Raytheon

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Cost Accounting Standards Board
Office of Federal Procurement Policy
725 17th Street, N.W.
Room 9013
Washington, DC
Attn: Laura Auletta

Ref: CAS-2007-02S

Dear Sir or Madam:

Raytheon Company wishes to thank the Cost Accounting Standards Board (CASB) for inviting comments from interested parties relating to the harmonization of the Pension Protection Act (PPA) of 2006 with Cost Accounting Standards (CAS) 412 and 413. Raytheon Company, with 2006 sales of $ 20.3 Billion, employs approximately 73,000 people worldwide, the majority of whom are covered by defined benefit pension plans.

Raytheon believes it is imperative that the CASB follow the dictates of Congress in Section 106 of the PPA and harmonize CAS 412 and 413 with the minimum required contribution provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The statutory requirement to harmonize CAS 412 and 413 with the PPA provides conclusive evidence that Congress understands the increased funding and cash flow implications of the PPA on U.S. Government contractors with defined benefit pension plans.

Raytheon Company believes that the CASB should employ the PPA as the baseline for CAS assignment and measurement of defined benefit pension plan costs. In addition, the Company believes that the CASB should consider the following:

a. Harmonizing the CAS with the minimum funding requirement of the PPA, and

b. Adopting short term transitional rules which would mitigate the initial cost impact, on both the U.S. Government and contractors.

Raytheon supports the CASB efforts to improve the pricing and administration of U.S. Government contracts and encourages the Board to continue working with industry to provide a solution that is both fair and equitable to all parties concerned.

Sincerely,

R. A. Cann

Robert A. Cann, Director
Corporate Government Accounting

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