



DIVISION OF  
CORPORATION FINANCE

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

October 5, 2006

Mr. Paul V. Gerlach  
Sidley Austin LLP  
1501 K. Street, N.W.  
Washington, D.C. 20005

Re: **Raytheon Company HO-9588 – Waiver Request of Ineligible Issuer Status  
under Rule 405 of the Securities Act**

Dear Mr. Gerlach:

This is in response to your letter dated April 13, 2006, written on behalf of Raytheon Company (Company), and constituting an application for relief from the Company being considered an “ineligible issuer” under Rule 405(1)(vi) of the Securities Act of 1933 (Securities Act). The Company requests relief from being considered an “ineligible issuer” under Rule 405(1)(vi), due to the entry on June 28, 2006, of a Commission order (Order) pursuant to Section 8A of the Securities Act and Section 21C of the Securities Exchange Act of 1934 and the entry on August 23, 2006, of a Final Judgment against the Company in the United States District Court for the District of Columbia (*SEC v. Raytheon Co. et al.*). In the Order the Commission found, among other things, that the Company violated Section 17(a) of the Securities Act and the Final Judgment ordered the Company to pay a civil money penalty and disgorgement for violations of Section 17(a) of the Securities Act and other provisions of the federal securities laws.

Based on the facts and representations in your letter, and assuming the Company will comply with the Order and the Final Judgment, the Commission, pursuant to delegated authority has determined that the Company has made a showing of good cause under Rule 405(2) and that the Company will not be considered an ineligible issuer by reason of the entry of the Order or the Final Judgment. Specifically, we determined under these facts and representations that the Company has shown that the terms of the Order and the Final Judgment were agreed to in a settlement prior to December 1, 2005. Accordingly, the relief described above from the Company being an ineligible issuer under Rule 405 of the Securities Act is hereby granted. Any different facts than as represented or non-compliance with the Order and the Final Judgment might require us to reach a different conclusion.

Sincerely,

A handwritten signature in cursive script that reads "Mary Kosterlitz".

Mary Kosterlitz  
Chief, Office of Enforcement Liaison  
Division of Corporation Finance



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FOUNDED 1866

April 13, 2006

**By Hand**

Mary Kosterlitz, Chief  
 Office of Enforcement Liaison  
 Division of Corporation Finance, Stop 3628  
 U.S. Securities & Exchange Commission  
 100 F. Street NE  
 Washington, DC 20549

Re: In the Matter of Raytheon Company, No. HO-9588

Dear Ms. Kosterlitz:

We submit this letter on behalf of our client, Raytheon Company (“Raytheon”), as a result of a contemplated settlement between the Securities and Exchange Commission (“Commission”) and Raytheon in the above referenced matter. We hereby respectfully request a waiver of any “ineligible issuer” status that may arise pursuant to Rule 405 (“Rule 405”) promulgated under the Securities Act of 1933 (“Securities Act”) with respect to Raytheon as a result of the settlement. It is our understanding that the Division of Enforcement does not object to the grant of the requested waiver.

**BACKGROUND**

In early 2005, Raytheon engaged in settlement discussions with the staff of the Division of Enforcement (“Staff”) concerning a contemplated settlement of the above-captioned investigation. In April 2005, Raytheon entered into an agreement in principle with the Staff regarding the terms of the settlement; Raytheon’s offer of settlement was publicly disclosed in a press release and in a Form 8-K dated April 15, 2005. Pursuant to the proposed settlement, the Commission will enter an administrative order against Raytheon instituting cease and desist proceedings, making findings, and imposing a cease and desist order pursuant to section 8A of the Securities Act of 1933 and section 21C of the Securities Exchange Act of 1934 (the “Cease and Desist Order”). The Commission will also file a complaint (the “Complaint”) against Raytheon in the United States District Court for the District of Columbia (the “District Court”) in a civil action captioned *Securities and Exchange Commission v. Raytheon Company, et al.* Raytheon intends to execute an Offer of Settlement (the “Offer”) in which Raytheon will neither admit nor deny the findings in the Cease and Desist Order, except as to jurisdiction, and will consent to the entry of the Cease and Desist Order by the Commission. Raytheon also intends to execute a Consent of Defendant Raytheon Company (the “Consent”) in which Raytheon will neither admit nor deny any of the allegations in the Complaint or the findings in the Cease and

Desist Order, except as to jurisdiction, but will consent to the entry of a final judgment by the District Court against Raytheon (the “Final Judgment”). The findings in the Cease and Desist Order and the allegations in the Complaint would relate primarily to certain inadequate documentation, disclosure, and accounting practices at Raytheon and Raytheon Aircraft Company (“RAC”). The Cease and Desist Order, among other things, will order Raytheon to cease and desist from any violations of Sections 17(a)(2) and (3) of the Securities Act, Sections 13(a), 13(b)(2)(A), 13(b)(2)(B) of the Exchange Act, and Rules 12b-20, 13a-1, 13a-13, and 13b2-1 thereunder; the Final Judgment will require Raytheon to pay a civil money penalty of \$12 million and disgorgement of \$1.00 for violations of the same provisions.

## DISCUSSION

Under the recently adopted and amended Securities Act rules, an issuer classified as a “well-known seasoned issuer” (“WKSI”)<sup>1</sup> is entitled to the use of a streamlined automatic shelf registration process<sup>2</sup> and exemption from “quiet period” restrictions prohibiting communication during the 30-day period prior to the filing of a registration statement.<sup>3</sup> The new rules further permit most other issuers to use a “free writing prospectus” after a registration statement is filed to communicate information about a registered offering of securities.<sup>4</sup> Rule 405, however, defines a class of certain “ineligible issuers” who may not use automatic shelf registrations or make communications within 30 days prior to filing a registration statement.<sup>5</sup> Ineligible issuers are also prohibited from using post-filing free writing prospectuses.<sup>6</sup>

An issuer is an ineligible issuer for the purposes of Rule 405 if, among other things, “[w]ithin the past three years (but in the case of a decree or order agreed to in a settlement, not before December 1, 2005), the issuer or any entity that at the time was a subsidiary of the issuer was made the subject of any judicial or administrative decree or order arising out of a governmental action that: (A) Prohibits certain conduct or activities regarding, including future violations of, the anti-fraud provisions of the federal securities laws; (B) Requires that the person cease and desist from violating the anti-fraud provisions of the federal securities laws; or (C) determines that the person violated the anti-fraud provisions of the federal securities laws.”<sup>7</sup> Ineligible issuer status may be waived if “the Commission determines, upon a showing of good cause, that it is not necessary under the circumstances that the issuer be considered an ineligible issuer.”<sup>8</sup> The Commission has delegated to the Division of Corporation Finance the authority to grant or deny applications requesting that an issuer not be considered an ineligible issuer as defined in Rule 405.

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<sup>1</sup> See *Securities Offering Reform*, Rel. Nos. 33-8591, 34-52056 (July 19, 2005) (to be codified at 17 C.F.R. § 230.405) (“Rule 405”) (definition of a “well-known seasoned issuer”).

<sup>2</sup> See Rule 405 (definition of an “automatic shelf registration statement”).

<sup>3</sup> See *id.* (rule to be codified at 17 C.F.R. § 230.163) (“Rule 163”); *id.* (rule to be codified at 17 C.F.R. § 230.163A).

<sup>4</sup> See *id.* (rule to be codified at 17 C.F.R. § 230.164) (“Rule 164”).

<sup>5</sup> See Rule 405 (definition of an “ineligible issuer”).

<sup>6</sup> See Rule 164.

<sup>7</sup> Rule 405.

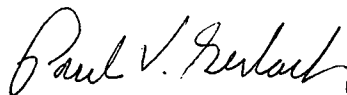
<sup>8</sup> *Id.*

Raytheon seeks a waiver of any ineligible issuer status that may arise under Rule 405 as a result of the entry of the Cease and Desist Order and the Final Judgment, on the ground that Raytheon entered into an agreement in principle described above prior to December 1, 2005. Under such circumstances, Raytheon should be treated as if it were the subject of an order agreed to in a settlement prior to December 1, 2005. Accordingly, Raytheon should be determined not to be an "ineligible issuer" within the meaning of Rule 405.

In light of the ground for relief discussed above, we believe that ineligible issuer status is not necessary, is not in the public interest, and is not for the protection of investors, and we believe that Raytheon has shown good cause that relief should be granted. Accordingly, we respectfully urge the Division of Corporation Finance to grant a waiver, effective upon the entry of the Cease and Desist Order and the Final Judgment, of any ineligible issuer status with regard to Raytheon that may arise pursuant to Rule 405.

If you have any questions regarding this request, please contact me at 202-736-8582.

Sincerely,



Paul V. Gerlach