

PRESBYTERIAN CHURCH (USA)

2007 General Assembly Divestment List

Confirmed By

The Committee on Mission Responsibility Through Investment
Peace and Justice Ministries
General Assembly Council

The General Assembly of the Presbyterian Church (USA) urges divestment and/or proscription of some corporations due to their involvement in military-related production (MR), tobacco (TO) or human rights violations (HR). The following is a comprehensive list of corporations or securities affected by those General Assembly policies:

1.	Alliance One International	AOI	(TO)
2.	Alliant Techsystems	ATK	(MR)
3.	Altadis	Paris & Madrid Exchanges	(TO)
4.	Altria Group (Philip Morris)	MO	(TO)
5.	Boeing	BA	(MR)
6.	British American Tobacco Industries	BTI (Amex ADR)	(TO)
7.	CACI	CAI	(MR)
8.	Gallaher Group PLC	GLH	(TO)
9.	General Dynamics	GD	(MR)
10.	Imperial Tobacco PLC	ITY (NYSE ADR)	(TO)
11.	Japan Tobacco	Tokyo Exchange	(TO)
12.	Lockheed Martin	LMT	(MR)
13.	Loews Corp. (Carolina Group)	LTR, CG	(TO)
14.	Northrop Grumman	NOC	(MR)
15.	Raytheon	RTN	(MR)
16.	Reynolds American Inc.	RAI	(TO)
17.	United Industrial Corporation	UIC	(MR)
18.	UST, Inc.	UST	(TO)
19.	Vishay Intertechnology	VSH	(MR)

NOTES

1. **Alliance One International** was formed in May 2005 when DIMON Inc. and Standard Commercial merged. It is the ninth largest tobacco company with average revenues from tobacco of \$1,945 million.
2. **Alliant Techsystems** derives much of its revenue from military contracts for weapons including land mines.
3. **Altadis** is the seventh largest tobacco company with average revenues from tobacco of \$3,867 million.
4. **Altria Group (Philip Morris)** has the second largest average revenues from tobacco: \$44,224 million.
5. **Boeing** is the second largest military contractor, making weapons such as the F-22, V-22 Osprey and the RAH-66 Comanche.
6. **BAT Industries** (British American Tobacco) is the largest tobacco company with average revenues from tobacco of \$44,953 million.
7. **CACI** derives 74 percent of its revenues from military contracts, and provides advanced computer technology for battlefield information, integrated logistics and systems engineering.
8. **Gallaher Group** is the sixth largest tobacco company with average revenues from tobacco of \$6,270 million. It consists of the tobacco business spun off by American Brands.
9. **General Dynamics** is the fifth largest military contractor making weapons such as nuclear submarines and M-1 tanks.
10. **Imperial Tobacco** is the fourth largest tobacco company with average revenues from tobacco of \$12,682 million. Hanson, PLC spun off its tobacco business into **Imperial Tobacco**.
11. **Japan Tobacco** is the third largest tobacco company with average revenue from tobacco of \$29,442 million.
12. **Lockheed-Martin** is the largest military contractor making weapons such as the F-16, Hellfire missiles, AH-64 Apache and Trident ballistic missiles. It has no policy prohibiting work on anti-personnel land mines, and derives an average of 76% of its revenues from military contracts.
13. **Loew's Corp.** is the eighth largest tobacco company. Its publicly traded **Carolina Group** subsidiary owns Lorillard. Average tobacco revenue is \$3,366 million.
14. **Northrop-Grumman** is the third largest military contractor making weapons such as the B-2 bomber, surveillance systems and the C-17 transport, and derives an average of 62% of its revenues from military contracts.

15. **Raytheon** is the fourth largest military contractor making weapons such as the Patriot and Hawk missiles. It has no policy prohibiting work on anti-personnel land mines.
16. **Reynolds American Inc.** is the fifth largest company with average tobacco revenue of \$6,317 million. **RJ Reynolds Tobacco Holdings** is a wholly owned subsidiary.
17. **United Industrial Corp.** has no policy prohibiting work on anti-personnel land mines, or making an active effort not to sell any products intended for such use. It also derives an average of 55% of its revenues from military contracts.
18. **UST, Inc.** is the tenth largest tobacco company with average revenues of \$1,551 million.
19. **Vishay Intertechnology** is affected by the criteria on anti-personnel land mines.

Military-Related Investment Policy

The General Assembly military-related divestment policy was first adopted in 1982, and has been revised three times since then. The most recent revision was made by the 1998 General Assembly. This policy is an outgrowth of the General Assembly's adoption of *Peacemaking: A Believer's Calling* which asked the entire church to review its witness and seek additional ways to promote peacemaking. MRTI conducted a review of its engagements with military-related companies, and developed guidelines consistent with the historic concerns of the General Assembly. These included concern about the overall spending on the military, over-dependence on military contracts by a company, and weapons that do not distinguish between combatants and non-combatants. Later amendments stemmed from General Assembly actions on foreign military sales and land mines. The General Assembly's guidelines which identify affected companies are:

1) Corporations that are among the five leading military contractors (measured as dollar volume of military contracts in the most recent year) until such time as the United States is no longer among the top ten nations ranked according to per capita military expenditures.

<u>COMPANY</u>	<u>2006 RANK</u>	<u>2005 AWARDS (in billions)</u>
1. Lockheed-Martin	1	\$24.13
2. Boeing	2	16.75
3. Northrop Grumman	3	11.32
4. Raytheon	5	7.68
5. General Dynamics	4	7.48

2) Corporations that are among the 100 leading military contractors and in addition are dependent on military contracts (domestic and/or foreign) for more than 50 percent of their sales (measured as the average ratio of military contracts to sales in the most recent three-year period). Insofar as sales to the military can be shown by the corporation to be merely general supplies

readily available to civilians, rather than weapons production, such general supplies= sales shall be excluded from the percentage of sales to the military for purposes of these criteria.

<u>COMPANY</u>	<u>DEPENDENCY PERCENTAGE</u>
1. CACI	74%
2. Lockheed Martin	76%
3. Northrup Grumman	62%
4. United Industrial Corp.	55%

Note: The IRRC Portfolio Screener does these calculations for some of the companies. However, their data is not very good, and they have announced that they are no longer calculating the dependency ratio for all contracts with the Department of Defense. Thus, there is no confirmation on DRS Technologies (67th largest contractor), L-3 Communications (9th largest contractor), and United Industrial (62nd largest contractor). However, United Industrial's dependency ratios are so high that even if its contracts were zero for the current year, its dependency ratio would be 55%. Since last year, Anteon was acquired by General Dynamics, and Engineered Support Systems was acquired by DRS Technologies.

3) Corporations that are among the top five firms engaged in foreign military sales during the most recent fiscal year for which statistics are available.

Note: Until this year, these statistics were compiled for and published by *Government Executive* magazine. This is no longer the case. MRTI staff has attempted to contact the research firm that originally compiled the data, but has not received a response.

4) Corporations that produce weapons whose use can lead to mass or indiscriminate injury and/or death to civilians. Such products would include the key components of nuclear warheads, chemical and biological weapons, anti-personnel weapons such as landmines, and Assault-type automatic and semi-automatic weapons, rifles, shotguns, handguns and ammunition sold to the civilian market for purposes counter to General Assembly policy.

- 1) key components of nuclear warheads

None found. At present, there is no warhead production. Maintenance of existing stockpile goes on to some extent, as does clean-up of several sites.

- 2) chemical and biological weapons

None found.

- 3) anti-personnel weapons such as landmines (New policy states that Acompanies which manufacture components used in landmines will be affected by the criteria unless they have adopted a policy prohibiting such work and are making an active effort to knowingly sell any of their products that are intended for use in anti-personnel landmines.)

Company

1. Alliant Techsystems
2. Lockheed Martin
3. Raytheon
4. United Industrial Corp.
5. Vishay Intertechnology, Inc.

Note: Rockwell Automation provided MRTI with information that it no longer manufactures the parts that were used in landmines, and will not be doing so in the future. Thus, the company has been removed from the GA divestment list. Letters have gone to United Industrial and Vishay seeking similar information. MRTI has been gathering information on the manufacturers of cluster bombs and artillery shells, and will include the information next year.

- 4) Assault-type automatic and semi-automatic weapons

Note: The current assault weapons ban has been lifted by Congress. MRTI is now researching any companies affected by the criteria.

SOURCES: Government Executive: The Top 200 Federal Contractors for 2004
Human Rights Watch
U.S. Department of Defense
IRRC Portfolio Screener

Comprehensive List of Affected Military-Related Corporations

<u>COMPANY</u>	<u>CRITERIA</u>
1. Alliant Techsystems, Inc.	4
2. Boeing	1
3. CACI	2
4. General Dynamics	1
5. Lockheed Martin	1, 2, 4
6. Northrop Grumman	1, 2
7. Raytheon	1, 4
8. United Industrial Corp.	2, 4
9. Vishay Intertechnology	4

Tobacco Policy

The General Assembly's policy on tobacco-related investments recommends divestment and/or

proscription of the top ten tobacco companies according to revenues averaged over two years.

Human Rights

As human rights issues arise, as in the case of South Africa and apartheid, or the Sudan crisis, the General Assembly may place a company on the divestment and/or proscription list. The 2000 General Assembly took such action regarding Talisman after a review of the company's role in Sudan. With the company's withdrawal, the 2004 General Assembly removed it from the list. There are currently no companies on the General Assembly divestment list for human rights concerns, although the church is engaged with several corporations on such issues through correspondence, proxy voting and dialogues.

MRTI is currently working on a phased, selective divestment process related to companies operating in Sudan, and to determine that investments in companies doing business in Israel, Gaza, East Jerusalem and the West Bank are only in companies engaged in peaceful pursuits.

For more information about these policies, and other MRTI activities including Corporate Achievement Awards, proxy voting recommendations, dialogues with corporations and socially responsible investing, please contact Rev. William Somplatsky-Jarman, Associate for Mission Responsibility Through Investment, at 888-728-7228, ext. 5809. Fax is 502-569-8116. E-mail is bsomplat@ctr.pcusa.org.