

Business Plan

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J.P.Morgan

Table of contents



- Bringing our Best Ideas to help solve sponsor issues
- Sponsor need - participation
- Your J.P. Morgan team
- Bechtel's history with J.P. Morgan Retirement Plan Services
- Bechtel's statistical trends – Bechtel Trust and Thrift Plan
- Bechtel's statistical trends – Becon Trust and Thrift plan
- 2009 accomplishments
- Building the Best plans in America
- 2010 initiatives
- Long-term initiatives
- Global calendar

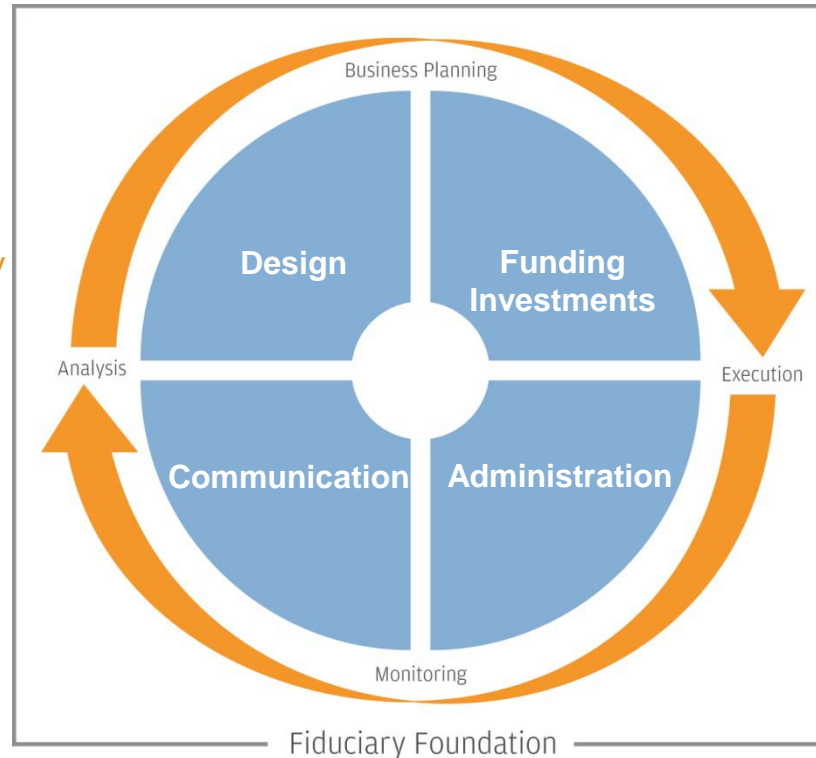
Building the Best Plans in America – Sponsor need - Bringing our Best Ideas to help solve sponsor issues

Design

- Automatic Suite (Jan 1, 2010)
- Stretch the match ¹
- Money in:
 - Roth
 - Catch up
- HSAs (Bechtel does not currently have)
- Money out:
 - Forms of Distribution
 - Loans
 - Annuities
- Executive Compensation
 - Partner Parity Plan
 - Nonqualified plan

Communication

- Savings and Investing Experience
- Focused communications campaign / employee meeting strategy
- Retirement Dream Machine
- Personalized Messaging
- Transitions Program
- Plan-driven initiatives
- Life Events
- *The Way Forward*



Fiduciary

- Annual Business Plan
- Annual Communications Plan
- Value Benchmark
- Fiduciary Toolkit – Benchmarking
- Participant Preference Model
- Legislative and Regulatory updates
- Advisory Services Personal Evaluations
- Current Master Services Agreement (MSA) and Fee Agreement

Funding/Investments

- QDIA
- Three-tiered menu
- Age-based funds (3Q10)
- Managed Accounts / Advice
- Affirmative investment elections
- Regular investment reviews
- Investment Policy Statement
- Global Multi Asset Group (GMAG) / Defined Benefit investment strategies

Administration

- Plan Sponsor Administrative Procedures Manual
- Operational and Plan Document competitive analysis
- Comprehensive reporting through Plan Sponsor Portal
- Defined Benefit Administration



¹ Bechtel conducting participant survey to gauge participant interest in match program, health benefits, etc. Survey to be conducted in June; any changes effective with first pay period in 2011.

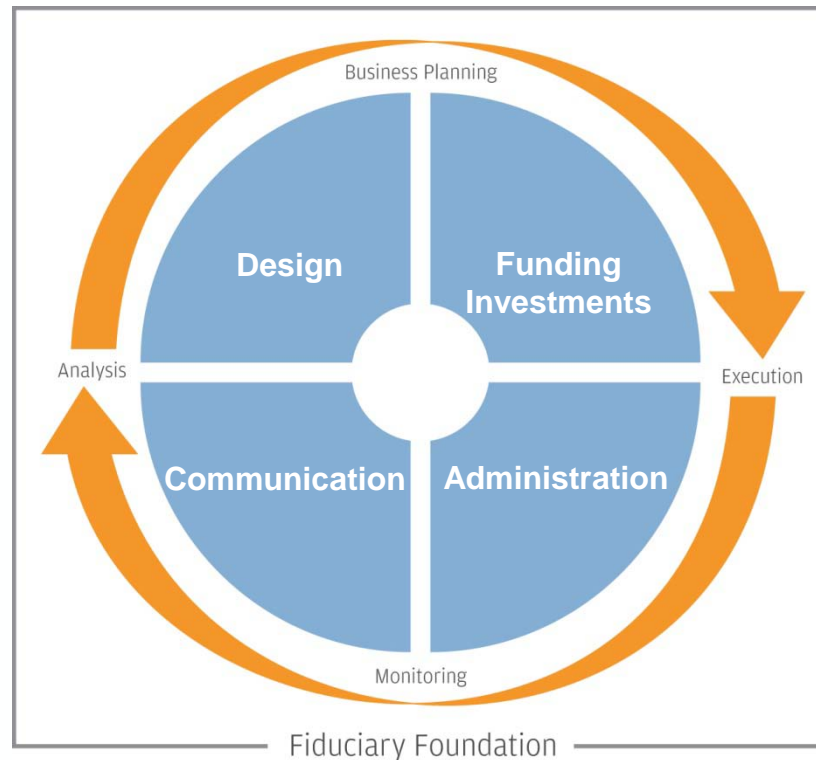
Sponsor need – participation

Design

- Automatic enrollment retroactive
- Automatic enrollment prospective
- Automatic increase to 10%
- Stretch the match to 10%
- Change eligibility
- Add Roth 401(k) source
- Conduct a re-enrollment with default into QDIA

Communication

- Customize campaign for the re-enrollment process
- Use PURLs program for maximum participant reach
- Turn on Savings and Investing Experience
- Targeted employee meeting strategy



Funding/Investments

- Establish age-based funds as QDIA
- Add self-directed brokerage
- Add managed accounts / advice

Administration

- Update PSAP to reflect new processes for design enhancements

Fiduciary

- Amend plan document to include new design features
- Update PSAP to reflect new processes
- Update fee agreement at expiration to acknowledge changes in plan characteristics

Your J.P. Morgan team

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Bechtel's History with J.P. Morgan Retirement Plan Services

- Converted Bechtel and Becon Trust and Thrift Plans to J.P. Morgan – February 2004
- Converted nonqualified plans to J.P. Morgan – April 2005
- Increased employer trust contribution to 3% - March 2006
- Added Roth 401(k) feature – March 2007
- Increased employer match to 100% on the first 6% – January 2008
- Online Beneficiary – 2008
- Electronic Statements – 2008
- Miscellaneous plan additions: terminated loan payments, non-spousal rollovers, partial distribution option for alternate payees – 2008
- Re-pricing analysis: recordkeeping fees went from \$80 to \$65 per participant – February 2009
- Fund changes in 2009: manager change in large value and small core funds June 1, 2009; mapped large value and large growth to large core October 9, 2009; added bond index fund October 9, 2009; added international equity index fund October 9, 2009; mapped stable value to money market plus fund December 18, 2009; added TIPS index fund December 21, 2009
- Added J.P. Morgan Personal Online Adviser and J.P. Morgan Personal Asset Manager – January 2010



Bechtel's History with J.P. Morgan Retirement Plan Services

Bechtel Trust and Thrift Plan

	12/31/2007	12/31/2008	12/31/2009
Plan Assets	\$4,444,441,133	\$3,278,867,892	\$3,877,260,776
Number of Plan Accounts	9,289 Active 8,176 Terminated 17,465 Total	10,056 Active 7,673 Terminated 17,729 Total	10,287 Active 7,937 Terminated 18,224 Total
Average Balance	\$254,477	\$184,943	\$212,775
Participation Rates	81.04% (8,577 participants)	77.90% (9,195 participants)	80.44% (9,260 participants)
Deferral / Contribution %	10.62% pretax 6.25% after-tax 8.20% Roth	10.10% pretax 5.97% after-tax 7.53% Roth	10.05% pretax 5.66% after-tax 7.36% Roth



Bechtel's History with J.P. Morgan Retirement Plan Services Becon Trust and Thrift Plan

	12/31/2007	12/31/2008	12/31/2009
Plan Assets	\$1,530,195	\$1,710,589	\$3,406,746
Number of Plan Accounts	90 Active 97 Terminated 187 Total	317 Active 109 Terminated 426 Total	408 Active 281 Terminated 689 Total
Average Balance	\$8,182	\$4,015	\$4,944
Participation Rates	4.39% (76 participants)	7.39% (356 participants)	11.94% (379 participants)
Deferral / Contribution %	6.55% pretax 5.81% Roth	4.95% pretax 5.77% Roth	4.59% pretax 5.52% Roth



2009 Accomplishments

Design – To help ensure that Bechtel employees accumulate sufficient retirement savings, and to increase overall plan participation.

Action Steps	Time Frame	Responsible Party	Completion Date/Status
Automatic Enrollment for existing employees; January 1, 2010 implementation preferred to obtain unwind provision. Bechtel to confirm automatic enrollment rate	January 1, 2010	Bechtel to confirm	J.P. Morgan assisted Bechtel in analysis of budget impact; automatic enrollment postponed to 2011
Automatic Increase to be implemented in conjunction with automatic enrollment. Bechtel to confirm automatic increase rate	January 1, 2010	Bechtel to confirm	J.P. Morgan assisted Bechtel in analysis of budget impact; automatic enrollment postponed to 2011

Funding – To help ensure that Bechtel plan participants have the ability to select professionally managed, reasonably priced, retirement-centric investment options.

Action Steps	Time Frame	Responsible Party	Completion Date/Status
Transition to Age-Based Funds; subject to decision on QDIA; may keep asset allocation funds if J.P. Morgan Personal Asset Manager becomes QDIA	November 2, 2009, live date; September 28 through October 30 enrollment window	Bechtel/J.P. Morgan	Analysis postponed to 2011, due to rollout of advisory services; managed accounts is new QDIA and plan default
Implement advisory services; Bechtel exploring possibility of utilizing as QDIA	September 28, 2009	Bechtel to confirm	Completed; rollout of services and established QDIA in January 2010
Fund changes	May, October, December 2009	Bechtel/J.P. Morgan	Manager change in large value and small core funds June 1, 2009; mapped large value and large growth to large core October 9, 2009; added bond index fund October 9, 2009; added international equity index fund October 9, 2009 mapped stable value to money market plus fund December 18, 2009 added TIPS index fund December 21, 2009
Conduct formal investment reviews for NQ plan	Quarterly or Semi-Annual	Mike Graham	Bechtel hired new investment consultant, so initiative from J.P. Morgan put on hold; can still conduct reviews if helpful to Bechtel; last review in December '08
Performed in-depth analysis of custom target date funds, to consider utilization of QDIA	1Q09 in conjunction with plan re-enrollment	Bechtel/J.P. Morgan/Mercer	Completed analysis, which ultimately led to change in strategy; advisory services will serve as ongoing QDIA and plan default



2009 Accomplishments

Administration – To help ensure accurate, timely and efficient processing of the Bechtel plan

Action Steps	Time Frame	Responsible Party	Completion Date/Status
Consider adding Brokerage services to plan	TBD	Bechtel to confirm	Bechtel not currently interested in brokerage
Automatic Rebalancing to be added in conjunction with target date funds and Financial Engines®	September 28, 2009	Bechtel to confirm	Postponed until advisory services were rolled out; targeted April 1, 2010, rollout to accommodate users of Personal Online Advisor
Updated Scope of Services administrative manual for Bechtel and Becon Plans	March 2009	J.P. Morgan, Sherry Rein	Completed October 2008 for Becon and January 2009 for Bechtel; ongoing updates as plan provisions/procedures change
Created Plan Sponsor Administration Procedures for the nonqualified plans	June/July 2009	J.P. Morgan, Sherry Rein	Completed
Performed audit of Client Management System to review plan provisions against plan administration	June/July 2009	J.P. Morgan, Sherry Rein and Operations	Completed

Fiduciary – to help ensure that Bechtel retirement plan committee is an informed fiduciary on all aspects of the plan, and can make reasonable and impactful decisions on behalf of Bechtel employees

Action Steps	Time Frame	Responsible Party	Completion Date/Status
Performed competitive pricing analysis, resulting in recordkeeping fees going from \$80 to \$65 per participant	Effective February 17, 2009; date of contract expiration	Bechtel/J.P. Morgan	Completed
Performed analysis comparison between age-based funds and advisory services, to determine most appropriate QDIA, plan default, and plan re-enrollment strategy	1Q09 in conjunction with plan re-enrollment	Bechtel/J.P. Morgan /Financial Engines/Mercer	Completed; managed accounts will be new QDIA and plan default, as well as plan re-enrollment strategy; money market plus fund will be used for first contribution for newly eligible employees
Performed analysis on impact of plan re-enrollment to stable value fund, to assist Bechtel in contract negotiations with stable value manager	Throughout 2009	Bechtel/Financial Engines	Completed; ongoing monitoring in 2010 after completion of advisory services rollout
Updated Service Level Agreement to reflect 2009 activity	1Q09	Bechtel/J.P. Morgan	Completed



2009 Accomplishments

Communications – To help ensure that Bechtel employees know and understand the benefits of their retirement plan, to provide retirement forecasting, and to provide effective tools to assist plan participants in reaching their retirement goals

Action Steps	Time Frame	Responsible Party	Completion Date/Status
Campaign to promote target date funds	August per communications timeline	Bechtel/J.P. Morgan	Completed 1Q09, but subsequently cancelled due to change in QDIA and plan re-enrollment strategy; managed accounts to serve as QDIA and plan default
Campaign to promote plan appreciation (automatic enrollment, automatic increase, advisory services, age-based funds, etc.)	August per communications timeline	Bechtel/J.P. Morgan	Postponed to 2010 after implementation of advisory services
Campaign to promote advisory services	Campaign begins 60 days in advance of rollout	Bechtel/J.P. Morgan	Campaign ran January – March 2010
Savings and Investing Program	90 days following rollout of advisory services	Bechtel/J.P. Morgan	Carryover to 2010; target implementation in Sept/Oct2010; 3.25.10: Bechtel interested in online enhancements to program; rollout in 2011
Transitions Program	2Q09	Bechtel to confirm	Carryover to 2010; Bechtel to provide review of materials
Electronic Statements – online for 1 st , 2 nd , and 3 rd quarters; paper statement 4 th quarter; 1Q09 statement will still be paper	2Q09	J.P. Morgan	Completed 1Q09
Communicated Fund Changes	Throughout 2009	Bechtel/J.P. Morgan	Manager change in large value and small core funds June 1, 2009 mapped large value and large growth to large core October 9, 2009; added bond index fund October 9, 2009; added international equity index fund October 9, 2009; mapped stable value to money market plus fund December 18, 2009; added TIPS index fund December 21, 2009
Enhanced Retirement Dream Machine tool to include spend down modeler	3Q09	J.P. Morgan	Completed; participant adoption much higher with newly enhanced tool



2010 Initiatives

Design – To help ensure that Bechtel employees accumulate sufficient retirement savings, and to increase overall plan participation.

Action Steps	Time Frame	Responsible Party	Completion Date/Status
Automatic Enrollment for existing employees; postponed to 2011	January 1, 2011	Bechtel to confirm	
Automatic Increase to be implemented in conjunction with automatic-enrollment. Bechtel to confirm auto-increase rate	January 1, 2011	Bechtel to confirm	
Update Scope of Services to include advisory services and other plan changes listed below	2Q10; bi-annual or annual ongoing	J.P. Morgan, Sherry Rein; to be reviewed and approved by Bechtel	
Finalize plan amendments for six month suspension for hardship, ability to waive MRDs for 2009, qualified distributions for military, definition of trust compensation, and allowing participants to contribute unused time off	1Q10	Bechtel	

Funding – To help ensure that Bechtel plan participants have the ability to select professionally managed, reasonably priced, retirement-centric investment options.

Action Steps	Time Frame	Responsible Party	Completion Date/Status
Implement Financial Engines advisory services as QDIA, and conduct plan re-enrollment	January – March 2010	J.P. Morgan/Financial Engines	Complete; Financial Engines to transition accounts over six month period
Addition of age-based funds; consider in conjunction with, or as a replacement for risk based funds	Mid-2010	Bechtel/J.P. Morgan/Mercer	
Roundtable with Lynn Avitabile at J.P. Morgan on age-based funds, to assist in overall analysis, and provide insight into recent DOL hearings on age-based funds	May 2010	Bechtel/J.P. Morgan	
Continue monitoring money market plus fund through initial six month transition period	March – August 2010	Bechtel/J.P. Morgan/Financial Engines	
Conduct formal investment reviews for NO plan	Quarterly or Semi-Annual	Mike Graham	



2010 Initiatives

Administration – To help ensure accurate, timely and efficient processing of the Bechtel plan

Action Steps	Time Frame	Responsible Party	Completion Date/Status
Automatic Rebalancing to be added in conjunction with target date funds and Financial Engines	April 2010	Bechtel to confirm	1Q10 rollout to coincide with Financial Engines rollout
Finalize plan amendments for six month suspension for hardship, ability to waive MRDs for 2009, qualified distributions for military, definition of trust compensation, and allowing participants to contribute unused time off	1Q10	Bechtel to provide J.P. Morgan with amendments; Sherry to modify administrative procedures	
Ongoing monitoring of Scope of Services	TBD, annual or bi-annual basis	Bechtel, Sherry Rein	
Transition to new Service Delivery Manager	2Q10	Sherry Rein	Sherry will be manager of new Service Delivery Manager and will continue to provide management oversight to Bechtel
Review data scrubbing process for efficiency	2Q10	Terri Jeck, Sherry Rein, Bechtel	Opportunities for efficiency may exist. 3.25.10: Bechtel interested in making changes as soon as possible without running into testing timeframe for Terri

Fiduciary – to help ensure that Bechtel retirement plan committee is an informed fiduciary on all aspects of the plan, and can make reasonable and impactful decisions on behalf of Bechtel employees

Action Steps	Time Frame	Responsible Party	Completion Date/Status
Modify custom Service Level Agreement for 2010 activity	1Q10	Bechtel, J.P. Morgan – Peggy Knox, Jennifer O'Neill	Completed; will finalize on March 25, 2010
Review fee benchmarking study	Annual	J.P. Morgan, Jennifer O'Neill	2009 report informally delivered with re-pricing analysis in Feb 2009; formal Value Benchmark to be delivered March 25, 2010
Fiduciary Toolkit	Semi-annual	J.P. Morgan, Jennifer O'Neill	Delivery dates: March 25 and 3Q10/4Q10
Financial Engines Reach and Impact Report – plan analysis of participant behavior	Quarterly or semi-annual to be delivered three times in 2010	Financial Engines/J.P. Morgan	Delivery dates: March 25, after six month transition; and in December at committee meeting



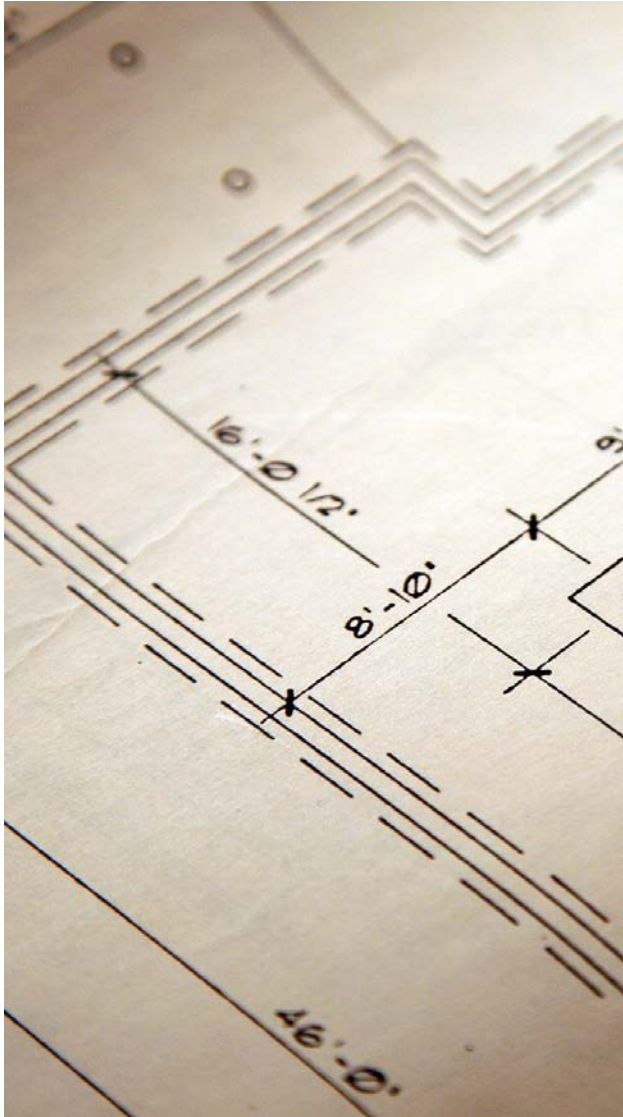
2010 Initiatives

Communications – To help ensure that Bechtel employees know and understand the benefits of their retirement plan, to provide retirement forecasting, and to provide effective tools to assist plan participants in reaching their retirement goals

Action Steps	Time Frame	Responsible Party	Completion Date/Status
Campaign to promote advisory services	30-60 days prior to rollout	Bechtel/J.P. Morgan	Campaign began 4Q09; finished 1Q10; last reminder notice to be mailed April 2010
Education road shows to promote advisory services campaign	February/March 2010	J.P. Morgan	Completed
Savings and Investing Program	3Q10; 3.25.10: Bechtel would like to implement in 2011	Bechtel/J.P. Morgan	Target implementation in Sept/Oct 2010; 3.25.10 Bechtel would like to implement in 2011
Transitions Program	2Q10	Bechtel to confirm	Carryover to 2010; Bechtel to provide review of materials
Print On Demand welcome guide update and online kit distribution	Sept/Oct 2010	J.P. Morgan	Bechtel to review and approve rollout
The Way Forward	2Q10 and ongoing	J.P. Morgan	Originally rolled out in 2009; ongoing materials available to participants online; will provide client with periodic email topics; discuss targeted promotion of miscellaneous topics
Second phase of Retirement Dream Machine enhancements	TBD	J.P. Morgan	J.P. Morgan to leverage behavioral finance principals to further enhance Retirement Dream Machine tool
Transition to new Communication Strategist	TBD	J.P. Morgan	Kim Robe and Jennifer Schuessler to serve as primary contacts for plan communications, until permanent communication strategist is assigned; Cindy Ralls, communication manager to provide oversight
Secure Message Center to enable participants to send and receive information in a secure medium; 3.25.10: Bechtel would like Financial Engines materials to eventually be included in Message Center.	March 26, 2010	J.P. Morgan	Chat capability and confirmation distribution to be implemented March 26; statement delivery to be implemented June/July 2010



Long-term initiatives



- 2011
 - Automatic enrollment suite
 - Annual or bi-annual plan re-enrollment to managed accounts, for newly eligible employees

- 2012
 - To discuss with Bechtel

Global calendar

	'09		1st Qtr			2nd Qtr			3rd Qtr			4th Qtr		
	N	D	J	F	M	A	M	J	J	A	S	O	N	D
Meeting Schedule														
I. Annual Relationship Updates														
Business Planning					X									X
Value Benchmark					X									
Fiduciary Toolkit/Plan Statistical Review					X						X			X
Investment Review														
II. Conference Calls/Administrative														
Plan Administration	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Compliance Testing					X									
III. Participant Communications														
Strategic Meeting					X						X			X
Calendar Review					X						X			X
IV. Sponsor Event Schedule														
Partner Group / Regional Client Events														



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