

PRESBYTERIAN CHURCH (U.S.A.)

2008 General Assembly Divestment List

Confirmed By

The Committee on Mission Responsibility Through Investment
Compassion, Peace and Justice Ministry
General Assembly Council

The General Assembly of the Presbyterian Church (U.S.A.) 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.	Altria Group (Philip Morris)	MO	(TO)
4.	Boeing	BA	(MR)
5.	British American Tobacco Industries	BTI (Amex ADR)	(TO)
6.	CACI	CAI	(MR)
7.	DRS Technolgies	DRS	(MR)
8.	General Dynamics	GD	(MR)
9.	Imperian Tobacco PLC	ITY (NYSE ADR)	(TO)
10.	Japan Group (2914)	Tokyo Exchange	(TO)
11.	K. T. & G. (033780)	Seoul Exchange	(TO)
	KTCIY	London Exchange	(TO)
12.	L-3 Communications	LLL	(MR)
13.	Lockheed Martin	LMT	(MR)
14.	Loews Corp. (Carolina Group)	LTR, CG	(TO)
15.	Northrop Grumman	NOC	(MR)
16.	Raytheon	RTN	(MR)
17.	Reynolds American, Inc.	RAI	(TO)
18.	United Industrial Corporation	UIC	(MR)
19.	Universal Corp.	UVV	(TO)
20.	UST, Inc.	UST	(TO)
21.	Vishay Intertechnology	VSH	(MR)

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>2007 RANK</u>	<u>2007 AWARDS (in billions)</u>
Lockheed-Martin	1	\$27.3
Boeing	2	20.8
Northrop Grumman	3	16.8
General Dynamics	4	11.5
Raytheon	5	10.4

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. Alliant Techsystems	58.5
2. Boeing	54.7
3. CACI	71.1
4. Cubic Corp	66.3
5. DRS Technologies	96.5
6. EDO	94.4
7. General Dynamics	78.1
8. Harris Corp.	50.02
9. L-3 Communications	86.5
10. Lockheed Martin	94.9
11. ManTech International	93.97
12. Northrop Grumman	76.13

13. Raytheon	90.6
14. Rockwell Collins	54.77
15. SAIC	68.1
16. United Industrial	95

Note: The IRRC Portfolio Screener does these calculations for some of the companies. However, their data is not very good, and is not consistent with the IRRC data prior to IRRC's acquisition by Institutional Shareholders Services (ISS). ISS has also announced that they are no longer calculating the dependency ratio for all contracts with the Department of Defense. However, Defense News annually issues a ranking of the top 100 military contractors worldwide, and includes the percentage of company revenue derived from military contracts. Their data is more consistent with the previous IRRC data. Thus, DRS Technologies (67th largest contractor) and L-3 Communications (7th largest contractor) are now on the General Assembly's divestment list. They have already been on the one-year waiting period list.

Cubic, EDO, Harris, ManTech, Rockwell Collins and SAIC are now subject to the one-year waiting period. Alliant Techsystems, Boeing, CACI, General Dynamics, Lockheed Martin, Northrop Grumman, Raytheon and United Industrial are already on the General Assembly's divestment list.

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.

a) 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.

b) Chemical and biological weapons

None found.

c) Anti-personnel weapons such as landmines (New policy states that companies 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: MRTI has been gathering information on the manufacturers of cluster bombs and artillery shells, and will include the information as soon as possible.

- d) 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 2006
Human Rights Watch
U.S. Department of Defense
IRRC Portfolio Screener
Defense News

Comprehensive List of Affected Military-Related Corporations

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

Tobacco List

The General Assembly policy on investments in tobacco companies is to place the top ten (by tobacco revenue averaged over two years) on the divestment list. The most recent data revealed the following top ten companies:

Company Average Revenue in millions of US dollars

1. Altria Group (MO)	\$65,078
2. British American Tobacco (BTI)	45,310
3. Japan Group (2914)	36,955
4. Imperial Tobacco (ITY)	20,824
5. Reynolds American, Inc.	8,383
6. Loews Corp. (Carolina Group)	3,748
7. Altadis (ALD)	3,728
8. K. T. & G. (“033780”)	2,229
9. Alliance One International (AOI)	2,046
10. Universal Corp. (UVV)	1,894
11. UST (UST)	1,543

Notes:

Japan Tobacco acquired Gallaher Group in April 2007. Previously in 1999, it had acquired RJR International, the non-U.S. tobacco operations of RJR Nabisco.

Imperial Tobacco announced its intention to acquire Altadis.

Reynolds American is the holding company for R.J. Reynolds Tobacco following its merger with the U.S. operations of British American Tobacco (known as Brown & Williamson Tobacco). BAT owns 42% of Reynolds America.

The tobacco operations of Loews Corp. are conducted through its subsidiary Lorillard, which is publicly traded through a tracking stock called Carolina Group.

In May 2005, DIMON Inc. and Standard Commercial Corp. merged to form Alliance One International.

KT&G (formerly Korea Tobacco and Ginseng) is now the 8th largest tobacco company, and is on the General Assembly divestment list for the first time. Non-Korean shareholders may own up to 35 percent of the company; any individual non-Korean shareholder is limited to seven percent ownership.

Two Indonesian companies are emerging on the scene. PT Gudang Garam Tbk produces clove cigarettes, 97 percent of which are sold in Indonesia. The company has other ventures as well. PT Hanjaya Sampoerna Tbk is a subsidiary of HM Sampoerna, 85 percent of which is owned by Altria. Their tobacco revenue will be tracked to determine a two-year average.

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

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