

**UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS**

IN RE RAYTHEON COMPANY
SECURITIES LITIGATION

: Civil Action No.
: 99-12142-PBS
:

THIS DOCUMENT RELATES TO:
ALL ACTIONS

**NOTICE OF PROPOSED SETTLEMENTS OF CLASS ACTION,
MOTION FOR ATTORNEYS' FEES
AND SETTLEMENT FAIRNESS HEARING**

If you purchased Raytheon Company Class A and/or Class B common stock during the period from October 7, 1998 through October 12, 1999, inclusive (the "Class Period"), and were damaged thereby, then you may be entitled to a payment from class action settlements.

A federal court authorized this notice. This is not a solicitation from a lawyer.

- The settlements provide for a total recovery of \$460 million for the Class described herein, including \$260 million in cash settlement funds and \$200 million worth of Raytheon Company ("Raytheon") warrants.
- The settlements resolve the lawsuit which alleged Raytheon, certain of its officers and directors, and Raytheon's outside auditor, PricewaterhouseCoopers LLP ("PwC"), misled investors about Raytheon's financial condition, claims which PwC, Raytheon and its officers and directors have denied.
- Your legal rights are affected whether you act, or do not act. Read this notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
SUBMIT A CLAIM FORM	The only way to get a payment.
EXCLUDE YOURSELF WITH RESPECT TO THE PwC SETTLEMENT	Get no payment from and not be bound by the PwC Settlement.
OBJECT	Write to the Court about why you do not like either or both of the settlements.
GO TO A HEARING	Ask to speak in Court about the fairness of the settlement.
DO NOTHING	Get no payment. Give up rights.

- These rights and options - **and the deadlines to exercise them** - are explained in this notice.

SUMMARY NOTICE

Statement of Plaintiff Recovery

The settlement described herein actually represents two separate settlements: one between the Class and the Raytheon Defendants and the other between the Class and PwC. Court approval is being sought for both settlements, however, and they are described jointly herein as “the settlement” (see Questions 4 and 12 below). The Settlement provides a total of \$460 million for the Class, consisting of \$260 million in Cash Settlement Funds (\$210 million from the Raytheon Defendants and \$50 million from PwC) and \$200 million worth of five year warrants to purchase Raytheon common stock at a price of \$37.50 per share (the “Settlement Warrants”). Plaintiff’s Lead Counsel estimate that there were approximately 51.4 million shares of Raytheon Class A common stock and 99.0 million shares of Raytheon Class B common stock traded during the Class Period which may have been damaged. Plaintiff’s Lead Counsel estimate that the average recovery per damaged share under the settlement is \$3.06 (including both the cash and the value of the Settlement Warrants) before deduction of Court-awarded attorneys’ fees and expenses. A Class Member’s actual recovery will be a proportion of the Net Cash Settlement Fund and Net Settlement Warrants determined by his, her or its Recognized Claim as compared to the total Recognized Claims of all Class Members who submit acceptable Proofs of Claim (See the Plan of Allocation at page 10 below for details).

Statement of Potential Outcome of Case

The parties disagreed on both liability and damages and do not agree on the average amount of damages per share that would be recoverable if Lead Plaintiff were to have prevailed on each claim alleged. Defendants deny that they are liable to the Lead Plaintiff or the Class and deny that Lead Plaintiff or the Class have suffered any damages.

Statement of Attorneys’ Fees and Costs Sought

Plaintiff’s Lead Counsel, on behalf of themselves and other Plaintiff’s Counsel, are moving the Court to award attorneys’ fees in the amount of nine percent (9%) of the cash Settlement Funds and the Settlement Warrants, and for reimbursement from the cash Settlement Funds of expenses incurred in connection with the prosecution of this Action in an amount not to exceed \$8,250,000. Application will also be made for reimbursement to the Lead Plaintiff for an amount not to exceed \$10,000 for reimbursement of its reasonable costs and expenses directly relating to its representation of the Class. The requested fees and expenses would amount to an average of approximately \$0.33 per damaged share (as estimated by Plaintiff’s Lead Counsel) in total for fees and expenses. Plaintiff’s Lead Counsel have expended considerable time and effort in the prosecution of this litigation on a contingent fee basis, and have advanced the expenses of the litigation, in the expectation that if they were successful in obtaining a recovery for the Class they would be paid from such recovery. In this type of litigation it is customary for counsel to be awarded a percentage of the common fund recovery as their attorneys’ fees.

Further Information

Further information regarding the Action and this Settlement Notice may be obtained by contacting Plaintiff’s Lead Counsel: Salvatore J. Graziano, Esq., Milberg Weiss Bershad & Schulman LLP, One Pennsylvania Plaza, New York, New York 10119-0165, Telephone (212) 594-5300. DO NOT CONTACT THE COURT.

Reasons for the Settlement

The principal reason for the settlement is the substantial amounts of cash and Settlement Warrants to be provided to the Class now, and to avoid the risks and uncertainty of continued litigation.

WHAT THIS SETTLEMENT NOTICE CONTAINS

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BASIC INFORMATION

1. Why did I get this notice package?

You or someone in your family may have purchased shares of Raytheon Company Class A and/or Class B common stock during the period from October 7, 1998 through October 12, 1999, inclusive.

The Court directed that this Settlement Notice be sent to Class Members because they have a right to know about a proposed settlement of a class action lawsuit, and about all of their options, before the Court decides whether to approve the settlement. If the Court approves the Settlement, and after objections and appeals are resolved, an administrator appointed by the Court will make the cash payments that the settlement allows, and Raytheon will issue Settlement Warrants to Class Members who submit acceptable Proofs of Claim.

This package explains the lawsuit, the settlement, Class Members' legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the case is the United States District Court for the District of Massachusetts, and the case is known as *In re Raytheon Company Securities Litigation*, Civil Action No. 99-12142 (PBS). This case was assigned to United States District Judge Patti B. Saris. The people who sued are called plaintiffs, and the company and the persons they sued, Raytheon, certain of its officers and directors (the "Individual Defendants" as defined below), and its outside accountant, PricewaterhouseCoopers LLP ("PwC"), are called Defendants.

The "Individual Defendants" are Dennis J. Picard (former Chief Executive Officer, President of Raytheon and Chairman of the Board of Raytheon), Daniel P. Burnham (former President, Chief Operating Officer, Chief Executive Officer and Chairman of the Board of Raytheon), Peter R. D'Angelo (former Executive Vice President and Chief Financial Officer of Raytheon), Franklyn A. Caine (former Senior Vice President and Chief Financial Officer of Raytheon), Shay D. Assad (a former Executive Vice President of Raytheon and Chairman and Chief Executive Officer of the Raytheon Engineers & Constructors business segment), and William H. Swanson (currently President, Chairman and Chief Executive Officer of Raytheon).

2. What is this lawsuit about?

The Second Consolidated and Amended Class Action Complaint dated March 17, 2003 (the "Second Amended Complaint") alleges that Raytheon and the Individual Defendants misled investors by knowingly or recklessly overstating its financial condition, and that PwC knowingly or recklessly misrepresented that Raytheon's audited 1998 financial statements fairly presented its financial condition in accordance with Generally Accepted Accounting Principles ("GAAP") and that PwC had audited Raytheon's financial statements in accordance with Generally Accepted Auditing Standards ("GAAS"). The lawsuit also claims that Raytheon issued statements that had false and misleading information about Raytheon's income and earnings per share during the Class Period. All Defendants deny they did anything wrong and have asserted numerous defenses to the lawsuit's allegations throughout the litigation and settlement.

3. Why is this a class action?

In a class action, one or more people called Class Representatives (in this case Lead Plaintiff, the New York State Common Retirement Fund ("NYSCRF")), sue on behalf of people who have similar claims. All these people are a Class or Class Members. One court resolves the issues for all Class Members, except for those who exclude themselves from the Class.

4. Why is there a settlement?

Beginning on October 14, 1999, twelve class actions alleging violations of federal securities laws were filed in this court and then consolidated into this Action on March 20, 2000. On March 20, 2000 the Court appointed NYSCRF as the Lead Plaintiff and appointed Milberg Weiss Bershad & Schulman LLP as Lead Counsel. A Consolidated and Amended Complaint was filed on June 12, 2000.

On September 8, 2000, both the Raytheon Defendants and PwC moved to dismiss the Consolidated and Amended Complaint. After full briefing by Lead Plaintiff and Defendants and a February 9, 2001 hearing on the motions to dismiss, the Court, by Memorandum and Order dated August 29, 2001, denied, in part, and granted, in part, the Raytheon Defendants' motion to dismiss. The Raytheon Defendants filed an answer to the Consolidated and Amended Complaint on October 2, 2001 denying liability. The Court granted PwC's motion to dismiss, but without prejudice, which allowed Lead Plaintiff to re-plead claims against PwC, which it did in the Second Amended Complaint filed March 17, 2003.

Lead Plaintiff moved to certify the Action as a class action on November 15, 2001. The Court, by Order dated March 22, 2002, certified the Action to proceed as a class action, and certified Lead Plaintiff New York State Common Retirement Fund as class representative on behalf of a Class consisting of all persons or entities who, during the period from October 7, 1998 through October 12, 1999, inclusive, purchased Raytheon Company Class A and/or Class B common stock and were allegedly damaged thereby. Excluded from the Class are Defendants, all of the officers, directors, and partners thereof, members of their immediate families, and

their legal representatives, heirs, successors or assigns and any entity in which any of the foregoing have or had a controlling interest. A notice of the Pendency of this Action as a class action (the "Notice of Pendency") dated September 13, 2002 was mailed to Class Members on or about October 11, 2002 and a summary notice was published in the national edition of The Wall Street Journal on October 21, 2002. In response to the Notice of Pendency, ninety-one requests for exclusion from the Class were received and were filed with the Court. Persons who previously requested exclusion from the Class are excluded and may not now file a Proof of Claim.

The Second Amended Complaint was filed March 17, 2003. It generally alleges, among other things, that the Raytheon Defendants issued false and misleading press releases and other statements regarding Raytheon's financial condition during the Class Period — from October 7, 1998 through and including October 12, 1999. The Second Amended Complaint also alleged that PwC's audit report was false and misleading in that, in violation of GAAS, PwC issued an unqualified audit report on Raytheon's 1998 financial statements which were not presented in accordance with GAAP. The Complaint further alleges that Lead Plaintiff and other Class Members purchased Raytheon Class A and/or Class B common stock during the Class Period at prices artificially inflated as a result of Defendants' dissemination of false and misleading statements regarding Raytheon in violation of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and Rule 10b-5 promulgated thereunder.

PwC moved to dismiss the claims asserted in the Second Amended Complaint on April 24, 2003. After full briefing by Lead Plaintiff and PwC and a May 19, 2003 hearing on PwC's motion to dismiss, the Court, by Order dated May 21, 2003, denied PwC's motion to dismiss the Second Amended Complaint in substantial part.

The Raytheon Defendants and PwC filed answers to the Second Amended Complaint denying any liability on April 28, 2003 and June 30, 2003, respectively.

Both the Raytheon Defendants and PwC moved for summary judgment on February 20, 2004. After full briefing by Lead Plaintiff and Defendants and an April 8, 2004 hearing on the summary judgment motions, the Court denied the Raytheon Defendants' motion on April 20, 2004 and PwC's motion on April 26, 2004. In an April 26, 2004 Order, the Court dismissed (upon PwC's motion, which Lead Plaintiff opposed) the Section 10(b) claims against PwC for purchases before March 30, 1999, which was the date on which PwC's unqualified audit report was published. The Court also modified its March 22, 2002 class certification order as to PwC to limit the class period against PwC to March 30, 1999 through October 12, 1999. For purposes of the PwC Settlement the Court has again modified the class certification with respect to PwC to include the entire Class Period. By the proposed Settlements claims will be settled as to all defendants for the entire Class Period, October 7, 1998 through October 12, 1999, inclusive.

Plaintiff's Lead Counsel have conducted an extensive investigation relating to the claims, defenses and the underlying events and transactions alleged in the Complaint. Defendants' Counsel have done the same. Plaintiff's Lead Counsel and Defendants' Counsel have reviewed hundreds of thousands of documents produced by defendants and numerous non-parties, deposed over thirty (30) witnesses and completed expert discovery. Plaintiff's Lead Counsel successfully opposed defendants' motions for summary judgment and several motions in limine before settlements were reached. The settlement with the Raytheon Defendants was not reached until May 11, 2004, the eve of trial, after repeated mediations, first with a federal judge in Boston and secondly with a retired federal judge. The settlement with PwC was not reached until May 25, 2004, after empanelment of a jury and before opening statements. Plaintiff's Lead Counsel have analyzed the evidence adduced during pretrial discovery and have researched the applicable law with respect to the claims of Lead Plaintiff and the Class against the Defendants and the potential defenses thereto.

The Court did not finally decide in favor of Lead Plaintiff or Defendants who continue to deny liability. Instead, Lead Plaintiff and the Raytheon Defendants agreed to a settlement on May 11, 2004 and thereafter Lead Plaintiff and PwC agreed to a Settlement on May 25, 2004. By settling the parties avoid the risks and additional costs of the trial, and the affected Class Members will get compensation. The Lead Plaintiff and Plaintiff's Lead Counsel think the Raytheon settlement and the PwC settlement are best for all Class Members.

WHO IS IN THE SETTLEMENT

To see if you will get money from this settlement, you first have to decide if you are a Class Member.

5. How do I know if I am part of the settlement?

The Court decided that everyone who fits this description is a Class Member: *all persons or entities who, during the period from October 7, 1998 through October 12, 1999, inclusive (the "Class Period"), purchased Raytheon Class A and/or Class B common stock and who were allegedly damaged thereby.*

6. Are there exceptions to being included?

Excluded from the Class are Defendants, all of the officers, directors, and partners thereof, members of their immediate families, and their legal representatives, heirs, successors or assigns and any entity in which any of the foregoing have or had a controlling interest. Also excluded from the Class are the persons and/or entities who previously excluded themselves from the Class in accordance with the requirements set forth in the Notice of Pendency.

A prior Notice of Pendency of this action as a class action was mailed commencing October 11, 2002. If you submitted a request for exclusion from the Class in accordance with the Notice of Pendency, then you are excluded from the Class and you may not submit a Proof of Claim herein. As described further below (*see* "Exclusion From the Class") Class Members may exclude themselves at this time with respect to the PwC Settlement Only.

If one of your mutual funds owns shares of Raytheon Class A and/or Class B common stock, that alone does not make you a Class Member. You are a Class Member only if you directly purchased shares of Raytheon Class A and/or Class B common stock. Contact your broker to see if you purchased Raytheon Class A and/or Class B common stock during the Class Period.

If you sold Raytheon Class A and/or Class B common stock during the period from October 7, 1998 through October 12, 1999, inclusive, that alone does not make you a Class Member. You are a Class Member only if you **purchased** your shares of Raytheon Class A and/or Class B common stock during the period from October 7, 1998 through October 12, 1999, inclusive, and were damaged thereby.

7. What if I am still not sure if I am included?

If you are still not sure whether you are included, you can ask for free help. You can call 1-(888) 300-2319 or visit www.raytheonsettlement.com for more information. Or you can fill out and return the claim form described in question 10 below, to see if you qualify.

THE SETTLEMENT BENEFITS — WHAT YOU GET

8. What benefits does the settlement provide?

Defendants have agreed to pay a total of \$460 million to the Class, including \$260 million in cash (\$210 million from the Raytheon Defendants and \$50 million from PwC) and Raytheon has agreed to issue for the benefit of the Class \$200 million worth of Settlement Warrants. The cash and Settlement Warrants, net of fees and expenses, are to be divided among all Class Members who send in a valid Proof of Claim form ("Authorized Claimants"). Proof of Claim forms are required to be submitted by December 31, 2004.

The Settlement Warrants shall have an exercise price of \$37.50 per share and shall have a five (5) year term from the date of their original issuance. The number of Settlement Warrants that will equal a value of \$200,000,000 shall be calculated under the Black-Scholes methodology using specified assumptions and an average of trading prices shortly before the Settlement Warrants are actually issued to Authorized Claimants, as more specifically set forth in the Stipulation. Settlement Warrants will not be issued for fractional shares of stock.

The Settlement Warrants shall be freely tradable and Raytheon shall cause the Settlement Warrants to be listed on the New York Stock Exchange for trading. As a consequence, after the date of issuance, the value of the Settlement Warrants will be determined by the market and may decrease or increase over time.

9. How much will my payment be?

Your allocable portions of the Net Cash Settlement Funds and Settlement Warrants will depend on the number of valid claim forms that Class Members send in, how many shares of Raytheon Class A and/or Class B common stock you bought, and when and at what prices you bought them and whether you sold them during the Class Period and, if so, when and at what price.

You can calculate what is called your Recognized Claim by following the instructions on page 10 of this Notice. It is unlikely that you will get payments equal to all of your Recognized Claim. After all Class Members have sent in their Proof of Claim forms, the payments you get will be a part of the Net Cash Settlement Funds and a part of the Net Settlement Warrants equal to your Recognized Claim divided by the total of everyone's Recognized Claim.

HOW YOU GET A PAYMENT — SUBMITTING A CLAIM FORM

10. How can I get a payment?

To qualify for a payment, you must send in a Proof of Claim form. A Proof of Claim form is being circulated with this Settlement Notice. You may also get a Proof of Claim form on the Internet at www.raytheonsettlement.com. Read the instructions carefully, fill out the form, include all the documents the form asks for, sign it, and mail it postmarked no later than **December 31, 2004**.

11. When would I get my payment?

The Court will hold a hearing on **December 6, 2004**, to decide whether to approve the settlement with the Raytheon Defendants and/or with PwC. If the Court approves the settlement, there may be appeals. It is always uncertain whether any appeals can be resolved, and resolving them can take time, perhaps more than a year. It also takes time for all the Proofs of Claim to be processed.

12. What am I giving up in exchange for the payment?

If the settlement is approved with respect to both the Raytheon Defendants and with PwC you will release all “Settled Claims” (as defined below) against the “Released Parties” (as defined below). If the settlement is approved with respect to the Raytheon Defendants only, you will release all “Settled Claims” against the “Released Raytheon Parties” and “Released Individual Defendant Parties.” If the settlement is approved with respect to PwC only, you will release all “Settled Claims” against the “Released PwC Parties.”

“Settled Claims” means any and all claims, debts, demands, rights or causes of action or liabilities whatsoever (including, but not limited to, any claims for damages, interest, attorneys’ fees, expert or consulting fees, and any other costs, expenses, liability or relief whatsoever), whether based on federal, state, local, statutory or common law or any other law, rule or regulation, whether fixed or contingent, accrued or un-accrued, liquidated or un-liquidated, foreseen or not foreseen, raised or not raised, matured or un-matured, at law or in equity, whether direct, class or individual in nature, including both known claims and Unknown Claims, (i) that have been asserted in the Action by the Class Members or any of them against any of the Released Parties, or (ii) that could have been asserted in any forum by the Class Members or any of them against any of the Released Parties which (a) arise out of, relate in any way to, or are based upon the allegations, transactions, facts, matters or occurrences, representations or omissions involved, set forth, or referred to in the Complaint or Action, and relate to the purchase, sale, or holding of shares of Class A and/or Class B common stock of Raytheon Company during the Class Period, or (b) that arise out of or relate in any way to the defense or settlement of the Action (except for claims to enforce the Settlement).

“Released Parties” means the Released Raytheon Parties, the Released Individual Defendant Parties and the Released PwC Parties.

“Released Individual Defendant Parties” means any and all of the Individual Defendants, and their past, present, or future partners, agents, attorneys, employees, heirs, successors in interest or assigns, administrators, executors and personal representatives, and shall include any insurer who contributes to or reimburses Raytheon and/or the Individual Defendants for a portion of its or their contribution to the Raytheon Settlement and who receives a release from such Individual Defendants in connection with the Settlement. Released Individual Defendant Parties does not mean or include the Released Raytheon Parties or the Released PwC Parties.

“Released Raytheon Parties” means Raytheon and any and all of its past, present and future, direct and indirect subsidiaries, parents, affiliates, successors and predecessors, and each of their respective officers, directors, agents, employees, assigns, partners, principals, divisions, representatives, affiliates, attorneys, advisors, investment advisors, accountants and any person, firm, trust, corporation, officer, director or other individual or entity in which Raytheon has a controlling interest or which is related to or affiliated with Raytheon, and shall include any insurer who contributes to or reimburses Raytheon for a portion of its contribution to the Raytheon Settlement and who receives a release from Raytheon in connection with the Settlement. Released Raytheon Parties does not mean or include the Released Individual Defendant Parties or the Released PwC Parties.

“Released PwC Parties” means PricewaterhouseCoopers LLP and all of its past, present and future parent entities, direct and indirect subsidiaries, affiliates, predecessors (including, without limitation, Coopers & Lybrand, L.L.P., and Price Waterhouse LLP) and successors, and each of their respective past, present and future directors, officers, partners, principals, employees, agents, representatives, affiliates, advisers, investment advisers, insurers, servants, accountants, attorneys and any person, firm, trust, corporation, officer, director or other individual or entity in which PwC has or had a controlling interest or which is or was related to or affiliated with PwC, and their respective representatives, heirs, successors in interest and assigns. Released PwC Parties does not mean or include the Released Individual Defendant Parties or the Released Raytheon Parties.

If you remain a member of the Class, all of the Court’s orders will apply to you and legally bind you.

EXCLUSION FROM THE CLASS

As described in the Notice of Pendency of Class Action dated September 13, 2002, Class Members were previously provided the opportunity, until January 15, 2003, to elect to exclude themselves from the Class for all purposes. The Settlement does not provide for any right to be excluded from the Class with respect to the Raytheon Defendants. The action proceeded to the point of trial as against the Raytheon Defendants on behalf of the Class. If the Raytheon Settlement is approved, the proposed Settlement will be binding on all Class Members.

If you previously submitted a request for exclusion from the Class in accordance with the prior Notice of Pendency, then you are excluded from the Class and you may not submit a Proof of Claim with respect to either Settlement herein.

Shortly before the point of trial the definition of the Class was modified by the Court with respect to the claims against PwC. The definition of the Class was amended again in connection with the PwC Settlement to again coincide with the originally defined Class. Persons and entities who meet the class definition for the PwC Settlement, and who did not previously request exclusion, may now request exclusion with respect to the PwC Settlement.

13. Can I exclude myself from the Class now?

Persons and entities who are within the definition of the Class may only exclude themselves with respect to the PwC Settlement at this time. Pursuant to the prior Notice of Pendency, Class Members were allowed to request exclusion until January 15, 2003. The Raytheon Settlement does not provide another opportunity to request exclusion. As described in question 16 below, Class Members may object to the Settlement.

If you do not wish to remain a member of the Class as to the PwC Settlement, you may exclude yourself. Persons who exclude themselves will NOT receive any share of the PwC Settlement proceeds and will not be bound by the PwC Settlement. To exclude yourself from the PwC Settlement, you must send a written request for exclusion from the PwC Settlement by first class mail, postmarked no later than November 9, 2004 to *In re Raytheon Company Securities Litigation -- Exclusion Requests*, c/o Analytics Incorporated, Post Office Box 2003, Chanhassen, MN 55317-2003. No person may exclude himself from the PwC Settlement after that date. In order to be valid, such request for exclusion shall clearly indicate the name, address and telephone number of the person seeking exclusion, state that the sender "requests to be excluded from the Class with respect to the PwC Settlement in the *In re Raytheon Securities Litigation*, Index No. 99-12142-PBS" and must be signed by such person. Such persons requesting exclusion are also directed to state: the date(s), price(s), and number(s) of shares of all purchases and sales of Raytheon Class A and/or Class B common stock during the Class Period. The request for exclusion shall not be effective unless it provides the required information and is made within the time stated above, or the exclusion is otherwise accepted by the Court. Defendant PwC may terminate the PwC Settlement if putative Class Members with more than a certain amount of purchases exclude themselves from the Class in the PwC Settlement.

THE LAWYERS REPRESENTING YOU

14. Do I have a lawyer in this case?

The Court ordered that the law firm of Milberg Weiss Bershad & Schulman LLP in New York, New York will represent you and the other Class Members. These lawyers are called Plaintiff's Lead Counsel. You will not be charged for these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

15. How will the lawyers be paid?

Plaintiff's Lead Counsel, on behalf of themselves and other Plaintiff's Counsel, are moving the Court to award attorneys' fees from the Settlement Funds in the amount of nine percent (9%) of each of the Gross Cash Settlement Funds and Settlement Warrants and for reimbursement from the Gross Cash Settlement Funds of their reasonable expenses up to a maximum amount of \$8.25 million, plus interest on such expenses at the same rate as earned by the Gross Cash Settlement Funds. Plaintiff's Lead Counsel, without further notice to the Class, shall subsequently apply to the Court for the fees and expenses of the Claims Administrator incurred in connection with administering and distributing the settlement proceeds to the members of the Class and for any proceedings subsequent to the Settlement Fairness Hearing.

At the Settlement Fairness Hearing Lead Plaintiff will also apply to the Court for an award from the Gross Cash Settlement Funds of up to \$10,000 for reimbursement of its reasonable costs and expenses directly relating to its representation of the Class.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you do not agree with the settlement or some part of it.

16. How do I tell the Court that I do not like the proposed settlement?

If you are a Class Member, you can object to either or both of the proposed settlements if you do not like any part of them. You can give reasons why you think the Court should not approve either or both of the Settlements.

Persons who previously excluded themselves from the Class are not affected by the Settlements and may not object to either Settlement.

Persons who elect to exclude themselves from the Class with respect to the PwC Settlement may not object to the PwC Settlement, but, unless they previously excluded themselves from the Class in connection with the prior Notice of Pendency, will still be bound by, and are entitled to object to, the Raytheon Settlement.

If you are a Class Member, the Court will consider your views. To object, you must send a signed letter saying that you object to the proposed settlement(s) in the *In re Raytheon Company Securities Litigation*. Be sure to include your name, address, telephone number, and your signature, identify the date(s), price(s), and number(s) of shares of all purchases and sales of the Class A and/or

Class B common stock of Raytheon you made during the Class Period, and state the reasons why you object to the proposed settlement(s). Mail the objection to each of the following addresses postmarked no later than November 9, 2004:

COURT

Clerk of the Court
United States District Court for the
District of Massachusetts
John Joseph Moakley United States
Courthouse
1 Courthouse Way
Boston, MA 02210

PLAINTIFF'S LEAD COUNSEL

Salvatore J. Graziano, Esq.
Milberg Weiss Bershad &
Schulman LLP
One Pennsylvania Plaza
New York, NY 10119-0165

RAYTHEON DEFENDANTS' COUNSEL

John F. Batter III, Esq.
Wilmer Cutler Pickering Hale and Dorr LLP
60 State Street
Boston, MA 02109

PwC'S COUNSEL

Peter M. Casey, Esq.
Foley Hoag LLP
Seaport World Trade Center West
155 Seaport Boulevard
Boston, MA 02110-2660

THE COURT'S FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve the proposed settlements with the Raytheon Defendants and/or with PwC. You may attend and you may ask to speak, but you do not have to.

17. When and where will the Court decide whether to approve the proposed settlements?

The Court will hold a Fairness Hearing at 2:00 p.m. on **December 6, 2004**, at the United States District Court for the District of Massachusetts, John Joseph Moakley United States Courthouse, 1 Courthouse Way, Boston, Massachusetts 02210. At this hearing the Court will consider whether the settlements with the Raytheon Defendants and with PwC are fair, reasonable and adequate. If there are objections, the Court will consider them. The Court will listen to people who have asked to speak at the hearing. The Court may also decide how much to pay to Plaintiffs' Counsel. After the hearing, the Court will decide whether to approve the settlement with the Raytheon Defendants and/or with PwC. We do not know how long these decisions will take.

18. Do I have to come to the hearing?

No. Plaintiff's Lead Counsel will answer questions the Court may have. But, you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also hire your own lawyer at your own expense to attend, but it is not necessary that you have a lawyer attend.

19. May I speak at the hearing?

If you object to the Settlement with the Raytheon Defendants and/or with PwC, you may ask the Court for permission to speak at the Settlement Fairness Hearing. To do so, you must include with your objection (see question 16 above) a statement saying that it is your "Notice of Intention to Appear in the *In re Raytheon Company Securities Litigation*." You cannot speak at the hearing if you excluded yourself. Persons who intend to object to the Settlement, the Plan of Allocation, and/or counsel's application for an award of attorneys' fees and expenses and desire to present evidence at the Settlement Fairness Hearing must include in their written objections the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the Settlement Fairness Hearing.

IF YOU DO NOTHING

20. What happens if I do nothing at all?

If you do nothing, you will get no money or warrants from this settlement. **You must submit a Proof of Claim form in order to share in the Net Settlement Funds and Net Settlement Warrants.**

The Final Order and Judgment approving the Settlement will dismiss the Action and settle and release all Class Members' "Settled Claims" as against all the "Released Parties" (as defined in response to question 12 above). Whether or not they submit a Proof of Claim, all Class Members will be barred and enjoined from starting a lawsuit, continuing with a lawsuit, or being part of any other lawsuit against Raytheon, the Individual Defendants, PwC and the other Released Parties about the Settled Claims, ever again.

GETTING MORE INFORMATION

21. Are there more details about the proposed settlement?

This notice summarizes the proposed settlement. More details are in a Stipulation and Agreement of Settlement dated August 17, 2004 (the "Stipulation"). You can get a copy of the Stipulation by writing to Salvatore J. Graziano, Esq., Milberg Weiss Bershad & Schulman LLP, One Pennsylvania Plaza, New York, New York 10119-0165, or by visiting www.raytheonsettlement.com.

You also can call the Claims Administrator toll free at 1-(888) 300-2319; write to In re Raytheon Company Securities Litigation, Post Office Box 2003, Chanhassen, MN 55317-2003; or visit the website at www.raytheonsettlement.com, where you will find answers to common questions about the settlement, a claim form, plus other information to help you determine whether you are a Class Member and whether you are eligible for a payment.

22. How do I get more information?

For even more detailed information concerning the matters involved in this Action, reference is made to the pleadings, to the Stipulation, to the Orders entered by the Court and to the other papers filed in the Action, which may be inspected at the Office of the Clerk of the United States District Court for the District of Massachusetts, John Joseph Moakley United States Courthouse, 1 Courthouse Way, Boston, Massachusetts 02210, during regular business hours.

PLAN OF ALLOCATION OF NET SETTLEMENT FUND AMONG CLASS MEMBERS

The \$210,000,000 Raytheon Defendants' Cash Settlement Amount, the \$50,000,000 PwC Cash Settlement Amount, and any interest earned thereon shall be the "Gross Cash Settlement Funds." The Gross Cash Settlement Funds, less all taxes, approved costs, fees and expenses (the "Net Cash Settlement Funds") shall be distributed by the Claims Administrator to members of the Class who submit acceptable Proofs of Claim ("Authorized Claimants").

The \$200,000,000 in Settlement Warrants, less all approved attorneys' fees payable in Settlement Warrants, shall be the "Net Settlement Warrants." The Net Settlement Warrants shall be distributed to Authorized Claimants by Raytheon in accordance with the Court approved Distribution Order and the Net Settlement Warrant Distribution Plan prepared by the Claims Administrator.

The following proposed Plan of Allocation reflects Plaintiff's Lead Counsel's proposition that the decreases in the price of Raytheon Class A and Class B common stock occurring upon the revelations made by Raytheon around September 16, 1999 and on October 12, 1999 reflected the elimination of the alleged artificial inflation that the Defendants' purported misrepresentations may have caused. Plaintiffs' damages expert reported that, in his opinion, during the Class Period until September 13, 1999 the price of Raytheon common stock was inflated artificially by approximately 28.4%; that the alleged artificial inflation reduced to 25.4% on September 14, and 15; 17.65% on September 16; 13.4% on September 17; and was 9.5% from September 18 through the time trading was suspended on October 12, 1999; after which no artificial inflation is alleged to have affected the price of Raytheon common stock.

With respect to the recovery from PwC, the proposed Plan also takes into account the fact that the Court has dismissed the claims made against PwC with respect to the period prior to March 30, 1999, and had indicated an intention to dismiss the claims made against PwC with respect to the period after September 16, 1999 and the fact that while there is a right to appeal such determinations, such claims face a greater hurdle to recovery than claims against PwC relating to purchases made during the period March 30, 1999 through September 16, 1999 inclusive.

Defendants do not agree with any of the Plaintiffs' damage experts' opinions that there was any artificial inflation.

The Claims Administrator shall determine each Authorized Claimant's pro rata shares of the Net Cash Settlement Fund and Net Settlement Warrants from the Settlement with the Raytheon Defendants based upon each Authorized Claimant's "Recognized Claim." The Claims Administrator shall determine each Authorized Claimant's pro rata shares of the Net Cash Settlement Fund from the Settlement with PwC based upon each Authorized Claimant's "Recognized PwC Claim." The Recognized Claim formulae are not intended to be an estimate of the amount of what a Class Member might have been able to recover after a trial; nor are they estimates of the amount that will be paid to Authorized Claimants pursuant to the settlement. The Recognized Claim formulae are the basis upon which the Net Cash Settlement Funds and Net Settlement Warrants will be proportionately allocated to the Authorized Claimants.

Allocation of Settlement Proceeds from Raytheon Defendants for Class B Shares:

For purposes of allocating the Net Settlement Fund from the Raytheon Defendants and the Net Settlement Warrants, the Claims Administrator shall determine each Authorized Claimant's pro rata share of the Net Settlement Fund from the Raytheon Defendants and the Net Settlement Warrants based upon each Authorized Claimant's "Recognized Claim" calculated as follows:

(A) For Class B shares of Raytheon common stock purchased during the period October 7, 1998 through September 13, 1999, inclusive, and

1) Sold at a loss on or before September 13, 1999, an Authorized Claimant's "Recognized Claim" shall mean 50%¹ of the difference between (x) 28.4% of the Purchase Price Paid (including commissions, etc.) (the "PPP"), and (y) 28.4% of the Sales Proceeds Received (net of commissions, etc.) (The "SPR");

2) Sold at a loss on September 14 or 15, 1999, an Authorized Claimant's "Recognized Claim" shall mean 50% of the difference between (x) 28.4% of the PPP, and (y) 25.4% of the SPR;

3) Sold at a loss on September 16, 1999, an Authorized Claimant's "Recognized Claim" shall mean the difference between (x) 28.4% of the PPP, and (y) 17.65% of the SPR;

4) Sold at a loss on September 17, 1999, an Authorized Claimant's "Recognized Claim" shall mean the difference between (x) 28.4% of the PPP, and (y) 13.4% of the SPR;

5) Sold at a loss from September 18, 1999 through the suspension of trading on October 12, 1999, an Authorized Claimant's "Recognized Claim" shall mean the difference between (x) 28.4% of the PPP, and (y) 9.5% of the SPR;

6) Still owned as of the suspension of trading on October 12, 1999, an Authorized Claimant's "Recognized Claim" shall mean 28.4% of the PPP.

(B) For Class B shares of Raytheon common stock purchased on September 14 or 15, 1999, and

1) Sold at a loss on or before September 15, 1999, an Authorized Claimant's "Recognized Claim" shall mean 50% of the difference between (x) 25.4% of the PPP, and (y) 25.4% of SPR;

2) Sold at a loss on September 16, 1999, an Authorized Claimant's "Recognized Claim" shall mean the difference between (x) 25.4% of the PPP, and (y) 17.65% of the SPR;

3) Sold at a loss on September 17, 1999, an Authorized Claimant's "Recognized Claim" shall mean the difference between (x) 25.4% of the PPP, and (y) 13.4% of the SPR;

4) Sold at a loss from September 18, 1999 through the suspension of trading on October 12, 1999, an Authorized Claimant's "Recognized Claim" shall mean the difference between (x) 25.4% of the PPP, and (y) 9.5% of the SPR;

5) Still owned as of the suspension of trading on October 12, 1999, an Authorized Claimant's "Recognized Claim" shall mean 25.4% of the PPP.

(C) For Class B shares of Raytheon common stock purchased on September 16, 1999, and

1) Sold at a loss on or before September 16, 1999, an Authorized Claimant's "Recognized Claim" shall mean 50% of the difference between (x) 17.65% of the PPP, and (y) 17.65% of SPR;

2) Sold at a loss on September 17, 1999, an Authorized Claimant's "Recognized Claim" shall mean 50% of the difference between (x) 17.65% of the PPP, and (y) 13.4% of the SPR;

3) Sold at a loss from September 18, 1999 through the suspension of trading on October 12, 1999, an Authorized Claimant's "Recognized Claim" shall mean 50% of the difference between (x) 17.65% of the PPP, and (y) 9.5% of the SPR;

4) Still owned as of the suspension of trading on October 12, 1999, an Authorized Claimant's "Recognized Claim" shall mean 17.65% of the PPP.

(D) For Class B shares of Raytheon common stock purchased on September 17, 1999, and

1) Sold at a loss on or before September 17, 1999, an Authorized Claimant's "Recognized Claim" shall mean 50% of the difference between (x) 13.4% of the PPP, and (y) 13.4% of SPR;

2) Sold at a loss from September 18, 1999 through the suspension of trading on October 12, 1999, an Authorized Claimant's "Recognized Claim" shall mean 50% of the difference between (x) 13.4% of the PPP, and (y) 9.5% of the SPR;

3) Still owned as of the suspension of trading on October 12, 1999, an Authorized Claimant's "Recognized Claim" shall mean 13.4% of the PPP.

(E) For Class B shares of Raytheon common stock purchased from September 18, 1999 through the suspension of trading on October 12, 1999, and

1) Sold at a loss on or before the suspension of trading on October 12, 1999, an Authorized Claimant's "Recognized Claim" shall mean 50% of the difference between (x) 9.5% of the PPP, and (y) 9.5% of SPR;

2) Still owned as of the suspension of trading on October 12, 1999, an Authorized Claimant's "Recognized Claim" shall mean 9.5% of the PPP.

Allocation of Settlement Proceeds from Raytheon Defendants for Class A Shares:

For purposes of allocating the Net Settlement Fund from the Raytheon Defendants and the Net Settlement Warrants, the Claims Administrator shall determine each Authorized Claimant's pro rata share of the Net Settlement Fund from the Raytheon Defendants and the Net Settlement Warrants based upon each Authorized Claimant's "Recognized Claim" calculated as follows:

(A) For Class A shares of Raytheon common stock purchased during the period October 7, 1998 through September 13, 1999, inclusive, and

1) Sold at a loss on or before September 13, 1999, an Authorized Claimant's "Recognized Claim" shall mean 50%² of the difference between (x) 30.1% of the Purchase Price Paid (including commissions, etc.) (the "PPP"), and (y) 30.1% of the Sales Proceeds Received (net of commissions, etc.) (The "SPR");

¹ This discount is intended to reflect that Class Members who sold their stock prior to a change in the available disclosures would face a greater difficulty showing that their loss was caused by such misrepresentation.

- 2) Sold at a loss on September 14 or 15, 1999, an Authorized Claimant's "Recognized Claim" shall mean 50% of the difference between (x) 30.1% of the PPP, and (y) 27.3% of the SPR;
- 3) Sold at a loss on September 16, 1999, an Authorized Claimant's "Recognized Claim" shall mean the difference between (x) 30.1% of the PPP, and (y) 19.7% of the SPR;
- 4) Sold at a loss on September 17, 1999, an Authorized Claimant's "Recognized Claim" shall mean the difference between (x) 30.1% of the PPP, and (y) 15.6% of the SPR;
- 5) Sold at a loss from September 18, 1999 through the suspension of trading on October 12, 1999, an Authorized Claimant's "Recognized Claim" shall mean the difference between (x) 30.1% of the PPP, and (y) 10.9% of the SPR;
- 6) Still owned as of the suspension of trading on October 12, 1999, an Authorized Claimant's "Recognized Claim" shall mean 30.1% of the PPP.

(B) For Class A shares of Raytheon common stock purchased on September 14 or 15, 1999, and

- 1) Sold at a loss on or before September 15, 1999, an Authorized Claimant's "Recognized Claim" shall mean 50% of the difference between (x) 27.3% of the PPP, and (y) 27.3% of SPR;
- 2) Sold at a loss on September 16, 1999, an Authorized Claimant's "Recognized Claim" shall mean the difference between (x) 27.3% of the PPP, and (y) 19.7% of the SPR;
- 3) Sold at a loss on September 17, 1999, an Authorized Claimant's "Recognized Claim" shall mean the difference between (x) 27.3% of the PPP, and (y) 15.6% of the SPR;
- 4) Sold at a loss from September 18, 1999 through the suspension of trading on October 12, 1999, an Authorized Claimant's "Recognized Claim" shall mean the difference between (x) 27.3% of the PPP, and (y) 10.9% of the SPR;
- 5) Still owned as of the suspension of trading on October 12, 1999, an Authorized Claimant's "Recognized Claim" shall mean 27.3% of the PPP.

(C) For Class A shares of Raytheon common stock purchased on September 16, 1999, and

- 1) Sold at a loss on or before September 16, 1999, an Authorized Claimant's "Recognized Claim" shall mean 50% of the difference between (x) 19.7% of the PPP, and (y) 19.7% of SPR;
- 2) Sold at a loss on September 17, 1999, an Authorized Claimant's "Recognized Claim" shall mean 50% of the difference between (x) 19.7% of the PPP, and (y) 15.6% of the SPR;
- 3) Sold at a loss from September 18, 1999 through the suspension of trading on October 12, 1999, an Authorized Claimant's "Recognized Claim" shall mean 50% of the difference between (x) 19.7% of the PPP, and (y) 10.9% of the SPR;
- 4) Still owned as of the suspension of trading on October 12, 1999, an Authorized Claimant's "Recognized Claim" shall mean 19.7% of the PPP.

(D) For Class A shares of Raytheon common stock purchased on September 17, 1999, and

- 1) Sold at a loss on or before September 17, 1999, an Authorized Claimant's "Recognized Claim" shall mean 50% of the difference between (x) 15.6% of the PPP, and (y) 15.6% of SPR;
- 2) Sold at a loss from September 18, 1999 through the suspension of trading on October 12, 1999, an Authorized Claimant's "Recognized Claim" shall mean 50% of the difference between (x) 15.6% of the PPP, and (y) 10.9% of the SPR;
- 3) Still owned as of the suspension of trading on October 12, 1999, an Authorized Claimant's "Recognized Claim" shall mean 15.6% of the PPP.

(E) For Class A shares of Raytheon common stock purchased from September 18, 1999 through the suspension of trading on October 12, 1999, and

- 1) Sold at a loss on or before the suspension of trading on October 12, 1999, an Authorized Claimant's "Recognized Claim" shall mean 50% of the difference between (x) 10.9% of the PPP, and (y) 10.9% of SPR;
- 2) Still owned as of the suspension of trading on October 12, 1999, an Authorized Claimant's "Recognized Claim" shall mean 10.9% of the PPP.

Allocation of Settlement Proceeds from PwC for Class B Shares:

For purposes of allocating the Net Settlement Fund from PwC, the Claims Administrator shall determine each Authorized Claimant's pro rata share of the Net Settlement Fund from PwC based upon each Authorized Claimant's "Recognized PwC Claim" calculated as follows:

(A) For Class B shares of Raytheon common stock purchased during the period October 7, 1998 through the close of trading on March 29, 1999, inclusive, and

² This discount is intended to reflect that Class Members who sold their stock prior to a change in the available disclosures would face a greater difficulty showing that their loss was caused by such misrepresentation.

1) Sold at a loss on or before September 13, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean 25%³ of the difference between (x) 23.2% of the Purchase Price Paid (including commissions, etc.) (the "PPP"), and (y) 23.2% of the Sales Proceeds Received (net of commissions, etc.) (The "SPR");

2) Sold at a loss on September 14 or 15, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean 25% of the difference between (x) 23.2% of the PPP, and (y) 20.0% of the SPR;

3) Sold at a loss on September 16, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean 50%⁴ of the difference between (x) 23.2% of the PPP, and (y) 11.6% of the SPR;

4) Sold at a loss on September 17, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean 50% of the difference between (x) 23.2% of the PPP, and (y) 7.1% of the SPR;

5) Sold at a loss from September 18, 1999 through the suspension of trading on October 12, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean 50% of the difference between (x) 23.2% of the PPP, and (y) 2.8% of the SPR;

6) Still owned as of the suspension of trading on October 12, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean 50% of 22.5% (i.e. 23.2% - 25% of 2.8%) of the PPP.

(B) For Class B shares of Raytheon common stock purchased during the period March 30, 1999 through September 13, 1999, inclusive, and

1) Sold at a loss on or before September 13, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean 50%⁵ of the difference between (x) 23.2% of the Purchase Price Paid (including commissions, etc.) (the "PPP"), and (y) 23.2% of the Sales Proceeds Received (net of commissions, etc.) (The "SPR");

2) Sold at a loss on September 14 or 15, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean 50% of the difference between (x) 23.2% of the PPP, and (y) 20.0% of the SPR;

3) Sold at a loss on September 16, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean the difference between (x) 23.2% of the PPP, and (y) 11.6% of the SPR;

4) Sold at a loss on September 17, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean the difference between (x) 23.2% of the PPP, and (y) 7.1% of the SPR;

5) Sold at a loss from September 18, 1999 through the suspension of trading on October 12, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean the difference between (x) 23.2% of the PPP, and (y) 2.8% of the SPR;

6) Still owned as of the suspension of trading on October 12, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean 22.5% (i.e. 23.2% - 25% of 2.8%) of the PPP.

(C) For Class B shares of Raytheon common stock purchased on September 14 or 15, 1999, and

1) Sold at a loss on or before September 15, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean 50%⁶ of the difference between (x) 20.0% of the PPP, and (y) 20.0% of SPR;

2) Sold at a loss on September 16, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean the difference between (x) 20.0% of the PPP, and (y) 11.6% of the SPR;

3) Sold at a loss on September 17, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean the difference between (x) 20.0% of the PPP, and (y) 7.1% of the SPR;

4) Sold at a loss from September 18, 1999 through the suspension of trading on October 12, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean the difference between (x) 20.0% of the PPP, and (y) 2.8% of the SPR;

5) Still owned as of the suspension of trading on October 12, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean 19.3% (i.e. 20.0% - 25% of 2.8%) of the PPP.

(D) For Class B shares of Raytheon common stock purchased on September 16, 1999, and

1) Sold at a loss on or before September 16, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean 50%⁷ of the difference between (x) 11.6% of the PPP, and (y) 11.6% of SPR;

2) Sold at a loss on September 17, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean 50% of the difference between (x) 11.6% of the PPP, and (y) 7.1% of the SPR;

3) Sold at a loss from September 18, 1999 through the suspension of trading on October 12, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean 50% of the difference between (x) 11.6% of the PPP, and (y) 2.8% of the SPR;

4) Still owned as of the suspension of trading on October 12, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean 10.9% (i.e. 11.6% - 25% of 2.8%) of the PPP.

³ This discount is intended to reflect both (a) that Class Members who sold their stock prior to a change in the available disclosures would face a greater difficulty showing that their loss was caused by such misrepresentation, and (b) the fact that the Court dismissed the Class action claims against PwC for purchases prior to March 30, 1999; 50% of 50% = 25%.

⁴ This Discount is intended to reflect the fact that the Court dismissed the Class action claims against PwC for purchases prior to March 30, 1999.

⁵ This discount is intended to reflect that Class Members who sold their stock prior to a change in the available disclosures would face a greater difficulty showing that their loss was caused by such misrepresentation.

⁶ This discount is intended to reflect that Class Members who sold their stock prior to a change in the available disclosures would face a greater difficulty showing that their loss was caused by such misrepresentation.

⁷ This discount is intended to reflect that Class Members who sold their stock prior to a change in the available disclosures would face a greater difficulty showing that their loss was caused by such misrepresentation.

(E) For Class B shares of Raytheon common stock purchased on September 17, 1999, and

1) Sold at a loss on or before September 17, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean 37.5%⁸ of the difference between (x) 7.1% of the PPP, and (y) 7.1% of SPR;

2) Sold at a loss from September 18, 1999 through the suspension of trading on October 12, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean 37.5% of the difference between (x) 7.1% of the PPP, and (y) 2.8% of the SPR;

3) Still owned as of the suspension of trading on October 12, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean 75%⁹ of 6.4% (i.e. 7.1% - 25% of 2.8%) of the PPP.

(F) For Class B shares of Raytheon common stock purchased from September 18, 1999 through the suspension of trading on October 12, 1999, and

1) Sold at a loss on or before the suspension of trading on October 12, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean 37.5%¹⁰ of the difference between (x) 2.8% of the PPP, and (y) 2.8% of SPR;

2) Still owned as of the suspension of trading on October 12, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean 75% of 2.1% (i.e. 2.8% - 25% of 2.8%) of the PPP.

Allocation of Settlement Proceeds from PwC for Class A Shares:

For purposes of allocating the Net Settlement Fund from PwC, the Claims Administrator shall determine each Authorized Claimant's pro rata share of the Net Settlement Fund from PwC based upon each Authorized Claimant's "Recognized PwC Claim" calculated as follows:

(A) For Class A shares of Raytheon common stock purchased during the period October 7, 1998 through the close of trading on March 29, 1999, inclusive, and

1) Sold at a loss on or before September 13, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean 25%¹¹ of the difference between (x) 24.1% of the Purchase Price Paid (including commissions, etc.) (the "PPP"), and (y) 24.1% of the Sales Proceeds Received (net of commissions, etc.) (The "SPR");

2) Sold at a loss on September 14 or 15, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean 25% of the difference between (x) 24.1% of the PPP, and (y) 21.0% of the SPR;

3) Sold at a loss on September 16, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean 50%¹² of the difference between (x) 24.1% of the PPP, and (y) 12.8% of the SPR;

4) Sold at a loss on September 17, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean 50% of the difference between (x) 24.1% of the PPP, and (y) 8.4% of the SPR;

5) Sold at a loss from September 18, 1999 through the suspension of trading on October 12, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean 50% of the difference between (x) 24.1% of the PPP, and (y) 3.2% of the SPR;

6) Still owned as of the suspension of trading on October 12, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean 50% of 23.3% (i.e. 24.1% - 25% of 3.2%) of the PPP.

(B) For Class A shares of Raytheon common stock purchased during the period March 30, 1999 through September 13, 1999, inclusive, and

1) Sold at a loss on or before September 13, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean 50%¹³ of the difference between (x) 24.1% of the Purchase Price Paid (including commissions, etc.) (the "PPP"), and (y) 24.1% of the Sales Proceeds Received (net of commissions, etc.) (The "SPR");

2) Sold at a loss on September 14 or 15, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean 50% of the difference between (x) 24.1% of the PPP, and (y) 21.0% of the SPR;

⁸ This discount is intended to reflect both (a) that Class Members who sold their stock prior to a change in the available disclosures would face a greater difficulty showing that their loss was caused by such misrepresentation, and (b) the fact that the Court indicated that it would dismiss the Class action claims against PwC for purchases after September 16, 1999; 50% of 75% = 37.5%.

⁹ This discount is intended to reflect the fact that the Court indicated that it would dismiss the Class action claims against PwC for purchases after September 16, 1999.

¹⁰ This discount is intended to reflect both (a) that Class Members who sold their stock prior to a change in the available disclosures would face a greater difficulty showing that their loss was caused by such misrepresentation, and (b) the fact that the Court indicated that it would dismiss the Class action claims against PwC for purchases after September 16, 1999; 50% of 75% = 37.5%.

¹¹ This discount is intended to reflect both (a) that Class Members who sold their stock prior to a change in the available disclosures would face a greater difficulty showing that their loss was caused by such misrepresentation, and (b) the fact that the Court dismissed the Class action claims against PwC for purchases prior to March 30, 1999.

¹² This discount is intended to reflect the fact that the Court dismissed the Class action claims against PwC for purchases prior to March 30, 1999.

¹³ This discount is intended to reflect that Class Members who sold their stock prior to a change in the available disclosures would face a greater difficulty showing that their loss was caused by such misrepresentation.

- 3) Sold at a loss on September 16, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean the difference between (x) 24.1% of the PPP, and (y) 12.8% of the SPR;
- 4) Sold at a loss on September 17, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean the difference between (x) 24.1% of the PPP, and (y) 8.4% of the SPR;
- 5) Sold at a loss from September 18, 1999 through the suspension of trading on October 12, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean the difference between (x) 24.1% of the PPP, and (y) 3.2% of the SPR;
- 6) Still owned as of the suspension of trading on October 12, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean 23.3% (i.e. 24.1% - 25% of 3.2%) of the PPP.

(C) For Class A shares of Raytheon common stock purchased on September 14 or 15, 1999, and

- 1) Sold at a loss on or before September 15, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean 50%¹⁴ of the difference between (x) 21.0% of the PPP, and (y) 21.0% of SPR;
- 2) Sold at a loss on September 16, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean the difference between (x) 21.0% of the PPP, and (y) 12.8% of the SPR;
- 3) Sold at a loss on September 17, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean the difference between (x) 21.0% of the PPP, and (y) 8.4% of the SPR;
- 4) Sold at a loss from September 18, 1999 through the suspension of trading on October 12, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean the difference between (x) 21.0% of the PPP, and (y) 3.2% of the SPR;
- 5) Still owned as of the suspension of trading on October 12, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean 20.2% (i.e. 21.0% - 25% of 3.2%) of the PPP.

(D) For Class A shares of Raytheon common stock purchased on September 16, 1999, and

- 1) Sold at a loss on or before the close of trading on September 16, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean 50%¹⁵ of the difference between (x) 12.8% of the PPP, and (y) 12.8% of SPR;
- 2) Sold at a loss on September 17, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean 50% of the difference between (x) 12.8% of the PPP, and (y) 8.4% of the SPR;
- 3) Sold at a loss from September 18, 1999 through the suspension of trading on October 12, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean 50% of the difference between (x) 12.8% of the PPP, and (y) 3.2% of the SPR;
- 4) Still owned as of the suspension of trading on October 12, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean 12.0% (i.e. 12.8% - 25% of 3.2%) of the PPP.

(E) For Class A shares of Raytheon common stock purchased on September 17, 1999, and

- 1) Sold at a loss on or before the close of trading on September 17, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean 37.5%¹⁶ of the difference between (x) 8.4% of the PPP, and (y) 8.4% of SPR;
- 2) Sold at a loss from September 18, 1999 through the suspension of trading on October 12, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean 37.5% the difference between (x) 8.4% of the PPP, and (y) 3.2% of the SPR;
- 3) Still owned as of the suspension of trading on October 12, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean 75% of 7.6% (i.e. 8.4% - 25% of 3.2%) of the PPP.

(F) For Class A shares of Raytheon common stock purchased from September 18, 1999 through the suspension of trading on October 12, 1999, and

- 1) Sold at a loss on or before the suspension of trading on October 12, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean 37.5%¹⁷ of the difference between (x) 3.2% of the PPP, and (y) 3.2% of SPR;
- 2) Still owned as of the suspension of trading on October 12, 1999, an Authorized Claimant's "Recognized PwC Claim" shall mean 75% of 2.4% (i.e. 3.2% - 25% of 3.2%) of the PPP.

General Provisions:

To the extent a Claimant had a gain from his, her or its overall transactions in Raytheon Class A and/or Class B common stock during the Class Period, the value of the Recognized Claim will be zero. To the extent that a Claimant suffered an overall loss on his, her or its overall transactions in Raytheon Class A and/or Class B common stock during the Class Period, but that loss was less than the Recognized Claim calculated above, then the Recognized Claim and Recognized PwC Claim shall be limited to the amount of the actual loss.

¹⁴ This discount is intended to reflect that Class Members who sold their stock prior to a change in the available disclosures would face a greater difficulty showing that their loss was caused by such misrepresentation.

¹⁵ This discount is intended to reflect that Class Members who sold their stock prior to a change in the available disclosures would face a greater difficulty showing that their loss was caused by such misrepresentation.

¹⁶ This discount is intended to reflect both (a) that Class Members who sold their stock prior to a change in the available disclosures would face a greater difficulty showing that their loss was caused by such misrepresentation, and (b) the fact that the Court indicated that it would dismiss the Class action claims against PwC for purchases after September 16, 1999.

¹⁷ This discount is intended to reflect both (a) that Class Members who sold their stock prior to a change in the available disclosures would face a greater difficulty showing that their loss was caused by such misrepresentation, and (b) the fact that the Court indicated that it would dismiss the Class action claims against PwC for purchases after September 16, 1999.

For purposes of determining whether a Claimant had a gain from his, her or its overall transactions in Raytheon Class A and/or Class B common stock during the Class Period or suffered a loss, the Claims Administrator shall: (i) total the amount paid for all Raytheon Class A and/or Class B common stock purchased during the Class Period by the claimant (the "Total Purchase Amount"); (ii) match any sales of Raytheon Class A and/or Class B common stock during the Class Period first against the Claimant's opening position in the stock (the proceeds of those sales will not be considered for purposes of calculating gains or losses); (iii) total the amount received for sales of the remaining shares of Raytheon Class A and/or Class B common stock sold during the Class Period (the "Sales Proceeds"); (iv) ascribe a \$26.78 per share holding value for the number of shares of Raytheon Class A and \$28.25 per share holding value for Class B common stock purchased during the Class Period and still held at the end of the Class Period ("Holding Value(s)"). The difference between (i) the Total Purchase Amount and the (ii) sum of the Sales Proceeds and Holding Value(s), will be deemed a Claimant's gain or loss on his, her or its overall transactions in Raytheon Class A and/or Class B common stock during the Class Period.

Class Members who do not submit acceptable Proofs of Claim will not share in the settlement proceeds but will nevertheless be bound by the settlement and the Order and Final Judgment of the Court dismissing this Action.

Putative Class Members who previously submitted requests for exclusion in connection with the original Notice of Pendency will not be bound by any judgment to be entered herein.

Putative members of the Class with respect to the PwC Settlement who request exclusion from the Class with respect to the PwC Settlement will not be bound by the judgment with respect to the PwC Settlement but, unless they previously excluded themselves from the Class in connection with the prior Notice of Pendency, will nevertheless be bound by the Judgment with respect to the Raytheon Defendants and should submit a Proof of Claim to share in the proceeds of the Raytheon Settlement.

Distributions will be made to Authorized Claimants after all claims have been processed and after the Court has finally approved the settlement. If any funds remain in either Net Settlement Fund by reason of un-cashed checks or otherwise, then, after the Claims Administrator has made reasonable and diligent efforts to have Class Members who are entitled to participate in the distribution of the Net Settlement Fund cash their distributions, any balance remaining in the Net Settlement Fund one (1) year after the initial distribution of such funds shall be re-distributed to Class Members who have cashed their initial distributions and who would receive at least \$10.00 from such re-distribution, after payment of any unpaid costs or fees incurred in administering the Net Settlement Fund for such re-distribution. If after six months after such re-distribution any funds shall remain in the Net Settlement Fund, then such balance shall be contributed to non-sectarian, not-for-profit, 501(c)(3) organization(s) designated by Plaintiff's Lead Counsel.

Lead Plaintiff, Defendants, their respective counsel, and all other Released Parties (except Milberg Weiss Bershad & Schulman LLP solely in its capacity as Escrow Agent as stated in paragraph 6 of the Stipulation) shall have no responsibility for or liability whatsoever for the investment or distribution of the Settlement Funds, the Net Settlement Funds, the Plan of Allocation or the determination, administration, calculation, or payment of any Proof of Claim or non-performance of the Claims Administrator, the payment or withholding of taxes owed by the Settlement Fund or any losses incurred in connection therewith.

SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES

If you purchased Class A and/or Class B common stock of Raytheon Company during the period from October 7, 1998 through October 12, 1999, inclusive, for the beneficial interest of a person or organization other than yourself, the Court has directed that, **WITHIN SEVEN (7) DAYS OF YOUR RECEIPT OF THIS SETTLEMENT NOTICE**, you either (a) provide to the Claims Administrator the name and last known address of each person or organization for whom or which you purchased such stock during such time period, if you did not previously provide a list of your beneficial purchasers, or (b) request additional copies of this Settlement Notice and the Proof of Claim form, which will be provided to you free of charge, and within seven (7) days mail the Settlement Notice and Proof of Claim form directly to the beneficial owners of the securities referred to herein. If you choose to follow alternative procedure (b), the Court has directed that, upon such mailing, you send a statement to the Claims Administrator confirming that the mailing was made as directed. You are entitled to reimbursement from the Settlement Fund of 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 Claims Administrator:

In re Raytheon Company Securities Litigation
c/o Analytics Incorporated, Claims Administrator
Post Office Box 2003
Chanhausen, MN 55317-2003
1-(888) 300-2319

Dated: Boston, Massachusetts
September 17, 2004

By Order of the Court

CLERK OF THE COURT