

# **Association of Raytheon Retirees, Inc.**

**Special Annual Meeting  
May 14, 2009**

Association of  
Raytheon Retirees, Inc.

ONE ASSOCIATION. ONE TEAM

# Agenda

- **Introduction: Bob Hamilton**
- **Tally Votes: Joe DeAmbrose**
- **Keynote Speaker: Tom Mitri And The State OF The Market**
  - **Break**
- **Financial Overview of Retiree Medical: Joe DeAmbrose**
- **Pension Review: Al Swenson**
- **Membership: Mel Weinzimer**
- **Financial Status: Dave MacLellan**
- **Communications: Bob Hamilton**
  - **Break**
- **Videos:, Bob Filosa "The Sum of all Thrills," New Disney experience Raytheon sponsors**
- **General Discussion**

# Your Directors

Director	Years at Raytheon	Raytheon Background
Bill Burditt	38	International Business Management
Joe DeAmbrose	30	Director, International Taxation
Bob Hamilton	27	Programs Manager
Dave MacLellan	37	Corporate Tax Department
Jack O'Halloran	32	Manufacturing Manager
Al Swenson	34	Controller, Director of Internal Audit
Mel Weinzimer	38	Programs Manager

And of course Amy Morris, Office Manager

# In Memoriam

Moment of silence

# Tally Quorum Votes

**Joe DeAmbrose**

# Keynote Speaker:

## Tom Mitri And The State OF The Market

- Tom Mitri is VP Regional Planning for Fidelity Investments.
- State of the market and the challenges for retirees.
- Tom is joined by Brian Wilder, an investment adviser at Fidelity.

# *Break*

Time to stretch for a few minutes

# **Financial Overview of Retiree NON- PENSION Medical and Life Insurance**

**Joe DeAmbrose**

# Life Insurance

- Appears to be Legacy Raytheon Only
- 10% of Pre-Retirement Coverage
- Funding-Retired Lives Reserve
- Funding Estimate--\$50M-\$100M

# Medical Financial Highlights

## Legacy Raytheon, Hughes, TI, and E-Systems

- Pre and Post Age 65 Variations
- Pre-1993 Retirees—Varies—Legacy Raytheon-- 50%
- Post 1992 Retirees---Generally \$516 Annual Cap
- Total Participants---58,000----Pay Status—22,000
- Funding-VEBA Trusts and Pension Accounts
- Funding Estimate—About \$500M

# Medical Financial Highlights

	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>
<b>VEBA Assets</b>	<b>269.4</b>	<b>294.1</b>	<b>298.8</b>	
<b>Pension Assets</b>	<b>165.9</b>	<b>189.7</b>	<b>200.7</b>	
<b>Total Assets</b>	<b>453.3</b>	<b>483.8</b>	<b>499.5</b>	
<b>Total Liability</b>	<b>1056.4</b>	<b>856.4</b>	<b>760.1</b>	
<b>Net Liability</b>	<b>621.1</b>	<b>372.6</b>	<b>260.6</b>	
<b>Net Liability Per Financials</b>	<b>747.0</b>	<b>499.0</b>	<b>375.0</b>	<b>469.0</b>

Note: \$ million

# Medical Financial Highlights

Other Medical Data	2005	2006	2007	2008
Benefits Paid	148.2	98.5	88.8	
Raytheon Contributions	60.3	40.9	32.2	
Employee Contributions	68.0	48.0	46.1	
Actuarial Gains	113.0	130.1	48.3	
Change in Actuarial Assumptions	<28.2>	77.6	51.6	
Raytheon Financial Expense	38.0	17.0	<16.0>	<26.0>
Raytheon Direct Payments		21.0	19.4	
Administrative Expenses	3.1	5.6	9.9	
Participants	35,907	22,733	23,855	

Note: \$ million

# Retiree Medical Premiums

## Single Coverage/Medicare Eligible

Raytheon Sponsored Plans	2005	2006	2007	2008	2009
"Plus" Plan	2,508	924	920	920	708
Estimated Avg."D"; No Donut Hole		450	450	450	450
"Plus" with Estimated "D"		1,374	1,370	1,370	1,158
Other Available Plans					
Blue Cross HMO Blue Plus (Advantage)				1284	1,428
Blue Cross HMO Blue Plus (Advantage)					2,076

# NON PENSION Observations and Issues

- Can Raytheon Terminate? Vested benefits? Benefit Obligation Has Decreased
  - Persistency Assumption--\$77.6M
  - Medicare D--\$125M
  - Other Unknowns--\$ ???
- Are There Alternatives
  - Cash Payout??
  - Income Tax Exclusion??

# Pension Review

**Al Swenson**

# Pension Fund Status Outline

- Raytheon Commitment
- Fund balances
- Changes in fund balance 2007-2008
- Funding requirements
- Services
  - Met with Raytheon Treasury 5/11/09
  - Annual Report and Raytheon 10K

# Raytheon Co. Chairman

- "While the near term outlook for the financial markets and the economy continues to be uncertain, we remain committed to meet our pension obligations going forward"
- William Swanson- Chairman and Chief Operating Officer, Annual Report dated March 2009.

# Pension Fund Balances

## (In Millions)

Fund Balance	12/31/08	21/31/08	Raytheon Policy
Equities	4,036 E	37%	35-70
Fixed Income	4,254 E	39%	20-30
All Other	2,617 E	24%	0-37
Total	10,907	100%	
E= Estimated			

# Pension Fund Changes

(In Millions)

Beginning Balance 1/1/08	14,685
Actual Return on Plan Assets	<3,678>
Company Contributions	1,174
Benefits Paid	<1,162>
Other	<112>
Ending Balance 12/31/08	10,907

# Pension Funding

- Domestic Plans (Estimated)
  - 75% Accumulated Benefit Obligation
  - 71% Projected Benefit Obligation
- Funding anticipated to be 100% Projected Benefit Obligation by 2011/2012

# Membership

**Mel Weinzimer**

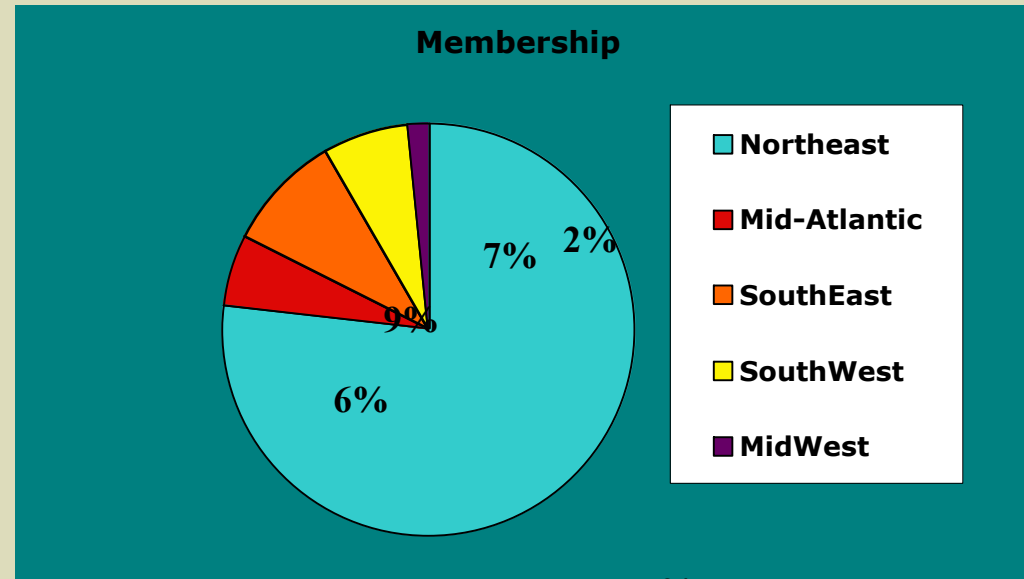
# Membership Profile

**1480 Active Members**

**Live primarily in the Northeast**

**Predominately legacy Raytheon**

**Our retirees continue to stay in touch with their Raytheon friends and co-workers**



# Mel to add Photos

# Update

# Membership Initiatives

- **Transitioned from single annual billing to quarterly billing based upon membership expiration date**
- **Initiating advertising campaign in newspapers in cities with major Raytheon facilities.**
- **Contact your friends, associates, fellow retirees and encourage them to join and/or renew membership**
- **We welcome your suggestions and ideas**

# Financial

**Dave MacLellan**

# Financial

## Income Statement: 2009

# Communications

**Bob Hamilton**

# Newsletter Continues With Expanded Content

- Health and pension plan articles remain the cornerstone of our publication
  - Bruce Nogueira continues to write his most popular health articles
- We have added
  - Syndicated columnists
  - Social and luncheon announcements
  - Retiree written articles of interest
    - Accomplishments, travel, hobbies, public service

# Newsletter Appearance Updated

- The format has changed to a booklet form
- Reduced printing costs by printing at the Minuteman Regional High School
  - Sometimes Causes Schedule Issues
- E-mail is still the most cost effective means of distribution
  - Members Are encouraged to use e-mail

# Advertisements Benefit All

- We accept paid advertisements when there is a direct benefit to our retirees

# Our Website Has Expanded

- Increased the content and changed the format
- Continue to upload our newsletter
- Specific articles of interest are highlighted and dated
- More current than the newsletter
  - We are able to update it more frequently than the newsletter
  - Check back periodically for the latest in news and events

# Recent WebSite Traffic

- 77 Massachusetts
- 74 California
- 42 Texas
- 28 Virginia
- 18 North Carolina
- 18 Pennsylvania
- 17 New Hampshire
- 17 Florida
- 17 Arizona
- 14 New York
- 14 Indiana
- 14 Alabama
- 13 Georgia
- 12 New Jersey
- 11 Maryland
- 9 Iowa
- 8 Connecticut
- 7 Washington

**53,800 Pages Viewed by  
19,079 First Time Visitors**

# Popular Web Pages

Page	2008	2009
Home Page	201	232
Members	101	107
Benefits	39	55
Upcoming Events	32	17
Membership	25	18
Newsletter Archives	22	14
Raytheon News	22	7
Help Wanted	19	21
Join Us	13	14
Goals	8	4
Application form	8	11

**A random sample of 500 recent hits reveals that many members are searching for their colleagues**

# Memoriam Section Needs Improvement

- Several members provided information in the past
  - We urgently need new volunteers to take up the challenge
  - Many of you have written inquiring about the memoriam feature

# Membership Software Updated

- Easier to maintain membership list
  - Simplifies office operations
- Dues continue on an annual basis
  - 12 months after last payment rather than each January

# The Future Brings Challenges

- We are attempting to increase our distribution by e-mail
- Will announce major updates to our website by e-mail
- Considering adding a forum where retirees can communicate directly on items of interest to them
- Would like more input from members along with photos and announcements

# *Break*

Time to stretch for a few minutes

# "The Sum of all Thrills"

- Bob Filosa will present a summary of the new Disney experience that Raytheon is sponsoring.
- Bob is Director of Program Management
  - Corporate Affairs & Communications
  - Raytheon Company

# General Discussion

# Thank You For Coming

- This concludes our membership meeting
- Please feel free to visit the museum or sample their food
- Hope to see or hear from you in the coming months
- Stay well