

August 16, 2005

Raytheon Company
Attn: General Counsel's Office
870 Winter Street
Waltham, MA 02451

Dear General Counsel of Raytheon:

The Project On Government Oversight (POGO) is overhauling and renewing its Federal Contractor Misconduct Database (www.pogo.org/db/index.cfm), a compilation of information from public resources regarding government contractors, including Raytheon. I have enclosed the findings relevant to Raytheon and am requesting verification or refutation of the data from you.

Any response would be greatly appreciated, as the accuracy of this information is in the best interest of all parties. Out of fairness to Raytheon, please be assured that any response received by POGO will be posted on the website along with the data.

Changes to the database include: the addition of more current instances, removal of Superfund cleanup costs, and removal of information that could not be verified with official documents. Additionally, pending cases will still be included, but this information will be kept separate from the resolved cases and will not be included in any totals.

If you have any questions, I can be reached at (202) 347-1122. Thank you for your time and consideration.

Sincerely,

Kevin L. Phelps
Project Director

Enclosure

Instances of Misconduct

1.

Case Name- N/A

Date- 2/27/2003

Amount- \$25 million

Synopsis- "Charged today in a civil complaint in federal court with having improperly attempted to export troposcatter communications equipment to Pakistan from 1990 through 1997 in violation of United States export control laws.", in violation under Arms Export Control Act.

Disposition- Settlement

Court Type- Civil

Misconduct Type- Import/Export

Contracting Party- N/A

Documents-

Department of Justice Press Release 02/27/03

http://www.usdoj.gov/03press/03_1_1.html

2.

Case Name- N/A

Date- 3/1/2000

Amount- \$2,113,000

Synopsis- Hughes Aircraft Company paid \$2,113,000 to settle alleged violations of the False Claims Act. According to the government, contract "specifications required Hughes Aircraft Company to perform performance and acceptance tests on traveling wave tubes, components used in radar systems on F-14 and F-15 aircraft. Such testing was not accomplished on three different models of the tubes, and investigation also determined Hughes inflated labor hours billed to the Government."

Disposition- Settlement

Court Type- Civil

Misconduct Type- Government Contract Fraud

Contracting Party- Government Defense

Documents-

Inspector General Department of Defense Semiannual Report to the Congress

<http://www.dodig.osd.mil/sar/20001sar.pdf>

3.

Case Name- Yslava v Hughes Aircraft

Date- 2/8/2000

Amount- \$13 million

Synopsis- Allegedly, "Hughes Aircraft, a subsidiary of Raytheon, allegedly contaminated the drinking water of Tucson, Arizona, residents as the result of the dumping of TCE, a toxin. The company agreed to a settlement of approximately \$13 million which included a medical monitoring program for residents."

Disposition- Settlement
Court Type- Civil
Misconduct Type- Environmental
Contracting Party- N/A

Documents-
2000 SEC 10-k
<http://www.sec.gov/Archives/edgar/data/1047122/0001047122-00-000007.txt>

4.
Case Name- N/A
Date- 10/27/1999
Amount- \$550,000

Synopsis- "The Department of State charges that Raytheon violated the Arms Export Control Act and the International Traffic in Arms Regulations."

Disposition- Fine
Court Type- Administrative
Misconduct- Import/Export, Violating Arms Export Control Act
Contracting Party- N/A

Documents-
State Department Charging Letter

5.
Case Name- N/A
Date- 1/8/1999
Amount- \$400,000

Synopsis- "Raytheon Aerospace Company has paid the government more than \$400,000 to settle claims that it overcharged the government under a settlement reached on January 8...The government claimed that a Raytheon subsidiary, Beech Aerospace Systems, Inc., double-billed the Department of Defense for certain parts under a 1991 aircraft maintenance contract", violating the False Claims Act.

Disposition- Settlement
Court Type- Civil
Misconduct- Government Contract Fraud

Contracting Party- Defense

Documents-

Defense Contract Pays More Than \$400,000 for Overcharging Defense Department

<http://www.usdoj.gov/opa/pr/1999/January/021civ.htm>

6.

Case Name- N/A

Date- 4/9/1998

Amount- \$2,700,000

Synopsis- Raytheon paid \$2.7 million to settle allegations that they “charged the Government for costs incurred in marketing products to foreign governments. Since 1986, Raytheon’s cost accounting procedures have provided for separate accounting treatment of foreign and domestic marketing costs. These procedures, and the Cost Accounting Standards of the Federal Acquisition Regulation, require the allocation of Raytheon’s foreign marketing costs to contracts between Raytheon and its foreign customers, and allocation of its domestic marketing costs to U.S. Government contracts. The Government asserted that most of the activities of the Raytheon international development function were foreign marketing activities and that Raytheon improperly classified the costs as ‘division administration’ costs allocable to Government contracts.”

Disposition- Settlement

Court Type- Civil

Misconduct Type- Government Contract Fraud

Contracting Party- Government Civilian

Documents-

DOD IG report April-Sep 1998

<http://www.dodig.osd.mil/sar/novsar.pdf>

7.

Case Name- N/A

Date- 11/30/1997

Amount- \$2,099,042

Synopsis- According to a GAO report cited by Senator Harkin and Representative DeFazio, Raytheon paid \$2,099,042 to settle allegations of “Defective Pricing” which would violate the False Claims Act.

Disposition- Settlement

Court Type- Civil

Misconduct Type- Government Contract Fraud

Contracting Party- Government Defense

Documents-
Harkin DeFazio Press Release

8.
Case Name-N/A
Date- 6/30/1996
Amount- \$115,310

Synopsis- According to a GAO report cited by Senator Harkin and Representative DeFazio, Raytheon paid \$115,310 to settle allegations related to “Contractor Kickbacks.”

Disposition- Settlement
Court Type- Civil
Misconduct- Other
Contracting Party- N/A

Documents-
Harkin Defazio Press Release

9.
Case Name- United States v. Hughes Aircraft
Date- 6/3/1997
Amount- \$500,000

Synopsis- Hughes Aircraft, a subsidiary of Raytheon, paid “\$500,000 to settle allegations that they defrauded the government by not properly testing certain components of torpedoes as required under a military contract and using non-conforming fasteners under several other Department of Defense contracts”, in violation of the False Claims Act. “An investigation by the Defense Criminal Investigative Service and the Naval Criminal Investigative Service revealed that Hughes failed to properly test certain electronic components of Advanced Capacity Mark 48 torpedoes sold to the United States Navy. It also concluded that Hughes used flawed fasteners such as stainless steel screws that failed to meet specifications contained in several other military contracts.”

Disposition- Settlement
Court Type- Civil
Misconduct Type- Government Contract Fraud
Contracting Party- Government Defense

Documents-
TWO DEFENSE FIRMS PAY U.S.\$500,000 TO SETTLE CIVIL DISPUTE
<http://www.usdoj.gov/opa/pr/1997/June97/243civ.htm>

10.

Case Name- N/A

Date- 9/10/1996

Amount- \$4,050,000

Synopsis- "Hughes Aircraft Company [paid] the United States \$4,050,000 to settle claims the company failed to perform certain tests on components used in advanced electronic equipment such as radar units for military aircraft, missile guidance units and delicate tracking equipment." Allegedly, "Hughes supervisors instructed employees in the Environmental Test Area, including Goodearl and Aldred, to omit tests, to shorten required procedures", in violation of the False Claims Act.

Disposition- Settlement

Case Type- Civil

Misconduct- Government Contract Fraud

Contracting Party- Government Defense

Documents-

HUGHES AIRCRAFT PAYS \$4.05 MILLION TO SETTLE FRAUD CASE

<http://www.usdoj.gov/opa/pr/1996/Sept96/436civ.htm>

11.

Case Name- N/A

Date- 2/13/1996

Amount- \$82,000

Synopsis- According to a GAO report cited by Senator Harkin and Representative DeFazio, Raytheon paid \$82,000 to settle allegations of providing the government with a "Substitution/Nonconforming Product," in violation of the False Claims Act.

Disposition- Settlement

Court Type- Civil

Misconduct Type- Other

Contracting Party- N/A

Documents-

Harkin DeFazio Press Release

12.

Case Name- N/A

Date- 8/31/1995

Amount- \$95,000

Synopsis- According to a GAO report cited by Senator Harkin and Representative DeFazio, Raytheon paid \$95,000 to settle allegations of providing the government with a “Substitution/Nonconforming Product,” in violation of the False Claims Act.

Disposition- Settlement
Court Type- Civil
Misconduct Type- Other
Contracting Party- N/A

Documents-
Harkin DeFazio Press Release

13.
Case Name- N/A
Date- 5/12/1995
Amount- \$617,125

Synopsis- According to a GAO report cited by Senator Harkin and Representative DeFazio, Raytheon paid \$617,125 to settle allegations a “Cost/Labor Mischarge.”

Disposition- Settlement
Court Type- Civil
Misconduct Type- Government Contract Fraud
Contracting Party- N/A

Documents-
Harkin DeFazio Press Release