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■ SETTLEMENT FAQs

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If you have any questions regarding your claim or settlement proceeds, please contact Analytics Inc., the claims administrator. Under the settlement agreement, the claims administrator, Analytics Inc., is responsible for administering the settlement, processing claims, allocating settlement proceeds (cash and warrants, and for those entitled to 99 or less warrants, cash in lieu of warrants), distributing the cash portions of the settlement proceeds, and notifying recipients as to the number of warrants to be distributed.

<http://www.raytheonsettlement.com>

In re Raytheon Company Securities Litigation
 c/o Analytics Incorporated
 P.O. Box 2003
 Chanhassen MN 55317-2003
 Phone: 888-300-2319

If you are a Raytheon Savings and Investment Plan ("RAYSIP") participant and have any questions regarding the settlement, please contact Gilardi & Co. LLC, the RAYSIP information agent for this settlement:

<http://www.gilardi.com>

Gilardi & Co. LLC
 3301 Kerner Boulevard
 San Rafael, CA 94901
 1-800-221-3312

If you have any questions regarding the sale, exercise, or transfer (including transfers to brokerage accounts) of your warrants, please contact American Stock Transfer & Trust Company (AST), the warrant agent:

American Stock Transfer & Trust Company
 59 Maiden Lane
 New York, New York 10038
 Phone: 800-360-4519

Q1. Why is Raytheon issuing warrants?

A1. Raytheon is issuing warrants to purchase Raytheon

F
STOCI

Last Price:

Change:

(%)

Prev Close:

Volume:

Exchange:

03/16/07 4:0

Minimum 20

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common stock pursuant to its previously-disclosed settlement agreement reached in May 2004 related to certain class action lawsuits filed against Raytheon in 1999-2000.

The terms of the settlement included a cash payment of \$210 million and the issuance of warrants with a stipulated value of \$200 million. The warrants will have a five-year term with a strike price of \$37.50 per share and will be issued when the settlement proceeds are distributed to the claimants in the class action lawsuits. Raytheon expects that the distribution of the settlement proceeds, including the issuance of the warrants, will occur late in the second quarter of 2006.

Q2. Why is Raytheon issuing warrants when it has so much cash? Why is Raytheon issuing warrants when it is buying back stock? Why is Raytheon issuing "in -the-money" warrants?

A2. The terms of the settlement, including the amount of cash and warrants, as well as the strike price of the warrants, were finalized over two years ago, when Raytheon's situation and other conditions were different.

Q3. What are warrants?

A3. A warrant is a security that gives the holder the right, but not the obligation, to purchase one share of Raytheon common stock at an exercise price (or strike price) of \$37.50 per share for a period of five years from the date of issuance. Because the holder of warrants does not actually own the underlying shares (unless the holder exercises the warrants), the holder does not receive any dividends on the underlying shares nor has the power to vote them.

Q4. What are the terms of the warrants? What is the value of the warrants?

A4. The warrants will have a five-year term with a strike price of \$37.50 per share and will be issued when the settlement proceeds are distributed to the claimants. The warrants will be exercisable at any time during the five-year term and will be listed on the New York Stock Exchange (NYSE) and freely tradable. Once the warrants are issued, the NYSE will report the price of warrants as they are traded. The warrants will expire five years from the date of issuance. Because the holder of warrants does not actually own the underlying shares (unless the holder exercises the warrants), the holder does not receive any dividends on the underlying shares nor has the power to vote them.

Q5. What is the CUSIP and or Ticker for the warrants?

A5. The CUSIP is 755111 11 9 and the NYSE ticker is RTN WS

Q6. How many warrants will I receive? How much cash will I

receive?

A6. Analytics Inc., the claims administrator for the settlement of the class action lawsuits, determines each claimant's share of the settlement proceeds and you will be notified of your share of such proceeds as follows:

For claimants entitled to more than 99 warrants, Analytics Inc, the claims administrator for the settlement of the class action lawsuits, will be distributing to each claimant a check for the cash portion of the settlement and a notification of the number of warrants such claimant will receive from American Stock Transfer & Trust Company (AST), the warrant agent.

For claimants entitled to 99 or less warrants, Analytics Inc, the claims administrator for the settlement of the class action lawsuits, will be distributing to each claimant a check for both the cash portion of the settlement and the cash in lieu of warrants. Claimants entitled to 99 or less warrants will not receive any warrants but will instead receive the value of such warrants in cash.

Q7. Who will be receiving warrants?

A7. Only claimants who submitted a valid Proof of Claim to Analytics Inc., the claims administrator, before the December 31, 2004 deadline are entitled to receive the settlement proceeds, including warrants and cash.

Q8. How can I sell, exercise, or transfer the warrants? What can I do with the warrants?

A8. Generally, a claimant who receives warrants for up to five years may hold them, sell, transfer, gift or otherwise dispose of them (as warrants), or exercise them (and receive shares of Raytheon common stock or sell the shares at the time of exercise). As each of these possibilities involves various tax, financial and legal consequences, we strongly advise you to consult with your personal tax, financial and legal advisors regarding the specific consequences of your situation.

Q9. Will I get more warrants if the market price of Raytheon common stock or the market price of the warrants goes down?

A9. No

Q10. What are the tax consequences of exercising or selling the warrants? What is my tax basis in the warrants?

A10. You should consult your personal tax advisor regarding the specific tax consequences of your exercise or sale of the warrants.

Q11. How can I purchase warrants?

A11. Raytheon is issuing warrants directly to claimants pursuant to the settlement agreement related to certain class action lawsuits. The claimants will receive warrants that will be exercisable at any time during the five-year term, and will be listed on the New York Stock Exchange (NYSE) and freely tradable. Once the warrants are issued, the NYSE will report the price of warrants as they are traded. You must contact your broker or investment advisor if you wish to purchase warrants.

None of the information referenced above shall be deemed an offer to sell or the solicitation of an offer to buy a security within the meaning of the Securities Act of 1933 (the "Securities Act"), nor shall such information be deemed a prospectus under the Securities Act. The links to the web sites referenced above are provided as an informational service only. Raytheon assumes no responsibility for information or statements on these web sites.

The shares of common stock of Raytheon that are issued in connection with the exercise of the warrants will be sold pursuant to a Registration Statement (registration no. 33-85648) filed with the Securities and Exchange Commission under the Securities Act. You may access a copy of this Registration Statement by clicking on the link below.

To view the prospectus supplement, please click the link below:
[Prospectus Supplement](#)

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Contact

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