

United States District Court for the District of Massachusetts

**PLEASE READ THIS NOTICE CAREFULLY. IT RELATES
TO THE PROPOSED SETTLEMENT OF A CLASS ACTION AND
CONTAINS IMPORTANT INFORMATION ABOUT YOUR RIGHTS.**

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

I. What is this notice about?

You are receiving this notice because the records of Raytheon Company (“Raytheon”) indicate that you received a monthly payment under a Raytheon-sponsored pension plan in December 2020 and are a member of the Settlement Class (described below) in a lawsuit relating to Raytheon-sponsored pension plans. As such, your rights may be affected by a proposed settlement of this class action lawsuit (the “Settlement”). **Please read the following information carefully to find out what the lawsuit is about, what the terms of the proposed settlement are, what rights you have to object to the proposed settlement agreement if you disagree with its terms, and what deadlines apply.**

You do not need to do anything to be a part of the Settlement Class or, if the Settlement is approved, to receive a Recalculated Benefit Amount (as described below) under the terms of the Settlement.¹

II. What is a class action lawsuit?

A class action lawsuit is a legal action in which one or more people represent a large group, or class, of people. The purpose of a class action lawsuit is to litigate at one time similar legal claims of the members of the group.

III. What is this lawsuit about?

This class action lawsuit (“Action”) was brought on behalf of certain participants, beneficiaries, and surviving spouses receiving benefits under the following Raytheon-sponsored pension plans (“Covered Plans”): (i) the Raytheon Company Pension Plan for Hourly Employees, (ii) the Raytheon Company Pension Plan for Salaried Employees, (iii) the Raytheon Non-Bargaining Retirement Plan, (iv) the Raytheon Bargaining Retirement Plan, and (v) the Raytheon Retirement Plan for Engineers & Constructors and Aircraft Credit Employees. Johnny Cruz (“Plaintiff”) is the named plaintiff and proposed representative of all members of the Settlement Class.

On June 27, 2019, Plaintiff sued Raytheon and the alleged administrator of the Covered Plans (“Defendants”) under the Employee Retirement Income Security Act of 1974. Plaintiff challenged the actuarial assumptions and factors used by the Covered Plans to convert single-life annuity (“SLA”) benefits into alternative forms of payment, including joint and survivor annuity (“JSA”) and pre-retirement survivor annuity (“PSA”) benefits. In particular, Plaintiff alleged that the assumptions and factors used by the Covered Plans to convert SLAs into alternative forms of payment are outdated and do not provide participants with “actuarially equivalent” benefits, as required by law. Plaintiff asserted that the Covered Plans should instead have calculated benefits using different actuarial assumptions, such as those used by Raytheon for purposes of pension accounting (the “Adjustment Assumptions”).

IV. Why is there a proposed settlement?

The Court has not decided in favor of either side in the Action. Plaintiff and Class Counsel believe the claims have merit. Defendants deny all allegations of wrongdoing, fault, liability, or damage to the Plaintiff and the Settlement Class, deny that the actuarial assumptions or factors used by the Covered Plans to calculate benefits are in any way improper, and deny that any Settlement Class Member is receiving a benefit amount that is less than what he or she is entitled to under applicable law. Defendants are settling to avoid the expense, inconvenience,

¹ All capitalized terms not defined in this Notice are defined in the Settlement Agreement.

and inherent risk of litigation with respect to the Action. Plaintiff and Class Counsel believe that the proposed settlement is in the best interest of the Settlement Class because it provides appropriate recovery for Class Members now, while avoiding the risk, expense, and delay of pursuing the case through trial and any appeals, including the possibility of no recovery at all.

V. Who is in the Settlement Class?

The Court has preliminarily certified a Settlement Class. The Settlement will apply to—and will be binding on—the Settlement Class. The Settlement Class is defined as:

- (1) each participant in a Covered Plan who began receiving a JSA from such Covered Plan as of June 27, 2013 or later, and who received a monthly payment of that JSA benefit in December 2020;
- (2) each beneficiary of a participant in a Covered Plan, where such participant began receiving a JSA from such Covered Plan as of June 27, 2013 or later and such beneficiary received a monthly payment of the survivor component of such JSA in December 2020; and
- (3) each surviving spouse of a participant in a Covered Plan, where such participant died on or after June 27, 2013, before the participant began to receive benefits from such Covered Plan, and such surviving spouse received a monthly payment of a PSA from such Covered Plan in December 2020.

Based on this definition, Raytheon’s records indicate that you are a member of the Settlement Class.

VI. What are the terms of the Settlement?

The legal rights and obligations relating to the Settlement are set forth in the Settlement Agreement, dated February 12, 2021 (the “Settlement Agreement”), which is available at www.raytheonpensionsettlement.com. The Settlement resolves all issues regarding the actuarial assumptions or factors used by the Covered Plans to convert SLAs to JSAs and PSAs. The present value of the proposed Settlement – that is, its value in today’s dollars – is approximately \$59 million. The terms of the Settlement Agreement are summarized briefly below; you should review the Settlement Agreement itself for a complete and detailed statement of the terms of the Settlement.

A. Benefits to the Class

As discussed above, Plaintiff’s claims involve the actuarial assumptions and factors used to convert SLA benefits into alternative forms of payment under the Covered Plans. If the Settlement is approved by the Court, the Covered Plans will be amended to provide Settlement Class Members with Recalculated Benefit Amounts. The intent of the Settlement is to provide to Class Members with increases in their benefits equal to 40% of the increase (if any) that they would have received had their monthly pension benefits been calculated using the Adjustment Assumptions described above, instead of the terms set forth in the Covered Plans, *less* the value of an amount attributable to a Fees, Expenses and Costs Award (discussed below).

If the Court approves the Settlement and approves the Fees, Expenses and Costs Award discussed below, your Recalculated Benefit Amount – that is, your gross monthly pension benefit before taxes and other applicable adjustments – is expected to be \$ _____. If your Recalculated Benefit Amount is the same as your current gross monthly benefit, that is because your current benefit is greater than what you would have received if your benefit had been calculated using the Adjustment Assumptions. The amount of the difference between Class Members’ current benefits and their benefits as calculated using the Adjustment Assumptions differs depending on the terms of the Covered Plan and factors such as the age of the participant and/or beneficiary at the time the benefits were originally calculated. In no event will a Class Member’s monthly benefit be reduced as a result of the Settlement.

The final Recalculated Benefit Amount to which you will be entitled will be set forth in the Court’s order finally approving the Settlement. Any increased payment, like your current benefit payments, will be reduced by applicable adjustments (*e.g.*, for taxes).

Although each Class Member will be entitled to a Recalculated Benefit Amount for monthly pension payments effective as of January 1, 2021, Class Members will not begin receiving any additional benefit under the Settlement until several months after the Settlement is Final. The first monthly payment that reflects any additional benefit will include a lump sum amount for the amount of any increase from January 1, 2021 to the date of that first increased payment.

B. Release of Claims by the Settlement Class

In exchange for benefits conferred by the Settlement, all members of the Settlement Class will release Defendants and their Related Parties from any and all Claims arising on or before December 31, 2020: (1) that were brought, or could have been brought, arising out of or related to the allegations in Plaintiff’s Complaint, or (2) relating to the actuarial assumptions or factors used by the Covered Plans to calculate benefits (the “Released Claims”). Notwithstanding the foregoing, “Released Claims” do not include individual claims by Class Members that are not related to the conversion of an SLA to a JSA or a PSA.

Pursuant to the Settlement Agreement, Settlement Class Members expressly agree that they, acting individually or in combination with others, will not institute, maintain, prosecute, sue, or assert in any action or proceeding any Released Claim. The Release is set forth in full in the Settlement Agreement, which can be viewed online at www.raytheonpensionsettlement.com.

VII. Who is representing the interests of Class Members?

The Court has preliminarily appointed the following lawyers (“Class Counsel”) to represent the Settlement Class:

Douglas P. Needham Robert A. Izard Mark P. Kindall IZARD, KINDALL & RAABE, LLP 29 South Main Street, Suite 305 West Hartford, CT 06107 (860) 493-6292 dneedham@ikrlaw.com rizard@ikrlaw.com mkindall@ikrlaw.com	Mark G. Boyko BAILEY & GLASSER LLP 8012 Bonhomme Avenue, Suite 300 St. Louis, MO 63105 (314) 863-5446 mboyko@baileyglasser.com Gregory Y. Porter BAILEY & GLASSER LLP 1055 Thomas Jefferson Street NW Suite 540 Washington, DC 20007 202-463-2101 gporter@baileyglasser.com
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You do not need to hire your own lawyer because Class Counsel is working on your behalf and will seek final approval of the Settlement on behalf of the Class Members. You may hire your own lawyer to represent you in this case if you wish, but it will be at your own expense.

VIII. How will Class Counsel be paid?

From the beginning of the case to the present, Class Counsel has not received any payment for their services in pursuing this case or in obtaining this proposed Settlement, nor have they been reimbursed for any out-of-pocket costs they have incurred. Class Counsel will apply to the Court for an award of attorneys’ fees, costs and expenses (the “Fees, Expenses and Costs Award”), and for a client contribution award to Plaintiff (the “Client Contribution Award”). The total amount of this request will not exceed \$8.9 million, which represents approximately 15% of the Settlement’s approximately \$59 million present value. The Fees, Expenses and Costs Award shall come out of, and reduce, the Gross Benefit Increases payable to Class Members as a result of the Settlement. The estimate of your Recalculated Benefit Amount shown above reflects what your monthly benefit amount will be if the Court approves the full amount of the Fees, Expenses and Costs Award requested by Plaintiff and Class Counsel.

Class Counsel will also move the Court for a Client Contribution Award to be paid to the Plaintiff in the amount of \$10,000. The Client Contribution Award will be paid out of any Fees, Expenses and Costs Award granted to Class Counsel.

The motion and supporting papers in support of the Fees, Expenses and Costs Award, including the Client Contribution Award, will be filed on or before April 16, 2021. After that date, you may review the motion and supporting papers at www.raytheonpensionsettlement.com.

IX. What is the Court's process for approving or rejecting the Settlement?

The Court has granted preliminary approval of the proposed Settlement and has approved this Notice. The Settlement will not take effect, however, until the Court approves the final Settlement, enters Judgment, and the Judgment becomes Final. The Court will hold a Final Approval Hearing on June 2, 2021 at 2:30 p.m. ET, which will take place by video conference. The date and location of the Final Approval Hearing is subject to change by order of the Court, which will appear on the Court's docket for the case.

X. Can Class Members opt out of the Settlement?

No. The federal law that forms the basis for the claims in the case requires that, where appropriate, plan provisions be applied consistently with respect to similarly situated plan participants. The Court has preliminarily certified the class under a rule that does not permit class members to opt out.

XI. Can Class Members object to the Settlement?

Yes. Prior to the Final Approval Hearing, Settlement Class Members will have the opportunity to object to the fairness, reasonableness, or adequacy of the Settlement, to any term of the Settlement Agreement, and to the proposed Fees, Expenses and Costs Award. To object, you must file your objection with the Court in writing, sent by first-class mail to the following address and serve a copy of your objection on the Parties' counsel. The addresses for filing objections with the Court and for serving objections on counsel are as follows:

For Filing:

Clerk of the Court
United States District Court for the District of Massachusetts
1 Courthouse Way, Suite 2300
Boston, MA 02210
Re: *Cruz v. Raytheon Co.*, No. 1:19-cv-11425 (D. Mass.)

To Class Counsel:

Douglas P. Needham
IZARD, KINDALL & RAABE LLP
29 S. Main Street, Suite 305
West Hartford, CT 06107
Tel.: (860) 493-6294
Email: dneedham@ikrlaw.com

To Defendants' Counsel:

Christian J. Pistilli
COVINGTON & BURLING LLP
One CityCenter
Washington, DC 20001
Tel.: (202) 662-5342
Email: cpistilli@cov.com

Objections must be received by the Court on or before May 5, 2021, and must be served on counsel so that they are received on or before May 5, 2021. Service on counsel may be effected by email, but filing with the Court must be by first-class mail.

To be valid and considered by the Court, any written objection must state: (1) the name and case number of the Action: *Cruz v. Raytheon*, No. 1:19-cv-11425; (2) your name, address, and telephone number; and (3) each objection you are making, including any legal support and/or evidence you wish to bring to the Court's attention or introduce in support of your objection(s). If you so choose, you may file and serve your objection through counsel of your choice, and you (or your counsel) may appear at the final approval hearing. If you decide to hire counsel (at your own expense), your attorney must file a notice of appearance with the Court no later than May 5,

2021 and serve a copy of the notice on the counsel listed above the same day that it is filed. You do not have to appear at the final approval hearing to have the Court consider your objection. If you choose to appear at the final approval hearing, either for yourself or through counsel retained at your expense, you must file a notice of intention to appear (and, if applicable, the name, address, and telephone number of your attorney) with the Court no later than May 5, 2021.

Class members who do not comply with these procedures, or who miss the deadline to file an objection, lose the opportunity to have their objection considered by the Court or to appeal from any order or judgment entered by the Court regarding the Settlement.

XII. Where can Class Members get additional information?

You do not need to do anything to be a part of this Settlement Class or, if the Settlement is approved, to receive your Recalculated Benefit Amount.

You can visit the Settlement website at www.raytheonpensionsettlement.com, where you will find the full Settlement Agreement, the Court's order granting preliminary approval of the Settlement, this Notice, and other relevant documents. If there are any changes to the date of the Final Approval Hearing, the deadlines for objecting to the Settlement, or the Settlement Agreement itself, those changes will be posted on the Settlement website. You will not receive an additional mailed notice with those changes, unless separately ordered by the Court. If you cannot find the information you need on the website, you may also contact Class Counsel for more information. Please do not contact the Court to get additional information.

Dated: April 9, 2021

By Order of the United States District Court
United States District Judge Patti B. Saris