

3/25/05

Ched Miller
Manager Retirement programs
Raytheon Company
47 Foundry Ave
Waltham MA 02453

Bill Comeau
43 Sandstone Cir
Venice FL 34393

Dear Sir,

The purpose of this letter is to share with you my concerns with the present Retiree's benefit plan. When I retired in 1993, Raytheon was beginning to downsize and encouraged many of their employees to take a voluntary layoff and get out a bit early. This enticement was complimented with promises to pay medical benefits for a period of time following retirement. During that period Raytheon had in place a Medical plan called "The Raytheon Carve-Out Medical Plan" administered by United Health Care. This plan was an excellent plan for Retiree's and had all the features important to us all i.e.; Drug Coverage, choice of doctors, etc. with a reasonable premium.

Since that time Raytheon has radically reduced the medical plan to what many call "Better than nothing" but not much! With high monthly premiums and huge annual deductibles this plan provides very little until you have a major illness. The problem with getting old is not so much major illness because we all know we are going to go someday, but rather the little things that go wrong as result of aging every day. The cost associated with paying doctor bills even after Medicare is crippling many retirees' forcing them to make choice between food, shelter or health care, decisions that should not have to be made by people that have worked a lifetime for a decent retirement. What happened to the promise of a good retirement when we finally left Raytheon? The company certainly has the funds to improve the situation. As you are aware the cost of living continues to climb and it's hurting a lot. When Raytheon has a cost increase for a program, they find away to justify the cost and pass it on to the government and keep their profit margin up. As a retiree's we do not have that luxury, we have absorb it and get on as best we can. It would seem that the Raytheon Master Plan is to give back to the Retiree's as little as possible and maybe they will go away or maybe its just wait it out and let Uncle Sam take care of them! What ever it is, it is not fair to those who helped build the company by their hard work and sacrifices through the years. So many times we were asked to go the extra mile, stay all night... get the job done! Are we supposed to BEG for improvements?

What happened to that great Company that existed in the early days, when they cared about people and nurtured their potential?? Are we so concerned with profit that people are non-entities and are just like tools that are discarded after use?

It is interesting to note that many employees working today are aware of the plight of retiree's and are concerned for their own future retirement. As you well know if you want the best from people you have to treat them **right all the time**that is the **mark of good employer.**

Thank you

Bill Comeau

15 April 2005

William Swanson
CEO Raytheon Co
870 Winter St
Waltham MA 02451

William Comeau
43 Sandstone Cir
Venice FL 34293

Encl: Letter Chad Miller Mgr. Raytheon Retirement Programs dated 3/25/2005

Dear Mr. Swanson,

You probably do not remember me, but I was part of the HAWK Program Office for many years and later on the Patriot Program. We had a lot of interface back when you were associated with the Andover plant. Having retired in 1993, I do manage to stay in touch with a few of my friends that are still working. Congratulations on your success!

The purpose of this note is to share with my concerns (and hundreds of other retiree's) with the present Retiree Benefit Program. The enclosed letter outlines basically the major problem with Medical plan and no COLA to compensate for inflationary effects.

What is most difficult to understand is why Raytheon will do nothing to improve it or provide a better plan to ease this burden? If this cannot be done, why then can we not get a periodic COLA to allow us to purchase a better plan on our own?? Everyone knows there is more than adequate money available in the pension fund to do this.

I could carry on and give a million reasons why it should be done (all of which you have heard before) But I am not going to. What I (and many others) would be satisfied with is a good SOUND reason why Raytheon will not improve the Retiree's benefit program. Its no fun feeling like an orphaned child and being left out to fend for ourselves when the company that painted a great retirement picture has not followed thru by helping us out.

I would dearly like to hear from you, so I could share with my fellow Retiree's the words that make " NO Benefit Improvements" the right answer for all concerned.

Best wishes for your continued success

Bill Comeau

Raytheon Company
41 Foundry Ave.
Waltham, Massachusetts
02453 USA

April 26, 2005

Mr. Bill Comeau
48 Sandstone Circle
Venice, FL 34293

Dear Mr. Comeau:

This is in response to your letter of March 25 to Ched Miller and your letter of April 15 to Mr. Swanson concerning the Raytheon retiree benefit program, specifically the medical plan. The Medicare Plus Plan was introduced in July 2003 because our retirees had concerns about the over-65 medical plan previously provided by Raytheon. They were concerned about not having a prescription drug card program with copayments and the fact that there was no limit on their liability for coinsurance payments. In addition, retirees increasingly found the cost of the plans offered to be unaffordable.

We understand the effect that rising medical costs can have on a fixed income. The rising cost of health care also greatly impacts annual retiree medical plan costs. We have worked closely with our medical plan vendors to establish tie rates for the retiree medical plans. Each medical plan rate is based on the actual cost of delivering benefits to retirees covered by the plan. The premiums are calculated based on the claims experience and an administrative service charge.

Under the Federal Accounting Standards Board (FASB) Raytheon Company is required to report retiree medical costs accurately and publish this expense in our Annual Report. When the FASB rule went into effect, many other Corporations eliminated all medical coverage for retirees. Unlike these corporations, Raytheon Company's objective is to continue to provide retirees access to high quality medical care and choice.

Wherever possible, we have introduced changes in the medical plan design to help control medical plan cost increases. In addition, we offer retiree, the option to choose from different plan levels and premium costs, so that they can choose the plan that best meets their needs and budget.

Although the premiums for the medical plans have increased, we have found that the plans offered by Raytheon Company provide many valuable benefits that are only available through a group health plan, such as unlimited drug coverage. We have not found that the benefits available under the plans offered by Raytheon can be duplicated in a non-group plan at the same cost. We share your concerns about the rising cost of healthcare and will continue to pursue alternative healthcare providers and plans that offer quality healthcare to our retirees.

Under the previous medical plan, when you purchased prescription drugs you had to pay the full amount of the prescription to the pharmacy, which could cost hundreds of dollars a month. You would then be reimbursed for 80% of the cost by the medical plan. The Medicare Plus Plan addresses this problem by covering prescription drugs with only a copayment at the pharmacy. In many cases, this copayment will be less than the 20% previously paid by the retiree for their medication at the pharmacy. This is the same drug plan that active employees are covered under. Copayments for drugs do not apply to the \$1,750 out of pocket maximum.

As pointed out above, the Raytheon Medicare Plus Plan has a reasonable premium, which is shared by you and Raytheon and, has unlimited drug coverage. In addition it also reimburses all doctors, hospitals and medical service providers in the same manner. There is no limit on the doctors you may choose for care under the Raytheon Medicare Plus Plan.

April 26, 2005

Also, the previous medical plan did not limit out-of-pocket costs for medical care. Retirees who required extensive medical services did not have a limit on what they would have to pay out of pocket for coinsurance or copayments not covered by Medicare. The Raytheon Medicare Plus Plan limits out of pocket costs to \$1,750 per year. Plan benefits begin immediately after reaching a \$100 plan deductibles however, once a participant has paid out-of-pocket costs for coinsurance/copayments equaling \$1,750, they will not pay any further coinsurance/copayments for the remainder of this year for covered medical expenses.

As is the case with most medical plans offered by employers to both active and retired employees, the cost for this plan has increased- I can assure you we are doing our best to keep the plan affordable and provide competitive, comprehensive coverage. Please keep in mind that ordinary medical costs have exceeded general inflation by several times, and prescription drugs, which are the largest part of the medical plan cost for the over-65 plans offered by Raytheon, is increasing at several times the rate of ordinary medical inflation.

Sincerely,

Lois Athanasiou
Manager Retiree Health & Welfare Benefits