Magellan Fund
<b>Assets:</b>						
Investments:						
At contract value:						
Bankers Trust*	\$351,035,073					
Prudential Insurance Company of America*	217,731,699					
Metropolitan Life Insurance Company*	371,123,080					
At fair value:						
Fidelity Equity Income Fund*		\$782,799,011				
Raytheon Company Common Stock*			\$745,980,294			
BT Pyramid Equity Index Fund*				\$484,781,406		
Fidelity Balanced Fund					\$117,556,481	
Fidelity Magellan Fund						\$91,863,155
Fidelity Blue Chip Fund						
Templeton Foreign I Fund						
Fidelity Investment Grade Bond Fund						
Fidelity Retirement Money Market Fund						
Loans receivable from participants						
Total investments	939,889,852	782,799,011	745,980,294	484,781,406	117,556,481	91,863,155
Receivables:						
Employer contributions						
Accrued investment income and other receivables			5,489,592	1,161,112		
Cash and cash equivalents	9,232,100		13,498,051	4,761,268		
Total assets	949,121,952	782,799,011	764,967,937	490,703,786	117,556,481	91,863,155
Liabilities:						
Payable for outstanding purchases			6,340,318			
Accrued expenses and other payables			1,480,875	1,200,471		
Total liabilities			7,821,193	1,200,471		
Net assets available for plan benefits	\$949,121,952	\$782,799,011	\$757,146,744	\$489,503,315	\$117,556,481	\$91,863,155
Percentage of Master Trust that are plan assets of the Raytheon Salaried Savings and Investment Plan						
	^	^	^	^	^	^

\*Represents more than 5% of net assets available for plan benefits

^Represents less than 1% of plan assets under the Master Trust

+ As of December 31, 1997, there were no loans outstanding in the Raytheon Salaried Savings and Investment Plan.

N/A: The Templeton Foreign I Fund, Investment Grade Bond Fund, and Retirement Money Market Fund are not available to the Raytheon Salaried Savings and Investment Plan.

	Blue Chip Fund	Templeton Foreign I Fund	Investment Grade Bond Fund	Retirement Money Market Fund	Loan	Fund	Total
<b>Assets:</b>							
<b>Investments:</b>							
At contract value:							
Bankers Trust*							\$351,035,073
Prudential Insurance Company of America*							217,731,699
Metropolitan Life Insurance Company*							371,123,080
At fair value:							
Fidelity Equity Income Fund*							782,799,011
Raytheon Company Common Stock*							745,980,294
BT Pyramid Equity Index Fund*							484,781,406
Fidelity Balanced Fund							117,556,481
Fidelity Magellan Fund							91,863,155
Fidelity Blue Chip Fund	\$136,586,123						136,586,123
Templeton Foreign I Fund		\$5,471,176					5,471,176
Fidelity Investment Grade Bond Fund			\$1,548,125				1,548,125
Fidelity Retirement Money Market Fund				\$12,186,085			12,186,085
Loans receivable from participants					\$166,395,767		166,395,767
<b>Total investments</b>	<b>136,586,123</b>	<b>5,471,176</b>	<b>1,548,125</b>	<b>12,186,085</b>	<b>166,395,767</b>		<b>3,485,057,475</b>
<b>Receivables:</b>							
Employer contributions				4,015,100			4,015,100
Accrued investment income and other receivables							6,550,704
<b>Cash and cash equivalents</b>							
<b>Total assets</b>	<b>136,586,123</b>	<b>5,471,176</b>	<b>1,548,125</b>	<b>16,201,185</b>	<b>166,395,767</b>		<b>3,523,214,698</b>
<b>Liabilities:</b>							
Payable for outstanding purchases							6,340,318
Accrued expenses and other payables							2,681,346
<b>Total liabilities</b>							<b>9,021,664</b>
<b>Net assets available for plan benefits</b>	<b>\$136,586,123</b>	<b>\$5,471,176</b>	<b>\$1,548,125</b>	<b>\$16,201,185</b>	<b>\$166,395,767</b>		<b>\$3,514,193,034</b>
<b>Percentage of Master Trust that are plan assets of the Raytheon Salaried Savings and Investment Plan</b>							
	^	N/A	N/A	N/A	+		^
*Represents more than 5% of net assets available for plan benefits							
^Represents less than 1% of plan assets under the Master Trust							
+ As of December 31, 1997, there were no loans outstanding in the Raytheon Salaried Savings and Investment Plan.							
N/A: The Templeton Foreign I Fund, Investment Grade Bond Fund, and Retirement Money Market Fund are not available to the Raytheon Salaried Savings and Investment Plan.							



	Templeton Foreign I Fund	Investment Grade Bond Fund	Retirement Money Market Fund	Loan Fund	Total
Investment income:					
Net appreciation (depreciation) of investments	\$(826,396)	\$22,581			\$302,745,594
Interest				\$10,848,204	74,153,722
Dividends	549,717	36,337	\$266,835		79,616,073
	-----	-----	-----	-----	-----
Total investment income/(loss)	\$(276,679)	\$58,918	\$266,835	\$10,848,204	\$456,515,389
	=====	=====	=====	=====	=====

## CONSENT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of  
Raytheon Company

We consent to the incorporation by reference in the Registration Statement of Raytheon Company on Form S-8 (File No. 333-56117) of our report dated May 29, 1998 on our audit of the financial statements of the Raytheon Salaried Savings and Investment Plan as of December 31, 1997 and for the period from December 17, 1997 to December 31, 1997, which report is included in this annual report on Form 10-K/A.

Coopers & Lybrand LLP

Boston, Massachusetts  
June 29, 1998

EXHIBIT 99.8

## RAYTHEON CALIFORNIA HOURLY SAVINGS AND INVESTMENT PLAN

FINANCIAL STATEMENTS TO ACCOMPANY 1997 FORM 5500  
ANNUAL REPORT OF EMPLOYEE BENEFIT PLAN UNDER ERISA OF 1974

FOR THE PERIOD FROM DECEMBER 17, 1997 TO DECEMBER 31, 1997

The supplemental schedules required to accompany the Plan's Form 5500 are not required since the Plan's assets are held in a Master Trust. Accordingly, detailed financial information, including the supplemental schedules, must be filed separately with the Department of Labor by the plan administrator.

## REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of  
Raytheon Company:

We have audited the accompanying statement of net assets available for plan benefits of the Raytheon California Hourly Savings and Investment Plan (the "Plan") as of December 31, 1997 and the related statement of changes in net assets available for plan benefits for the period from December 17, 1997 to December 31, 1997. 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 audit.

We conducted our audit in accordance with generally accepted auditing standards. 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of December 31, 1997, and the changes in net assets available for plan benefits for the period from December 17, 1997 to December 31, 1997 in conformity with generally accepted accounting principles.

Coopers &amp; Lybrand LLP

Boston, Massachusetts  
May 29, 1998

## RAYTHEON CALIFORNIA HOURLY SAVINGS AND INVESTMENT PLAN

## STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS

as of December 31, 1997

## Assets:

Master trust investments:	
At contract value (Notes B, E and G)	\$ 9,712
At fair value (Notes B, F and G)	123,623
	-----
	133,335
	-----
Receivables:	
Accrued investment income and other receivables	367
Cash and cash equivalents	1,025
	-----
Total assets	134,727
	-----
Liabilities:	
Payable for outstanding purchases	405
Accrued expenses and other payables	112
	-----
Total liabilities	517
	-----
Net assets available for plan benefits	\$134,210
	=====

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



## RAYTHEON CALIFORNIA HOURLY SAVINGS AND INVESTMENT PLAN

## STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS

for the period from December 17, 1997 to December 31, 1997

Additions to net assets attributable to:	
Investment income (Notes B, E and G):	
Net appreciation of investments	\$ 2,358
Interest	61
Dividends	711
	-----
	3,130
	-----
Contributions and deferrals:	
Employee deferrals	89,670
Employer contributions	41,410
	-----
	131,080
	-----
Total additions	134,210
	-----
Increase in net assets	134,210
Net assets available for plan	
benefits, beginning of year	--
	-----
Net assets available for plan	
benefits, end of year	\$134,210
	=====

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

## A. Description of Plan:

## General

The following description of the Raytheon California Hourly 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, which was established on December 17, 1997, is a defined contribution plan covering certain employees of Raytheon Company (the "Company"). Effective December 17, 1997, employees assumed in connection with the merger of the defense business of Hughes Electronics Corporation with the Company that participated in the Hughes California Hourly Employees' Thrift and Savings Plan, became eligible to participate in the Plan. Participants have the option to rollover amounts accumulated in plans sponsored by the defense business of Hughes Electronics Corporation to the Plan. The option to make a rollover election will extend until December 1, 1998. Upon election, amounts will be rolled over into funds selected by the participant. As of December 31, 1997, no rollovers had been made; however, the ultimate amount to be transferred under this option cannot be estimated at this time. To participate in the Plan, eligible employees must have three months of service and may enter the Plan only on the first day of each month. 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 Sections 401(a) and 401(k) of the Internal Revenue Code (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 Company Master Trust for Defined Contribution Plans ("Master Trust") with the assets of other defined contribution plans of Raytheon Company and subsidiaries. The trustee of the Master Trust maintains a separate account reflecting the equitable share in the Trust of each plan.

Investment income and administrative expenses relating to the Master Trust are allocated to the individual plans based upon average monthly balances invested by each plan.

## Contributions and Deferrals

Eligible employees are allowed to defer to the Plan up to 12% of their salaries. The Company contributes amounts equal to 100% of each participant's deferral, up to a maximum of 4% of the participant's salary. The contributions are invested in Raytheon Company Class B common stock for two full plan years following the plan year for which the contributions are made, and are then allocated to participants' accounts. As of December 31, 1997, the annual employee deferral for a participant cannot exceed \$9,500. Rollover contributions from other qualified plans are accepted by the Plan. Participants may invest their deferrals in increments of 1% in any combination of seven funds: (a) Fixed Income Fund under which assets are invested primarily in contracts providing for fixed rates of interest for specified periods of time, (b) an Equity Fund which invests in shares of a mutual fund which consists primarily of income-producing equity securities, (c) a Raytheon Common Stock Fund which invests in shares of Raytheon Company Class B common stock, (d) a Stock Index Fund which invests in a commingled pool consisting primarily of equity securities and is designed to track the S&P 500 Index, (e) a Balanced Fund which invests in shares of a mutual fund which consists primarily of equity securities, bonds and money market instruments, (f) the Magellan Fund, a growth fund which invests primarily in equities of companies of all types and sizes, and (g) the Blue Chip Fund, a growth fund which invests primarily in equities of well known and established companies. Dividends and distributions from investments of the Equity Fund, the Raytheon Common Stock Fund, the Stock Index Fund, the Balanced Fund, the Magellan Fund and the Blue Chip Fund are reinvested in their respective funds; stock dividends, stock splits and similar changes are also reflected in the funds.

## Participant Accounts

Each participant's account is credited with the participant's deferral, the Company's contribution and an allocation of plan earnings. Plan earnings are allocated based on account balances by fund.

## Vesting

Participants are immediately vested in their voluntary deferrals plus actual earnings thereon. Vesting requirements for employer contributions plus earnings thereon may vary depending upon when an employee became eligible to participate in the Plan. Vesting generally occurs upon the earliest of the completion of five years of service or three years of Plan participation or upon retirement, death, disability, or attainment of normal retirement age. Forfeitures of the nonvested portions of terminated participants' accounts are used to reduce required contributions of the Company.

## 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. On termination of employment, a participant will receive a lump-sum distribution unless the vested account is valued in excess of \$3,500 and the participant elects to defer distribution. A retiree or a beneficiary of a deceased participant may defer the distribution until January of the year following attainment of age 65. There were no distributions to participants during the year.

## Loans to Participants

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 vested account balance or \$50,000. The minimum loan which may be granted is \$500. The interest rate applied is equal to the prime rate published in the Wall Street Journal on the first business day in June and December of each year. Loans must be repaid over a period of up to 5 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.

## Administrative Expenses

Substantially all expenses of administering the Plan are paid by the plan participants.

### B. Summary of Significant Accounting Policies:

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

The Plan's investment contracts are fully benefit-responsive and are therefore included in the financial statements at their contract value, defined as net contributions and deferrals plus interest earned on the underlying investments at contracted rates. Because the investment contracts are fully benefit-responsive, contract values approximate fair value. Investments in mutual funds and the commingled pool 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 trade date. Except for its investment contracts (Note E), the Plan's investments are held by bank-administered trust funds. Payables for outstanding security transactions represent trades which have occurred but have not yet settled.

The Plan presents in the statement of changes in net assets 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.

Benefits are recorded when paid.

The preparation of the financial statements in conformity with generally accepted accounting principles requires the plan administrator to make significant estimates and assumptions that affect the reported amounts of net assets and liabilities available for benefits at the date of the financial statements and the change in net assets available for benefits during the reporting period and, when applicable, disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from the estimates included in the financial statements.

The Plan provides for various investment options in any combination of stocks, bonds, 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.

C. Federal Income Tax Status:

Given that the Plan was established effective December 17, 1997, the Plan has not received a tax determination letter to date. Raytheon Company has submitted an application with the Internal Revenue Service under the 401(b) regulation of the Internal Revenue Code and expects to receive the determination letter by December 31, 1998. The Plan administrator and the Plan's legal counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

D. Plan Termination:

Although it has not expressed any intention to do so, the Company reserves the right under the Plan at any time or times to discontinue its contributions and to terminate the Plan subject to the provisions of ERISA. In the event of plan termination, amounts in participants' accounts will be distributed in a single lump sum; if the participant does not consent to an immediate distribution, the amount can be transferred to another defined contribution plan sponsored by the Company.

E. Investment Contracts:

The Plan invests in collateralized fixed income investment portfolios (with no expiration date), three of which are managed by insurance companies and one of which is managed by an investment management firm. The credited interest rates are adjusted semiannually to reflect the experienced and anticipated yields to be earned on such investments, based on their book value. The annualized average yield and credited interest rates were as follows:

	Annualized Average Yield	Credited Interest Rate
For the year ended December 31, 1997:		
Bankers Trust (WBS 92-485)	6.95%	6.95%
Metropolitan Life Insurance Company (GIC GA-12908)	6.86%	6.86%
Metropolitan Life Insurance Company (GIC GA-13659)	6.43%	6.43%
Prudential Asset Management Company (GIC 917163-001)	6.99%	6.99%

The contract values are subject to limitations in certain situations including large workforce reductions and plan termination.

In the financial statements, the two Metropolitan Life Insurance Company contracts are recorded as one investment option.

F. Related Party Transactions:

In accordance with the provisions of the Plan, Fidelity Management Trust Company (the "Trustee") acts as the Plan's agent for purchases and sales of shares of Raytheon Company Class B common stock. These transactions are performed on the Master Trust level. For the Master Trust, purchases amounted to \$200,689,057 and sales amounted to \$102,165,608 for the year ended December 31, 1997.

## G. Fund Data:

The following is a summary of net assets available for plan benefits by fund as of December 31, 1997:

	Fixed Income Fund	Equity Fund	Participant-Directed Raytheon Common Stock Fund	Stock Index Fund	Balanced Fund	Magellan Fund	Blue Chip Fund	Non-Participant Directed Raytheon Common Stock Fund	Total
<b>Assets:</b>									
Master trust investments:									
At contract value:									
Bankers Trust	\$3,627								\$3,627
Prudential Insurance Company of America	2,250								2,250
Metropolitan Life Insurance Company	3,835								3,835
At fair value:									
Fidelity Equity Income Fund*		\$21,159							21,159
Raytheon Company Common Stock*			\$6,484					\$41,198	47,682
BT Pyramid Equity Index Fund*				\$6,823					6,823
Fidelity Balanced Fund*					\$9,931				9,931
Fidelity Magellan Fund*						\$23,519			23,519
Fidelity Blue Chip Fund*							\$14,509		14,509
Total investments	9,712	21,159	6,484	6,823	9,931	23,519	14,509	41,198	133,335
<b>Receivables:</b>									
Accrued investment income and other receivables			48	16				303	367
Cash and cash equivalents	95		117	67				746	1,025
Total assets	9,807	21,159	6,649	6,906	9,931	23,519	14,509	42,247	134,727
<b>Liabilities:</b>									
Payable for security purchases			55					350	405
Accrued expenses and other payables			13	17				82	112
Total liabilities			68	17				432	517
Net assets available for plan benefits	\$9,807	\$21,159	\$6,581	\$6,889	\$9,931	\$23,519	\$14,509	\$41,815	\$134,210

\*Represents more than 5% of net assets available for plan benefits





## H. Master Trust:

All plan investments are included under the Master Trust. At December 31, 1997, assets of the Plan represented less than 1% of the total assets under the Master Trust. The following is a summary of net assets available for plan benefits by fund under the Master Trust as of December 31, 1997:

	Fixed Income Fund	Equity Fund	Raytheon Common Stock Fund	Stock Index Fund	Balanced Fund	Magellan Fund	Blue Chip Fund
<b>Assets:</b>							
<b>Investments:</b>							
At contract value:							
Bankers Trust*	\$351,035,073						
Prudential Insurance Company of America*	217,731,699						
Insurance Company*	371,123,080						
Fidelity Equity Income Fund*		\$782,799,011					
Raytheon Company Common Stock*			\$745,980,294				
BT Pyramid Equity Index Fund*				\$484,781,406			
Fidelity Balanced Fund					\$117,556,481		
Fidelity Magellan Fund						\$91,863,155	
Fidelity Blue Chip Fund							\$136,586,123
Templeton Foreign I Fund							
Fidelity Investment Grade Bond Fund							
Money Market Fund							
Loans receivable from participants							
<b>Total investments</b>	<b>939,889,852</b>	<b>782,799,011</b>	<b>745,980,294</b>	<b>484,781,406</b>	<b>117,556,481</b>	<b>91,863,155</b>	<b>136,586,123</b>
<b>Receivables:</b>							
Employer contribution							
Accrued investment income and other receivables			5,489,592	1,161,112			
Cash and cash equivalents	9,232,100		13,498,051	4,761,268			
<b>Total assets</b>	<b>949,121,952</b>	<b>782,799,011</b>	<b>764,967,937</b>	<b>490,703,786</b>	<b>117,556,481</b>	<b>91,863,155</b>	<b>136,586,123</b>
<b>Liabilities:</b>							
Payables for outstanding purchases			6,340,318				
other payables			1,480,875	1,200,471			
<b>Total liabilities</b>			<b>7,821,193</b>	<b>1,200,471</b>			
<b>Net assets available for plan benefits</b>	<b>\$949,121,952</b>	<b>\$782,799,011</b>	<b>\$757,146,744</b>	<b>\$489,503,315</b>	<b>\$117,556,481</b>	<b>\$91,863,155</b>	<b>\$136,586,123</b>
Percentage of Master Trust that are plan assets of the Raytheon California Hourly Savings and Investment Plan	^	^	^	^	^	^	^

\*Represents more than 5% of net assets available for plan benefits

^Represents less than 1% of plan assets under the Master Trust

+ As of December 31, 1997, there were no loans outstanding in the Raytheon California Hourly Savings and Investment Plan.

N/A: The Templeton Foreign I Fund, Investment Grade Bond Fund, and Retirement Money Market Fund are not available for the Raytheon California Hourly Savings and Investment Plan.

	Templeton Foreign I Fund	Investment Grade Bond Fund	Retirement Money Market Fund	Loan Fund	Total
<b>Assets:</b>					
<b>Investments:</b>					
At contract value:					
Bankers Trust*					\$ 351,035,073
Prudential Insurance Company of America*					217,731,699
Metropolitan Life Insurance Company*					371,123,080
At fair value:					
Fidelity Equity Income Fund*					782,799,011
Raytheon Company Common Stock*					745,980,294
BT Pyramid Equity Index Fund*					484,781,406
Fidelity Balanced Fund					117,556,481
Fidelity Magellan Fund					91,863,155
Fidelity Blue Chip Fund					136,586,123
Templeton Foreign I Fund	\$5,471,176				5,471,176
Fidelity Investment Grade Bond Fund		\$1,548,125			1,548,125
Fidelity Retirement Money Market Fund			\$12,186,085		12,186,085
Loans receivable from participants				\$166,395,767	166,395,767
<b>Total investments</b>	<b>5,471,176</b>	<b>1,548,125</b>	<b>12,186,085</b>	<b>166,395,767</b>	<b>3,485,057,475</b>
<b>Receivables:</b>					
Employer contribution			4,015,100		4,015,100
Accrued investment income and other receivables					6,650,704
<b>Cash and cash equivalents</b>					
<b>Total assets</b>	<b>5,471,176</b>	<b>1,548,125</b>	<b>16,201,185</b>	<b>166,395,767</b>	<b>3,523,214,698</b>
<b>Liabilities:</b>					
Payables for outstanding purchases					6,340,318
Accrued expenses and other payables					2,681,346
<b>Total liabilities</b>					<b>9,021,664</b>
<b>Net assets available for plan benefits</b>	<b>\$5,471,176</b>	<b>\$1,548,125</b>	<b>\$16,201,185</b>	<b>\$166,395,767</b>	<b>\$3,514,193,034</b>
	N/A	N/A	N/A	+	^

\*Represents more than 5% of net assets available for plan benefits

^Represents less than 1% of plan assets under the Master Trust

+ As of December 31, 1997, there were no loans outstanding in the Raytheon California Hourly Savings and Investment Plan.

N/A: The Templeton Foreign I Fund, Investment Grade Bond Fund, and Retirement Money Market Fund are not available for the Raytheon California Hourly Savings and Investment Plan.



	Templeton Foreign I Fund	Investment Grade Bond Fund	Retirement Money Market Fund	Loan Fund	Total
Investment income:					
Net appreciation (depreciation) of assets	\$(826,396)	\$22,581			\$302,745,594
Interest				\$10,848,204	74,153,722
Dividends	549,717	36,337	\$266,835		79,616,073
	-----	-----	-----	-----	-----
Total investment income/(loss)	\$(276,679)	\$58,918	\$266,835	\$10,848,204	\$456,515,389
	=====	=====	=====	=====	=====

CONSENT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of  
Raytheon Company

We consent to the incorporation by reference in the Registration Statement of Raytheon Company on Form S-8 (File No. 333-56117) of our report dated May 29, 1998 on our audit of the financial statements of the Raytheon California Hourly Savings and Investment Plan as of December 31, 1997 and for the period from December 17, 1997 to December 31, 1997, which report is included in this annual report on Form 10-K/A.

Coopers & Lybrand LLP

Boston, Massachusetts  
June 29, 1998

## RAYTHEON TUCSON BARGAINING SAVINGS AND INVESTMENT PLAN

FINANCIAL STATEMENTS  
TO ACCOMPANY 1997 FORM 5500  
ANNUAL REPORT OF EMPLOYEE BENEFIT PLAN  
UNDER ERISA OF 1974

FOR THE PERIOD FROM DECEMBER 17, 1997 TO DECEMBER 31, 1997

The supplemental schedules required to accompany the Plan's Form 5500 are not required since the Plan's assets are held in a Master Trust. Accordingly, detailed financial information, including the supplemental schedules, must be filed separately with the Department of Labor by the plan administrator.

## REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of  
Raytheon Company:

We have audited the accompanying statement of net assets available for plan benefits of the Raytheon Tucson Bargaining Savings and Investment Plan ("the Plan") as of December 31, 1997, and the related statement of changes in net assets available for plan benefits for the period from December 17, 1997 to December 31, 1997. 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 audit.

We conducted our audit in accordance with generally accepted auditing standards. 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of December 31, 1997, and the changes in net assets available for plan benefits for the period from December 17, 1997 to December 31, 1997 in conformity with generally accepted accounting principles.

Coopers & Lybrand LLP

Boston, Massachusetts  
May 29, 1998

## RAYTHEON TUCSON BARGAINING SAVINGS AND INVESTMENT PLAN

## STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS

as of December 31, 1997

## Assets:

Master trust investments:	
At contract value (Notes B, E and G)	\$ 4,511
At fair value (Notes B, F and G)	84,493
	-----
	89,004
	-----

## Receivables:

Accrued investment income and other receivables	240
--	-----

Cash and cash equivalents	657
	-----

Total assets	89,901
	-----

## Liabilities:

Payable for outstanding purchases	260
Accrued expenses and other payables	76
	-----

Total liabilities	336
	-----

Net assets available for plan benefits	\$89,565
	=====

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

## RAYTHEON TUCSON BARGAINING SAVINGS AND INVESTMENT PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR  
PLAN BENEFITS

for the period from December 17, 1997 to December 31, 1997

Additions to net assets attributable to:	
Investment income (Notes B, E and G):	
Net appreciation of investments	\$ 1,689
Interest	38
Dividends	455
	-----
	2,182
	-----
Contributions and deferrals:	
Employee deferrals	59,762
Employer contributions	27,621
	-----
	87,383
	-----
Total additions	89,565
	-----
Increase in net assets	89,565
	-----
Net assets available for plan benefits, beginning of year	--
	-----
Net assets available for plan benefits, end of year	\$89,565
	=====

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



## A. Description of Plan:

## General

The following description of the Raytheon Tucson Bargaining 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, which was established on December 17, 1997, is a defined contribution plan covering certain employees of Raytheon Company (the "Company"). Effective December 17, 1997, employees assumed in connection with the merger of the defense business of Hughes Electronics Corporation with the Company that participated in the Hughes Tucson Bargaining Employees' Thrift and Savings Plan, became eligible to participate in the Plan. Participants have the option to rollover amounts accumulated in plans sponsored by the defense business of Hughes Electronics Corporation to the Plan. The option to make a rollover election will extend until December 1, 1998. Upon election, amounts will be rolled over into funds selected by the participant. As of December 31, 1997, no rollovers had been made; however, the ultimate amount to be transferred under this option cannot be estimated at this time. To participate in the Plan, eligible employees must have three months of service and may enter the Plan only on the first day of each month. 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 Sections 401(a) and 401(k) of the Internal Revenue Code (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 by the Raytheon Company Master Trust for Defined Contribution Plans ("Master Trust") with the assets of other defined contribution plans of Raytheon Company and subsidiaries. The trustee of the Master Trust maintains a separate account reflecting the equitable share in the Trust of each plan.

Investment income and administrative expenses relating to the Master Trust are allocated to the individual plans based upon average monthly balances invested by each plan.

## Contributions and Deferrals

Eligible employees are allowed to defer to the Plan up to 12% of their salaries. The Company contributes amounts equal to 100% of each participant's deferral, up to a maximum of 4% of the participant's salary. The contributions are invested in Raytheon Company Class B common stock for two full plan years following the plan year for which the contributions are made, and are then allocated to participants' accounts. As of December 31, 1997, the annual employee deferral for a participant cannot exceed \$9,500. Rollover contributions from other qualified plans are accepted by the Plan. Participants may invest their deferrals in increments of 1% in any combination of seven funds: (a) a Fixed Income Fund under which assets are invested primarily in contracts providing for fixed rates of interest for specified periods of time, (b) an Equity Fund which invests in shares of a mutual fund which consists primarily of income-producing equity securities, (c) a Raytheon Common Stock Fund which invests in shares of Raytheon Company Class B common stock, (d) a Stock Index Fund which invests in a commingled pool consisting primarily of equity securities and is designed to track the S&P 500 Index, (e) a Balanced Fund which invests in shares of a mutual fund which consists primarily of equity securities, bonds and money market instruments, (f) the Magellan Fund, a growth fund which invests primarily in equities of companies of all types and sizes, and (g) the Blue Chip Fund, a growth fund which invests primarily in equities of well known and established companies. Dividends and distributions from investments of the Raytheon Common Stock Fund, the Equity Fund, the Stock Index Fund, the Balanced Fund, the Magellan Fund and the Blue Chip Fund are reinvested in their respective funds; stock dividends, stock splits and similar changes are also reflected in the funds.

#### Participant Accounts

Each participant's account is credited with the participant's deferral, the Company's contribution and an allocation of plan earnings. Plan earnings are allocated based on account balances by fund.

#### Vesting

Participants are immediately vested in their voluntary deferrals plus actual earnings thereon. Vesting requirements for employer contributions plus earnings thereon may vary depending upon when an employee became eligible to participate in the Plan. Vesting generally occurs upon the earliest of the completion of five years of service or three years of Plan participation or upon retirement, death, disability, or attainment of normal retirement age. Forfeitures of the nonvested portions of terminated participants' accounts are used to reduce required contributions of the Company.

#### 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. On termination of employment, a participant will receive a lump-sum distribution unless the vested account is valued in excess of \$3,500 and the participant elects to defer distribution. A retiree or a beneficiary of a deceased participant may defer the distribution until January of the year following attainment of age 65. There were no distributions to participants during the year.

#### Loans to Participants

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 vested account balance or \$50,000. The minimum loan which may be granted is \$500. The interest rate applied is equal to the prime rate published in the Wall Street Journal on the first business day in June and December of each year. Loans must be repaid over a period of up to 5 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.

#### Administrative Expenses

Substantially all expenses of administering the Plan are paid by the plan participants.

B. Summary of Significant Accounting Policies:

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

The Plan's investment contracts are fully benefit-responsive and are therefore included in the financial statements at their contract value, defined as net contributions and deferrals plus interest earned on the underlying investments at contracted rates. Because the investment contracts are fully benefit-responsive, contract values approximate fair value. Investments in mutual funds and the commingled pool 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 trade date. Except for its investment contracts (Note E), the Plan's investments are held by bank-administered trust funds. Payables for outstanding security transactions represent trades which have occurred but have not yet settled.

The Plan presents in the statement of changes in net assets 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.

Benefits are recorded when paid.

The preparation of the financial statements in conformity with generally accepted accounting principles requires the plan administrator to make significant estimates and assumptions that affect the reported amounts of net assets and liabilities available for benefits at the date of the financial statements and the change in net assets available for benefits during the reporting period and, when applicable, disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from the estimates included in the financial statements.

The Plan provides for various investment options in any combination of stocks, bonds, 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.

C. Federal Income Tax Status:

Given that the Plan was established effective December 17, 1997, the Plan has not received a tax determination letter to date. Raytheon Company has submitted an application with the Internal Revenue Service under the 401(b) regulation of the Internal Revenue Code and expects to receive the determination letter by December 31, 1998. The Plan administrator and the Plan's legal counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

D. Plan Termination:

Although it has not expressed any intention to do so, the Company reserves the right under the Plan at any time or times to discontinue its contributions and to terminate the Plan subject to the provisions of ERISA. In the event of plan termination, amounts in participants' accounts will be distributed in a single lump sum; if the participant does not consent to an immediate distribution, the amount can be transferred to another defined contribution plan sponsored by the Company.

E. Investment Contracts:

The Plan invests in collateralized fixed income investment portfolios (with no expiration date), three of which are managed by insurance companies and one of which is managed by an investment management firm. The credited interest rates are adjusted semiannually to reflect the experienced and anticipated yields to be earned on such investments, based on their book value. The annualized average yield and credited interest rates were as follows:

	Annualized Average Yield	Credited Interest Rate
For the year ended December 31, 1997:		
Bankers Trust (WBS 92-485)	6.95%	6.95%
Metropolitan Life Insurance Company (GIC GA-12908)	6.86%	6.86%
Metropolitan Life Insurance Company (GIC GA-13659)	6.43%	6.43%
Prudential Asset Management Company (GIC 917163-001)	6.99%	6.99%

The contract values are subject to limitations in certain situations including large workforce reductions and plan termination.

In the financial statements, the two Metropolitan Life Insurance Company contracts are recorded as one investment option.

F. Related Party Transactions:

In accordance with the provisions of the Plan, Fidelity Management Trust Company (the "Trustee") acts as the Plan's agent for purchases and sales of shares of Raytheon Company Class B common stock. These transactions are performed on the Master Trust Level. For the Master Trust, purchases amounted to \$200,689,057 and sales amounted to \$102,165,608 for the year ended December 31, 1997.

## G. Fund Data:

The following is a summary of net assets available for plan benefits by fund as of December 31, 1997:

	Participant-Directed				Non-Participant Directed				Total
	Fixed Income Fund	Equity Fund	Raytheon Common Stock Fund	Stock Index Fund	Balanced Fund	Magellan Fund	Blue Chip Fund	Raytheon Common Stock Fund	
Assets:									
Master trust investments:									
At contract value:									
Bankers Trust	\$1,685								\$ 1,685
Prudential Insurance Company of America	1,045								1,045
Metropolitan Life Insurance Company	1,781								1,781
At fair value:									
Fidelity Equity Income Fund*		\$18,557							18,557
Raytheon Company Common Stock*			\$3,075					27,479	30,554
BT Pyramid Equity Index Fund*				\$6,028					6,028
Fidelity Balanced Fund*					\$5,772				5,772
Fidelity Magellan Fund*						\$15,517			15,517
Fidelity Blue Chip Fund*							\$8,065		8,065
Total investments	4,511	18,557	3,075	6,028	5,772	15,517	8,065	27,479	89,004
Receivables:									
Accrued investment income and other receivables									
			23	14				203	240
Cash and cash equivalents	45		56	59				497	657
Total assets	4,556	18,557	3,154	6,101	5,772	15,517	8,065	28,179	89,901
Liabilities:									
Payable for security purchases									
			26					234	260
Accrued expenses and other payables									
			6	15				55	76
Total liabilities			32	15				289	336
Net assets available for plan benefits	\$4,556	\$18,557	\$3,122	\$6,086	\$5,772	\$15,517	\$8,065	\$27,890	\$89,565

\*Represents more than 5% of net assets available for plan benefits

## G. Fund Data, continued:

The following is a summary of changes in net assets available for plan benefits by fund for the period from December 17, 1997 to December 31, 1997:

	Fixed Income Fund	Equity Fund	Participant-Directed Raytheon Common Stock Fund	Stock Index Fund	Balanced Fund	Magellan Fund	Blue Chip Fund	Non-Participant Directed Raytheon Common Stock Fund	Total
Additions to net assets attributable to:									
Investment income:									
Net appreciation (depreciation) of investments		\$ 612	\$ (18)	\$ 211	\$ 125	\$ 608	\$ 317	\$ (166)	\$ 1,689
Interest	\$ 5		3	4				26	38
Dividends			46					409	455
	5	612	31	215	125	608	317	269	2,182
Contributions and deferrals:									
Employee deferrals	4,551	17,945	3,091	5,871	5,647	14,909	7,748		59,762
Employer contributions								27,621	27,621
	4,551	17,945	3,091	5,871	5,647	14,909	7,748	27,621	87,383
Total additions	4,556	18,557	3,122	6,086	5,772	15,517	8,065	27,890	89,565
Increase in net assets	4,556	18,557	3,122	6,086	5,772	15,517	8,065	27,890	89,565
Net assets available for plan benefits, beginning of year									--
Net assets available for plan benefits, end of year	\$4,556	\$18,557	\$3,122	\$6,086	\$5,772	\$15,517	\$8,065	\$27,890	\$89,565

## H. Master Trust:

All plan investments are included under the Master Trust. At December 31, 1997, assets of the Plan represented less than 1% of the total assets under the Master Trust. The following is a summary of net assets available for plan benefits by fund under the Master Trust as of December 31, 1997:

	Fixed Income Fund	Equity Fund	Raytheon Common Stock Fund	Stock Index Fund	Balanced Fund	Magellan Fund	Blue Chip Fund
<b>Assets:</b>							
<b>Investments:</b>							
At contract value:							
Bankers Trust*	\$351,035,073						
Prudential Insurance Company of America*	217,731,699						
Metropolitan Life Insurance Company*	371,123,080						
At fair value:							
Fidelity Equity Income Fund*		\$782,799,011					
Raytheon Company Common Stock*			\$745,980,294				
BT Pyramid Equity Index Fund*				\$484,781,406			
Fidelity Balanced Fund					\$117,556,481		
Fidelity Magellan Fund						\$91,863,155	
Fidelity Blue Chip Fund							\$136,586,123
Templeton Foreign I Fund							
Fidelity Investment Grade Bond Fund							
Fidelity Retirement Money Market Fund							
Loans receivables from participants							
Total investments	939,889,852	782,799,011	745,980,294	484,781,406	117,556,481	91,863,155	136,586,123
<b>Receivables:</b>							
Employer contributions							
Accrued investment income and other receivables			5,489,592	1,161,112			
Cash and cash equivalents	9,232,100		13,498,051	4,761,268			
Total assets	949,121,952	782,799,011	764,967,937	490,703,786	117,556,481	91,863,155	136,586,123
<b>Liabilities:</b>							
Payable for outstanding purchases			6,340,318				
Accrued expenses and other payables			1,480,875	1,200,471			
Total liabilities			7,821,193	1,200,471			
Net assets available for plan benefits	\$949,121,952	\$782,799,011	\$757,146,744	\$489,503,315	\$117,556,481	\$91,863,155	\$136,586,123
	^	^	^	^	^	^	^

Percentage of Master Trust that  
are plan assets of the Raytheon Tucson  
Bargaining Savings and Investment Plan

\*Represents more than 5% of net assets available for plan benefits

^Represents less than 1% plan assets under the Master Trust

+ As of December 31, 1997, there were no loans outstanding in the  
Raytheon Tucson Bargaining Savings and Investment Plan.

N/A: The Templeton Foreign I Fund, Investment Grade Bond Fund and  
Retirement Money Market Fund are not available for the Raytheon Tucson  
Bargaining Savings and Investment Plan.

	Templeton Foreign I Fund	Investment Grade Bond Fund	Retirement Money Market Fund	Loan Fund	Total
<b>Assets:</b>					
<b>Investments:</b>					
At contract value:					
Bankers Trust*					\$351,035,073
Prudential Insurance Company of America*					217,731,699
Metropolitan Life Insurance Company*					371,123,080
At fair value:					
Fidelity Equity Income Fund*					782,799,011
Raytheon Company Common Stock*					745,980,294
BT Pyramid Equity Index Fund*					484,781,406
Fidelity Balanced Fund					117,556,481
Fidelity Magellan Fund					91,863,155
Fidelity Blue Chip Fund					136,586,123
Templeton Foreign I Fund	\$5,471,176				5,471,176
Fidelity Investment Grade Bond Fund		\$1,548,125			1,548,125
Fidelity Retirement Money Market Fund			\$12,186,085		12,186,085
Loans receivables from participants				\$166,395,767	166,395,767
Total investments	5,471,176	1,548,125	12,186,085	166,395,767	3,485,057,475
<b>Receivables:</b>					
Employer contributions			4,015,100		4,015,100
Accrued investment income and other receivables					6,650,704
<b>Cash and cash equivalents</b>					
Total assets	5,471,176	1,548,125	16,201,185	166,395,767	3,523,214,698
<b>Liabilities:</b>					
Payable for outstanding purchases					6,340,318
Accrued expenses and other payables					2,681,346
Total liabilities					9,021,664
<b>Net assets available for plan benefits</b>					
	\$5,471,176	\$1,548,125	\$16,201,185	\$166,395,767	\$3,514,193,034
	N/A	N/A	N/A	+	^

Percentage of Master Trust that  
are plan assets of the Raytheon Tucson  
Bargaining Savings and Investment Plan

\*Represents more than 5% of net assets available for plan benefits

^Represents less than 1% plan assets under the Master Trust

+ As of December 31, 1997, there were no loans outstanding in the  
Raytheon Tucson Bargaining Savings and Investment Plan.

N/A: The Templeton Foreign I Fund, Investment Grade Bond Fund and  
Retirement Money Market Fund are not available for the Raytheon Tucson  
Bargaining Savings and Investment Plan.





	Templeton Foreign I Fund	Investment Grade Bond Fund	Retirement Money Market Fund	Loan Fund	Total
Investment income:					
Net appreciation (depreciation) of assets	\$(826,396)	\$22,581			\$302,745,594
Interest				\$10,848,204	74,153,722
Dividends	549,717	36,337	\$266,835		79,616,073
	-----	-----	-----	-----	-----
Total investment income/(loss)	\$(276,679)	\$58,918	\$266,835	\$10,848,204	\$456,515,589
	=====	=====	=====	=====	=====

CONSENT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of  
Raytheon Company

We consent to the incorporation by reference in the Registration Statement of Raytheon Company on Form S-8 (File No. 333-56117) of our report dated May 29, 1998 on our audit of the financial statements of the Raytheon Tucson Bargaining Savings and Investment Plan as of December 31, 1997 and for the period from December 17, 1997 to December 31, 1997, which report is included in this annual report on Form 10-K/A.

Coopers & Lybrand LLP

Boston, Massachusetts  
June 29, 1998

EXHIBIT 99.10

## RAYTHEON SAVINGS AND INVESTMENT PLAN (10014)

FINANCIAL STATEMENTS  
TO ACCOMPANY 1997 FORM 5500  
ANNUAL REPORT OF EMPLOYEE BENEFIT PLAN  
UNDER ERISA OF 1974

FOR THE PERIOD FROM DECEMBER 17, 1997 TO DECEMBER 31, 1997

The supplemental schedules required to accompany the Plan's Form 5500 are not required since the Plan's assets are held in a Master Trust. Accordingly, detailed financial information, including the supplemental schedules, must be filed separately with the Department of Labor by the plan administrator.

## REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of  
Raytheon Company:

We have audited the accompanying statement of net assets available for plan benefits of the Raytheon Savings and Investment Plan (10014) (the "Plan") as of December 31, 1997, and the related statement of changes in net assets available for plan benefits for the period from December 17, 1997 to December 31, 1997. 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 audit.

We conducted our audit in accordance with generally accepted auditing standards. 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of December 31, 1997, and the changes in net assets available for plan benefits for the period from December 17, 1997 to December 31, 1997 in conformity with generally accepted accounting principles.

Coopers & Lybrand LLP

Boston, Massachusetts  
May 29, 1998

RAYTHEON SAVINGS AND INVESTMENT PLAN (10014)  
STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS

as of December 31, 1997

Assets:

Master trust investments:	
At contract value (Notes B, E and G)	\$ 2,280
At fair value (Notes B, F and G)	59,325
	-----
	61,605
	-----

Receivables:

Accrued investment income and other receivables	155
Cash and cash equivalents	426
	-----

Total assets	62,186
	-----

Liabilities:

Payable for outstanding purchases	165
Accrued expenses and other payables	51
	-----
Total liabilities	216
	-----

Net assets available for plan benefits	\$61,970
	=====

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

## RAYTHEON SAVINGS AND INVESTMENT PLAN (10014)

## STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS

for the period from December 17, 1997 to December 31, 1997

Additions to net assets attributable to:	
Investment income (Notes B, E and G):	
Net appreciation of investments	\$ 1,301
Interest	26
Dividends	289
	-----
	1,616
Contributions and deferrals:	
Employee deferrals	44,616
Employer contributions	15,738
	-----
	60,354
	-----
Total additions	61,970
	-----
Increase in net assets	61,970
Net assets available for plan	
benefits, beginning of year	--
	-----
Net assets available for plan	
benefits, end of year	\$61,970
	=====

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

## A. Description of Plan:

## General

The following description of the Raytheon Savings and Investment Plan (10014)(the "Plan") provides only general information. Participants should refer to the plan document for a complete description of the Plan's provisions. The Plan, which was established on December 17, 1997, is a defined contribution plan covering certain employees of Raytheon Company (the "Company"). Effective December 17, 1997, employees assumed in connection with the merger of the defense business of Hughes Electronics Corporation with the Company that participated in the Hughes Thrift and Savings Plan, became eligible to participate in the Plan. Participants have the option to rollover amounts accumulated in plans sponsored by the defense business of Hughes Electronics Corporation to the Plan. The option to make a rollover election will extend until December 1, 1998. Upon election, amounts will be rolled over into funds selected by the participant. As of December 31, 1997, no rollovers had been made; however, the ultimate amount to be transferred under this option cannot be estimated at this time. To participate in the Plan, eligible employees must have three months of service and may enter the Plan only on the first day of each month. 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 Sections 401(a) and 401(k) of the Internal Revenue Code (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 Company Master Trust for Defined Contribution Plans ("Master Trust") with the assets of other defined contribution plans of Raytheon Company and subsidiaries. The trustee of the Master Trust maintains a separate account reflecting the equitable share in the Trust of each plan.

Investment income and administrative expenses relating to the Master Trust are allocated to the individual plans based upon average monthly balances invested by each plan.

## Contributions and Deferrals

Eligible employees are allowed to defer to the Plan up to 10% of their salaries. The Company contributes amounts equal to 50% of each participant's deferral, up to a maximum of 3% of the participant's salary. The contributions are invested in Raytheon Company Class B common stock for two full plan years following the plan year for which the contributions are made, and are then allocated to the participants' accounts. As of December 31, 1997, the annual employee deferral for a participant cannot exceed \$9,500. Rollover contributions from other qualified plans are accepted by the Plan. Participants may invest their deferrals in increments of 1% in any combination of seven funds: (a) a Fixed Income Fund under which assets are invested primarily in contracts providing for fixed rates of interest for specified periods of time, (b) an Equity Fund which invests in shares of a mutual fund which consists primarily of income-producing equity securities, (c) a Raytheon Common Stock Fund which invests in shares of Raytheon Company Class B common stock, (d) a Stock Index Fund which invests in a commingled pool consisting primarily of equity securities and is designed to track the S&P 500 Index, (e) a Balanced Fund which invests in shares of a mutual fund which consists primarily of equity securities, bonds and money market instruments, (f) the Magellan Fund, a growth fund which invests primarily in equities of companies of all types and sizes, and (g) the Blue Chip Fund, a growth fund which invests primarily in equities of well known and established companies. Dividends and distributions from investments of the Equity Fund, the Raytheon Common Stock Fund, the Stock Index Fund, the Balanced Fund, the Magellan Fund and the Blue Chip Fund are reinvested in their respective funds; stock dividends, stock splits and similar changes are also reflected in the funds.

#### Participant Accounts

Each participant's account is credited with the participant's deferral, the Company's contribution and an allocation of plan earnings. Plan earnings are allocated based on account balances by fund.

#### Vesting

Participants are immediately vested in their voluntary deferrals plus actual earnings thereon. Vesting requirements for employer contributions plus earnings thereon may vary depending upon when an employee became eligible to participate in the Plan. Vesting generally occurs upon the earliest of the completion of five years of service or three years of Plan participation or upon retirement, death, disability, or attainment of normal retirement age. Forfeitures of the nonvested portions of terminated participants' accounts are used to reduce required contributions of the Company.

#### 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. On termination of employment, a participant will receive a lump-sum distribution unless the vested account is valued in excess of \$3,500 and the participant elects to defer distribution. A retiree or a beneficiary of a deceased participant may defer the distribution until January of the year following attainment of age 65. There were no distributions to participants during the year.

#### Loans to Participants

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 vested account balance or \$50,000. The minimum loan which may be granted is \$500. The interest rate applied is equal to the prime rate published in the Wall Street Journal on the first business day in June and December of each year. Loans must be repaid over a period of up to 5 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.

#### Administrative Expenses

Substantially all expenses of administering the Plan are paid by the plan participants.

#### B. Summary of Significant Accounting Policies:

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



The Plan's investment contracts are fully benefit-responsive and are therefore included in the financial statements at their contract value, defined as net contributions and deferrals plus interest earned on the underlying investments at contracted rates. Because the investment contracts are fully benefit-responsive, contract values approximate fair value. Investments in mutual funds and the commingled pool 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 trade date. Except for its investment contracts (Note E), the Plan's investments are held by bank-administered trust funds. Payables for outstanding security transactions represent trades which have occurred but have not yet settled.

The Plan presents in the statement of changes in net assets 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.

Benefits are recorded when paid.

The preparation of the financial statements in conformity with generally accepted accounting principles requires the plan administrator to make significant estimates and assumptions that affect the reported amounts of net assets and liabilities available for benefits at the date of the financial statements and the changes in net assets available for benefits during the reporting period and, when applicable, disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from the estimates included in the financial statements.

The Plan provides for various investment options in any combination of stocks, bonds, 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.

#### C. Federal Income Tax Status:

Given that the Plan was established effective December 17, 1997, the Plan has not received a tax determination letter to date. Raytheon Company has submitted an application with the Internal Revenue Service under the 401(b) regulation of the Internal Revenue Code and expects to receive the determination letter by December 31, 1998. The plan administrator and the Plan's legal counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

## D. Plan Termination:

Although it has not expressed any intention to do so, the Company reserves the right under the Plan at any time or times to discontinue its contributions and to terminate the Plan subject to the provisions of ERISA. In the event of plan termination, amounts in participants' accounts will be distributed in a single lump sum; if the participant does not consent to an immediate distribution, the amount can be transferred to another defined contribution plan sponsored by the Company.

## E. Investment Contracts:

The Plan invests in collateralized fixed income investment portfolios (with no expiration date), three of which are managed by insurance companies and one of which is managed by an investment management firm. The credited interest rates are adjusted semiannually to reflect the experienced and anticipated yields to be earned on such investments, based on their book value. The annualized average yield and credited interest rates were as follows:

	Annualized Average Yield	Credited Interest Rate
For the year ended December 31, 1997:		
Bankers Trust (WBS 92-485)	6.95%	6.95%
Metropolitan Life Insurance Company (GIC GA-12908)	6.86%	6.86%
Metropolitan Life Insurance Company (GIC GA-13659)	6.43%	6.43%
Prudential Asset Management Company (GIC 917163-001)	6.99%	6.99%

The contract values are subject to limitations in certain situations including large workforce reductions and plan termination.

In the financial statements, the two Metropolitan Life Insurance Company contracts are recorded as one investment option.

## F. Related Party Transactions:

In accordance with the provisions of the Plan, Fidelity Management Trust Company (the "Trustee") acts as the Plan's agent for purchases and sales of shares of Raytheon Company common stock. These transactions are performed on the Master Trust level. For the Master Trust, purchases amounted to \$200,689,057 and sales amounted to \$102,165,608 for the year ended December 31, 1997.

## G. Fund Data:

The following is a summary of net assets available for plan benefits by fund as of December 31, 1997:

	Participant-Directed				Non-Participant Directed				Total
	Fixed Income Fund	Equity Fund	Raytheon Common Stock Fund	Stock Index Fund	Balanced Fund	Magellan Fund	Blue Chip Fund	Raytheon Common Stock Fund	
<b>Assets:</b>									
Master trust investments:									
At contract value:									
Bankers Trust	\$ 852								\$ 852
Prudential Insurance Company of America		528							528
Metropolitan Life Insurance Company		900							900
At fair value:									
Fidelity Equity Income*		\$8,617							8,617
Raytheon Company Common Stock*			\$3,715					\$15,666	19,381
BT Pyramid Equity Index Fund*				\$5,307					5,307
Fidelity Balanced Fund*					\$4,183				4,183
Fidelity Magellan Fund*						\$13,244			13,244
Fidelity Blue Chip Fund*							\$8,593		8,593
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total investments	2,280	8,617	3,715	5,307	4,183	13,244	8,593	15,666	61,605
	-----	-----	-----	-----	-----	-----	-----	-----	-----
<b>Receivables:</b>									
Accrued investment income and other receivables			27	12				116	155
Cash and cash equivalents	23		67	52				284	426
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total assets	2,303	8,617	3,809	5,371	4,183	13,244	8,593	16,066	62,186
	-----	-----	-----	-----	-----	-----	-----	-----	-----
<b>Liabilities:</b>									
Payable for security purchases			32					133	165
Accrued expenses and other payables			7	13				31	51
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total liabilities			39	13				164	216
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Net assets available for plan benefits	\$2,303	\$8,617	\$3,770	\$5,358	\$4,183	\$13,244	\$8,593	\$15,902	\$61,970
	=====	=====	=====	=====	=====	=====	=====	=====	=====

\* Represents more than 5% of net assets available for plan benefits



## H. Master Trust:

All plan investments are included under the Master Trust. At December 31, 1997, assets of the Plan represented less than 1% of the total assets under the Master Trust. The following is a summary of net assets available for plan benefits by fund under the Master Trust as of December 31, 1997:

	Fixed Income Fund	Equity Fund	Raytheon Common Stock Fund	Stock Index Fund	Balanced Fund	Magellan Fund	Blue Chip Fund
Assets:							
Investments:							
At contract value:							
Bankers Trust*	\$351,035,073						
Prudential Insurance Company of America*	217,731,699						
Metropolitan Life Insurance Company*	371,123,080						
At fair value:							
Fidelity Equity Income Fund*		\$782,799,011					
Raytheon Company Common Stock*			\$745,980,294				
BT Pyramid Equity Index Fund*				\$484,781,406			
Fidelity Balance Fund					\$117,556,481		
Fidelity Magellan Fund						\$91,863,155	
Fidelity Blue Chip Fund							\$136,586,123
Templeton Foreign I Fund							
Fidelity Investment grade Bond Fund							
Fidelity Retirement Money Market Fund							
Loans receivable from participants							
Total investments	939,889,852	782,799,011	745,980,294	484,781,406	117,556,481	91,863,155	136,586,123
Receivables:							
Employer contribution Accrued investment income and other receivables			5,489,592	1,161,112			
Cash and cash equivalents	9,232,100		13,498,051	4,761,268			
Total assets	949,121,952	782,799,011	764,967,937	490,703,786	117,556,481	91,863,155	136,586,123
Liabilities:							
Payables for outstanding purchases			6,340,318				
Accrued expenses and other payables			1,480,875	1,200,471			
Total Liabilities			7,821,193	1,200,471			
Net assets available for plan benefits	\$949,121,952	\$782,799,011	\$757,146,744	\$489,503,315	\$117,556,481	\$91,863,155	\$136,586,123
Percentage of Master Trust that are plan assets of the Raytheon Savings and Investment Plan	^	^	^	^	^	^	^

\*Represents more than 5% of net assets available for plan benefits

^Represents less than 1% of plan assets under the Master Trust

+ As of December 31, 1997, there were no loans outstanding in the Raytheon Savings and Investment Plan (10014).

N/A: The Templeton Foreign I Fund, Investment Grade Bond Fund, and Retirement Money Market Fund are not available for the Raytheon Savings and Investment Plan (10014).

	Templeton Foreign I Fund	Investment Grade Bond Fund	Retirement Money Market Fund	Loan Fund	Total
<b>Assets:</b>					
<b>Investments:</b>					
At contract value:					
Bankers Trust*					\$ 351,035,073
Prudential Insurance Company of America*					217,731,699
Metropolitan Life Insurance Company*					371,123,080
At fair value:					
Fidelity Equity Income Fund*					782,799,011
Raytheon Company Common Stock*					745,980,294
BT Pyramid Equity Index Fund*					484,781,406
Fidelity Balance Fund					117,556,481
Fidelity Magellan Fund					91,863,155
Fidelity Blue Chip Fund					136,586,123
Templeton Foreign I Fund	\$5,471,176				5,471,176
Fidelity Investment grade Bond Fund		\$1,548,125			1,548,125
Fidelity Retirement Money Market Fund			\$12,186,085		12,186,085
Loans receivable from participants				\$166,395,767	166,395,767
<b>Total investments</b>	<b>5,471,176</b>	<b>1,548,125</b>	<b>12,186,085</b>	<b>166,395,767</b>	<b>3,485,057,475</b>
<b>Receivables:</b>					
Employer contribution			4,015,100		4,015,100
Accrued investment income and other receivables					6,650,704
<b>Cash and cash equivalents</b>					
<b>Total assets</b>	<b>5,471,176</b>	<b>1,548,125</b>	<b>16,201,185</b>	<b>166,395,767</b>	<b>3,523,214,698</b>
<b>Liabilities:</b>					
Payables for outstanding purchases					6,340,318
Accrued expenses and other payables					2,681,346
<b>Total Liabilities</b>					<b>9,021,664</b>
<b>Net assets available for plan benefits</b>	<b>\$5,471,176</b>	<b>\$1,548,125</b>	<b>\$16,201,185</b>	<b>\$166,395,767</b>	<b>\$3,514,193,034</b>
	N/A	N/A	N/A	+	^
Percentage of Master Trust that are plan assets of the Raytheon Savings and Investment Plan (10014)					
*Represents more than 5% of net assets available for plan benefits					
^Represents less than 1% of plan assets under the Master Trust					
+ As of December 31, 1997, there were no loans outstanding in the Raytheon Savings and Investment Plan (10014).					
N/A: The Templeton Foreign I Fund, Investment Grade Bond Fund, and Retirement Money Market Fund are not available for the Raytheon Savings and Investment Plan (10014).					

## I. Master Trust, continued:

The following is a summary of investment income by fund under the Master Trust for the year ended December 31, 1997:

	Fixed Income Fund	Equity Fund	Raytheon Common Stock Fund	Stock Index Fund	Balanced Fund	Magellan Fund	Blue Chip Fund
Net appreciation (depreciation) of assets	\$ (191,924)	\$132,974,182	\$30,715,963	\$109,162,707	\$ 6,388,316	\$ 9,026,047	\$15,474,118
Interest	62,319,073		673,934	312,511			
Dividends		42,443,971	11,118,152		13,680,351	5,217,835	6,302,875
Total investment income/(loss)	<u>\$62,127,149</u>	<u>\$175,418,153</u>	<u>\$42,508,049</u>	<u>\$109,475,218</u>	<u>\$20,068,667</u>	<u>\$14,243,882</u>	<u>\$21,776,993</u>

	Templeton Foreign I Fund	Investment Grade Bond Fund	Retirement Money Market Fund	Loan Fund	Total
Investment income:					
Net appreciation (depreciation) of assets	\$(826,396)	\$22,581			\$302,745,594
Interest				\$10,848,204	74,153,722
Dividends	549,717	36,337	\$266,835		79,616,073
	-----	-----	-----	-----	-----
Total investment income/(loss)	\$(276,679)	\$58,918	\$266,835	\$10,848,204	\$456,515,389
	=====	=====	=====	=====	=====



CONSENT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of  
Raytheon Company

We consent to the incorporation by reference in the Registration Statement of Raytheon Company on Form S-8 (File No. 333-56117) of our report dated May 29, 1998 on our audit of the financial statements of the Raytheon Savings and Investment Plan (10014) as of December 31, 1997 and for the period from December 17, 1997 to December 31, 1997, which report is included in this annual report on Form 10-K/A.

Coopers & Lybrand LLP

Boston, Massachusetts  
June 29, 1998