

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA**

**United States Securities and Exchange Commission**

v.

**Raytheon Company, et al.**

**Civil Action No. 06-1182**

**Civil Action No. 07-00494**

**Civil Action No. 07-00495**

**Civil Action No. 07-00496**

**DISTRIBUTION PLAN NOTICE OF U.S. SEC FAIR FUND TO RAYTHEON INVESTORS**

**TO: All persons or entities who purchased the common stock of Raytheon Company (“Raytheon”) during the period January 26, 1998 through and including February 22, 2000 who (1) sold at a loss after January 17, 2000, and/or (2) sold at a loss after February 22, 2000 (“Recovery Period”).**

**If you satisfy the eligibility requirements described below and wish to participate in distribution of this Fund, you must submit a Proof of Claim Form (“Proof of Claim”) to the Fund Administrator so that it is received no later than September 24, 2009 (Securities Brokers and other Nominees: please see instructions on Page 4 herein.)**

**PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. IF YOU SATISFY THE ELIGIBILITY CRITERIA DESCRIBED BELOW, YOU MAY BE ENTITLED TO A RECOVERY FROM THE U.S. SEC FAIR FUND FOR RAYTHEON INVESTORS. THIS NOTICE CONTAINS IMPORTANT INFORMATION REGARDING YOUR RIGHTS.**

**I. Purpose of this Notice**

- A. The purpose of this Distribution Plan Notice (“Notice”) is to inform you that you may be entitled to participate in the distribution of the Fair Fund described herein. This Notice describes steps you must take to file a Proof of Claim Form (“Proof of Claim”) in order to participate. The Proof of Claim is attached to this Notice, which has been mailed to potentially eligible purchasers of Raytheon Company common stock during the Recovery Period (January 26, 1998 through and including February 22, 2000) who can be identified by the Distribution Agent. Claims Packets (including Proof of Claim Forms) and a copy of the Distribution Plan will also be available on the Fund’s website at [www.raytheoncompanydistributionfund.com](http://www.raytheoncompanydistributionfund.com) and through the website of the United States Securities and Exchange Commission (the “Commission”) at [www.sec.gov](http://www.sec.gov).

**II. Background**

- A. Pursuant to final Judgments of the Court dated August 23, 2006 and March 16, 2007 (“the Judgments”), the United States District Court for the District of Columbia ordered Raytheon Company, et al. to pay approximately \$14.7 million into a Fair Fund that will be distributed to certain shareholders and owners of certain Raytheon Company common stock securities damaged as a result of certain alleged conduct by Raytheon Company, et al. The funds were deposited into separate interest-bearing accounts, bearing account numbers 1:06-cv1182, 1:07-cv00494, 1:07-cv00495, and 1:07-cv00496, respectively, and under the respective case name designations, “SEC v. Raytheon Company, Daniel P. Burnham and Aldo Servello,” “SEC v. Franklyn A. Caine,” “SEC v. Edward S. Pliner,” and “SEC v. James E. Gray.” By Order dated October 18, 2007, the Court consolidated all of these actions for administrative purposes and for eventual distribution.

**III. The Financing and Administration of the Fair Fund**

- A. On October 18, 2007, the Court authorized the Commission to establish a Fair Fund in accordance with Section 308(a) of the Sarbanes-Oxley Act of 2002 so that the civil penalties imposed by the Court may be added to and become part of the disgorgement fund for the benefit of investors harmed by the violations alleged in the Commission’s Complaints. The Court further ordered the Distribution Agent to develop and implement a distribution plan by which the Fair Fund will be distributed to eligible claimants.
- B. The Distribution Plan proposed by the Commission was approved by Judge Gladys Kessler of the U.S. District Court for the District of Columbia on May 28, 2009.

## THE DISTRIBUTION PLAN

### I. Eligibility Criteria

- A. The Fair Fund shall be distributed to: Individuals or entities who purchased Raytheon common stock during the period January 26, 1998 through and including February 22, 2000, and who (1) sold at a loss after January 17, 2000, and/or (2) sold at a loss after February 22, 2000, and who (3) submit timely and valid Proofs of Claim (“Eligible Claimants”). **No distribution shall be made to persons or entities who fail to submit a signed Proof of Claim on or before the Claims Bar Date (September 24, 2009).**

**You are excluded from participation in the Fair Fund if you are:**

- a defendant named in the Commission’s Complaints in this action (or any of their Affiliates, assigns, heirs, distributees, spouses, parents, children, or controlled entities);
- any past or present director or officer of Raytheon (or any of their Affiliates, assigns, heirs, distributees, spouses, parents, children, or controlled entities) who was in a position to detect or prevent the conduct alleged in the Complaints;
- any employee of Raytheon who has been terminated for cause in connection with the conduct described in the Commission’s Complaints in this action;
- any defendant in any class action lawsuit related to the conduct described in the Commission’s complaints in this action (or any of such defendant’s Affiliates, assigns, heirs, distributees, spouses, parents, children, or controlled entities), unless and until such defendant is found not liable in all such civil suits prior to the Claims Bar Date, and proof of the finding(s) is included in such defendant’s timely filed Proof of Claim Form;
- any Person who assigned that Person’s right to obtain a recovery in the Commission’s lawsuit against Raytheon; or
- any assignee of another Person’s right to obtain a recovery in the Commission’s lawsuit against Raytheon, provided, however, this provision shall not be construed to exclude those Persons who obtained such a right by inheritance or devise.

### II. Participation in the Distribution of the Fund

- A. The Available Distribution shall be distributed to pay Eligible Claimants, who are defined as individuals or entities who file a Proof of Claim on or before the Claims Bar Date of September 24, 2009 who are finally determined to be eligible for a distribution from the Fair Fund because they purchased Raytheon common stock during the Recovery Period, January 26, 1998 through and including February 22, 2000, who (1) sold at a loss after January 17, 2000, and/or (2) sold at a loss after February 22, 2000.
- B. By participating in the distribution of the Fair Fund, Potentially Eligible Claimants will not be releasing any rights or claims they may have against any party, including, but not limited to, Raytheon Company or its past and present directors, officers, advisors and agents (other than with respect to the Distribution Agent).
- C. The Distribution Agent shall determine each Eligible Claimant’s Eligible Loss Amount. Generally, an Eligible Loss Amount is the sum total of the claimant’s Recognized Losses per share multiplied by the number of shares associated with each transaction. (Recognized Loss is defined as the portion of the price of each share of Raytheon common stock that resulted from the conduct alleged in the Commission’s complaints.) Raytheon common stock shares purchased between January 26, 1998 and January 17, 2000, and held or not sold until after January 17, 2000, would be assigned inflation per share of \$4.20; Raytheon common stock shares purchased between January 18, 2000 and February 22, 2000, and held or not sold until after February 22, 2000, would be assigned inflation per share of \$1.54.
- D. For individuals or entities that held Raytheon common stock at the beginning of the Recovery Period or made multiple purchases or sales during the Recovery Period, the first-in, first-out (“FIFO”) method will be applied to such holdings, purchases and sales for purposes of calculating a claim. Under the method, each sale of Raytheon common stock during the Recovery Period will be matched, in chronological order, first against the

Raytheon common stock held at the beginning of the Recovery Period. Such holdings and sales will be excluded from the calculation of the loss. The remaining sales of Raytheon common stock during the Recovery Period will then be matched, in chronological order, against purchases of such Raytheon common stock during the Recovery Period.

- E. A purchase or sale of Raytheon common stock shall be deemed to have occurred on the “contract” or “trade” date as opposed to the “settlement” or “payment” date.
- F. The receipt or grant by gift, devise or operation of law of Raytheon common stock during the Recovery Period shall not be deemed a purchase or sale of Raytheon common stock for the calculation of an Eligible Claimant’s Eligible Loss Amount nor shall it be deemed an assignment of any claim relating to the purchase of such shares unless specifically provided in the instrument of gift or assignment.
- G. If the Available Distribution is greater than or equal to the total amount of money due Eligible Claimants, the Distribution Agent shall distribute to each Eligible Claimant its Eligible Loss Amount.
- H. If the total amount of money due Eligible Claimants exceeds the Available Distribution, the Distribution Agent shall distribute the funds to the Eligible Claimants *pro rata* based upon the ratio of the Approved Claim of each Eligible Claimant to the aggregate Approved Claims of all Eligible Claimants.
- I. **No Approved Proof of Claim less than \$10.00 will be paid.** The Distribution Agent may aggregate the accounts held by a Person and his or her IRA for purposes of meeting the \$10.00 floor on distributions. Notwithstanding the aggregation of individual accounts with IRA accounts for this purpose, all payments shall be made to the beneficial owner and shall respect the manner in which an account is nominated. Corporation or partnership accounts may also be aggregated.
- J. Persons or entities who do not file eligible Proofs of Claim by the Claims Bar Date will not share in the Fair Fund. In order for a Proof of Claim to be eligible it must be signed.
- K. Distribution of the Fair Fund to Eligible Claimants will be made once all claims have been processed.

### **III. Notification, Review, and Resolution of Claims**

- A. The Distribution Agent shall review each Proof of Claim to determine the validity and amount of such Potentially Eligible Claimant’s Eligible Loss Amount. The Distribution Agent shall have the right to request, and the Potentially Eligible Claimant shall have the burden of providing to the Distribution Agent, any additional information and/or documentation deemed relevant by the Distribution Agent.
- B. On or before the Claims Determination Date (October 23, 2009), the Distribution Agent shall mail by United States First Class Mail a Determination Notice to each Claimant whose claim is denied, in whole or in part, setting forth the Distribution Agent’s reasons for such denial.
- C. Any Potentially Eligible Claimant whose claim is denied, in whole or in part, by the Distribution Agent, may request reconsideration of the Determination Notice by filing a written request for reconsideration with the Distribution Agent. Such written request must be mailed by the Potentially Eligible Claimant in sufficient time that it is received by the Distribution Agent no later than fifteen (15) days after the date on which the Determination Notice was mailed. Such written request must contain a statement as to why the Potentially Eligible Claimant believes their claim should be reconsidered and must include documentation. Failure to properly and timely request reconsideration of the Determination Notice shall permanently waive the Potentially Eligible Claimant’s right to object or contest the Determination Notice.
- D. The Distribution Agent shall review each reconsideration request to determine whether the submitted information is sufficient to validate the claim. If the claim is determined to be valid, the Distribution Agent shall mail a Final Determination Notice to the Eligible Claimant. Any remaining reconsideration requests that remain in question (along with copies of the claim and all related documentation and correspondence) will be reviewed by the Court. The Court may make a final determination or may set the matter for hearing and at the conclusion of the hearing make a final determination.
- E. No Potentially Eligible Claimant who has failed timely to file an appropriate Proof of Claim, or to request reconsideration of the Determination Notice, shall be permitted to object to the barring or treatment of its claim on the basis that the Distribution Agent failed to mail, or properly to mail, or that such Potentially Eligible Claimant failed to receive, a copy of the Distribution Plan Notice, Claims Packet or the relevant Determination

Notice or Final Determination Notice, or that a Proof of Claim or request for reconsideration of the Determination Notice, was improperly reflected as not having been received by, or properly recorded as received by, the Distribution Agent or Court, or that a Potentially Eligible Claimant's name and/or proper contact information was not properly reflected on the Distribution Agent's records.

#### **IV. Instructions for Obtaining a Claims Packet**

A Claims Packet consists of a Proof of Claim and this Distribution Plan Notice. A Proof of Claim is enclosed herein. If you require additional forms, you may make copies of the enclosed Proof of Claim, download and print the Proof of Claim from the Fair Fund website at [www.raytheoncompanydistributionfund.com](http://www.raytheoncompanydistributionfund.com), or request that the Distribution Agent mail you a Claims Packet by writing to the address below. Additional information regarding the Fair Fund may be found on the Fair Fund's website. All inquiries concerning this Distribution Plan Notice and Proof of Claim should be made to the Distribution Agent in writing at the address below.

Please be sure to provide your complete name and mailing address. Submit the completed Proof of Claim to the address below, or you may file your Proof of Claim electronically through the Fair Fund website.

**To be eligible to receive any distribution from the Fair Fund, you must complete and sign the accompanying Proof of Claim and send it by first class mail so that it is received by the Distribution Agent on or before September 24, 2009. Send your Proof of Claim to the Distribution Agent at the following address:**

**SEC/Raytheon Fair Fund  
Distribution Agent  
P.O. Box 3266  
Portland, OR 97208-3266  
Tel.: 1 (866) 329-0166**

**Web-based Electronic Filing of Claims – Claimants have the option to file their Proof of Claim online at [www.raytheoncompanydistributionfund.com](http://www.raytheoncompanydistributionfund.com). You must complete the on-line filing no later than September 24, 2009.**

#### **SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES**

If you purchased or transacted in Raytheon common stock during the Recovery Period (January 26, 1998 through and including February 22, 2000) or if you currently own shares of Raytheon common stock for the beneficial interest of an individual or entity other than yourself, then within **TEN (10) DAYS OF YOUR RECEIPT OF THIS NOTICE**, you must either:

(a) provide to the Distribution Agent the name and last known address of each person or organization for whom or which you purchased such Raytheon common stock during such time period or for whom you currently hold Raytheon common stock; or

(b) request additional copies of this Distribution Plan Notice and Proof of Claim, which will be provided to you free of charge, and within ten (10) days, mail the Distribution Plan Notice and Proof of Claim directly to the beneficial owners of the securities referred to herein.

If you choose Option (b), after you mail the Distribution Plan Notices and Proofs of Claim, you must confirm in writing to the Distribution Agent that the mailing was made as directed. You are entitled to reimbursement for your reasonable expenses actually incurred in connection with the foregoing, including reimbursement of postage expense and the cost of ascertaining the names and addresses of beneficial owners. Those expenses will be paid upon request and submission of appropriate supporting documentation. All communications concerning the foregoing should be addressed to the Distribution Agent at the address below.

**SEC/Raytheon Fair Fund  
Distribution Agent  
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Portland, OR 97208-3266  
Tel.: 1 (866) 329-0166**