

**BAE SYSTEMS EMPLOYEES' SAVINGS  
AND INVESTMENT PLAN**

**Summary Plan Description**

**January 1, 2017**

**TABLE OF  
CONTENTS**

INTRODUCTION .....	3
SPECIAL DEFINITIONS .....	4
ELIGIBILITY .....	8
HOW TO MAKE AN ELECTION.....	8
YOUR CONTRIBUTIONS .....	8
YOUR CATCH-UP CONTRIBUTIONS .....	10
YOUR ROLLOVER CONTRIBUTIONS .....	10
YOUR EMPLOYER CONTRIBUTIONS .....	11
CREDITING OF VESTING SERVICE .....	12
LEGAL LIMITATIONS ON CONTRIBUTIONS .....	13
PLAN INVESTMENTS .....	13
MAKING YOUR INVESTMENT ELECTIONS.....	14
LOANS FROM YOUR PLAN ACCOUNT.....	16
IN-SERVICE WITHDRAWALS .....	16
DISTRIBUTION OF YOUR PLAN ACCOUNT.....	18
TRANSFERS OF EMPLOYMENT .....	22
REEMPLOYMENT AND BREAK IN SERVICE RULES .....	22
TOP-HEAVY PROVISIONS .....	23
AMENDMENT AND TERMINATION OF THE PLAN .....	23
GENERAL INFORMATION .....	24
PROTECTED BENEFITS AND QUALIFIED DOMESTIC RELATIONS ORDERS.....	25
MORE THINGS YOU SHOULD KNOW .....	25
CLAIMS REVIEW PROCEDURES .....	26
YOUR RIGHTS UNDER THE PLAN.....	28
PLAN INFORMATION .....	29

## **INTRODUCTION**

The BAE Systems Employees' Savings and Investment Plan ("Plan") is one of the valuable benefits offered by BAE Systems ("Company"). By participating in the Plan, eligible employees of the Company have an opportunity to invest for retirement while reducing their current federal income tax liability, and, in most states, their current state income tax liability.

The Plan Supplement that accompanies this booklet describes certain features of the Plan as they apply to you based on your current Employer and Plan participation directions. Throughout this booklet, we will refer to the Plan Supplement in discussing the features of the Plan as applicable to you.

This booklet, together with the Plan Supplement applicable to you, is called the Summary Plan Description ("SPD"). This SPD describes the principal features of the Plan as in effect on January 1, 2017, and updates and replaces any prior SPD of the Plan or predecessor plan. It contains information regarding the benefits available under the Plan and explains the features of the Plan. The documents governing the Plan are written in much more technical and precise language. In the event of any inconsistency between the legal Plan document and this SPD or where this SPD contains less complete information than the legal Plan document, the Plan document will control. If you wish to receive a copy of the legal Plan document, please contact your Plan Administrator. This SPD is intended to comply with applicable legal requirements. Note that other employee groups may be entitled to different benefits under the Plan; the particular SPD (including the Plan Supplement) that you have received is intended only to describe the terms of the Plan as applicable to your employee group.

The Plan is subject to federal laws such as the Employee Retirement Income Security Act ("ERISA"), the Internal Revenue Code (the "Code"), and other federal and state laws that may affect your rights. The provisions of the Plan are subject to revision due to changes in the laws and directions by the Internal Revenue Service ("IRS") or the Department of Labor ("DOL"). The Company reserves the right to amend or terminate the Plan for any other reason not inconsistent with applicable law.

## **Contributions**

Participation in the Plan is voluntary. You may contribute a portion of your Compensation to the Plan on a before-tax basis (and/or after-tax (Roth and Non-Roth) basis unless otherwise specified in your Plan Supplement) – called your Before-Tax, Roth After-Tax, and Non-Roth After-Tax Contributions. These contributions are referred to in this SPD as Contributions. Before-Tax Contributions will reduce your taxable income for the year such Contributions are made, under federal income tax rules.

The value of your Contributions remains invested in the Plan until it is distributed in accordance with the terms of the Plan. Your Before-Tax Contributions, and any investment earnings on your Before-Tax Contributions (and investment earnings on your Non-Roth After-Tax Contributions

if specified in the Plan Supplement), are not taxable under federal income tax rules until they are distributed from the Plan. If certain criteria are satisfied, any investment earnings or losses on your Roth After-Tax Contributions will be distributed tax-free.

In addition to your Contributions, under the terms of your Plan your Employer may be permitted or required to make contributions to the Plan on your behalf. These contributions are called Employer Contributions. Like your Before-Tax Contributions, these Employer Contributions, and any investment earnings on them, are not taxable to you until they are distributed from the Plan.

Finally, in accordance with the legal Plan documents, you may elect to roll over certain cash distributions from another retirement plan or arrangement, such as a tax-qualified retirement plan or an IRA, into the Plan, if permitted by the Plan Administrator. These contributions are called your Rollover Contributions. Like your Before-Tax Contributions, these Rollover Contributions, and the investment earnings on them, are not taxable until they are distributed from the Plan.

#### **Money Back on Taxes You Owe – the Government’s “Saver’s Credit” Program**

If you earn less than the taxable income limit (for 2017, \$62,000 if married, \$46,500 if head of household, and \$31,000 if single; such limits are subject to adjustment in future years) and contribute to this Plan, you could receive a credit against the federal income taxes you would otherwise pay. If you qualify for a credit, your credit rate could be as low as 10% or as high as 50%, depending on your income and your filing status. The IRS has several rules for this program. For more information, go to [www.irs.gov](http://www.irs.gov) and search for “saver’s credit,” or speak with your personal tax advisor.

#### **Your Plan Account**

You have your own account under the Plan for Contributions you make to the Plan, any Employer Contributions your Employer makes to the Plan on your behalf, and any Rollover Contributions you make to the Plan. Your Plan account keeps track of investment performance on those Contributions and your share of the assets held in the Plan.

#### **Plan Administrator Has Discretion to Interpret Plan**

The Plan Sponsor has delegated to the Plan Administrator the discretionary authority to interpret and construe the provisions of the Plan, to determine eligibility for benefits under the Plan (including all questions of law and fact), and to resolve any disputes that may arise under the Plan. Any such determinations shall be final and binding on all interested parties.

#### **SPECIAL DEFINITIONS**

To help you better understand how the Plan works, the following terms have special meanings when they are used in this SPD. When you see a capitalized term, please refer back to this “Special Definitions” section for the meaning. Any capitalized term not defined herein has the

meaning given to such term in the Plan document.

- “Account Recordkeeper” means the organization that tracks and administers your Plan account. Aon Hewitt is your Account Recordkeeper and offers assistance via the Benefit Center at 1-888-900-4223.
- “After-Tax Contribution” means the portion of your Contributions that you elect to make to the Plan on an after-tax basis (if specified in your Plan Supplement). After-Tax Contributions may be made on a Roth or Non-Roth basis (if specified in your Plan Supplement). Roth After-Tax Contributions and associated earnings are taxed differently than Non-Roth After-Tax Contributions and associated earnings, and they are subject to special rules.
- “Before-Tax Contribution” means the portion of your Contributions that you elect to make to the Plan on a before-tax basis.
- “Beneficiary” means the person (or persons) entitled to receive a distribution of your Plan account if you die before your Plan account has been fully distributed to you.
- “Break in Service” means a period of one full year since you were credited with an Hour of Service.
- “Catch-up Contribution” is a Before-Tax Contribution (or Roth After-Tax Contribution if specified in your Plan Supplement) in excess of the otherwise applicable limit on Before-Tax Contributions (and/or Roth After-Tax Contributions if specified in your Plan Supplement), made by an Employee who is or will become age 50 or older in the Plan Year in which the catch-up contribution would be made and who is otherwise eligible to make a Before-Tax Contribution (or Roth After-Tax Contribution if specified in your Plan Supplement).
- “Code” means the Internal Revenue Code of 1986, as amended.
- “Company” or “Employer” means BAE Systems, Inc. or other corporations, associations, joint ventures, proprietorships, partnerships or business units that have adopted or participate in the Plan.
- “Compensation” means the Compensation from your Employer that is taken into account in determining the amount of contributions that you can make to the Plan or that your Employer can make to the Plan on your behalf. Very generally, “Compensation” may include your W-2 wages, overtime, vacation pay, sick pay, Before-Tax Contributions and other pre-tax deferrals made under plans maintained by your Employer that would have otherwise been taxable. Your Plan Supplement contains important information on the amounts that are specifically included and excluded from the definition of “Compensation,” and, in the event of any discrepancy between this definition and your Plan Supplement, your Plan Supplement will control. Tax rules limit the amount of Compensation that may be taken into account under the Plan each year. In 2017, the maximum amount is \$270,000. For 2018 and later years, the maximum amount may be adjusted for increases in the cost of living.

- “Contributions” means your Before-Tax Contributions and, unless otherwise specified in your Plan Supplement, your Roth and Non-Roth After-Tax Contributions. The total of your Contributions may not exceed 50% of your Compensation, unless otherwise specified in your Plan Supplement.
- “Disability” means a participant’s incapacity that a) meets the definition of “disability” under the Social Security Act for the purpose of determining entitlement to disability benefits under such Act; or b) qualifies for disability benefits under the Employer’s insured (or self-insured) long-term disability program. In addition, “Disability” means a total disability where you are unable as a result of your qualified military service to obtain and maintain substantial gainful employment or occupation as determined either by the Social Security Administration or the Department of Veterans Affairs.
- “Eligibility Date” means the date you become an Eligible Employee.
- “Employee” or “Eligible Employee” means an individual who is eligible to participate in the Plan by being employed by an Employer and being credited with at least one Hour of Service. Please note that you are not an Eligible Employee and therefore not eligible to participate in the Plan if: a) you are covered by a collective bargaining agreement that was bargained in good faith but does not provide for your coverage under the Plan; b) you are providing services pursuant to a contract (including government contracts, as well as independent contractors and consultants) that does not provide for your participation in the Plan; c) you are a leased employee; d) you are a non-resident alien who does not receive United States source income; or e) you are a member of a group of employees who are specified under the Plan as not being eligible to participate. If you are participating in the Plan pursuant to the terms of a Collective Bargaining Agreement, you may be subject to additional service requirements before you are considered an Eligible Employee. See your Plan Supplement for any special requirements that apply to you.
- “Employer Contribution” means any Matching Contribution or Nonelective Contribution that your Employer makes to the Plan on your behalf. A Nonelective Contribution means an Employer Contribution made on a *non-discretionary* basis to the Plan on behalf of its Employees, as may be described in your Plan Supplement.
- “Enrollment Date” means the first day of a payroll period following your affirmative election to participate in the Plan.
- “Highly Compensated Employee” generally means an Employee who earned more than \$120,000 (effective for 2017, and subject to future increases for cost of living changes) during the preceding Plan Year.
- “Hour of Service” means each hour for which you are directly or indirectly paid or entitled to be paid by your Employer, or such other entity as the Plan may specify (*e.g.*, predecessor employer or control group member), for (a) the performance of duties or (b) reasons other than the performance of duties, including but not limited to vacation, holidays, sickness, disability, paid layoff and similar paid periods of nonworking time, subject to limitations

specified in the Plan. An Hour of Service is credited to you for the period in which duties were performed or the reason other than the performance of duties occurred. An Hour of Service also includes each hour not otherwise credited for which back pay, irrespective of mitigation of damages, has been either awarded or agreed to by the Employer and will be credited for the period to which the award or agreement pertains.

- “Investment Fund” is a separate fund in which your Plan account or part of your Plan account may be invested.
- “IRA” means both an individual retirement account and an individual retirement annuity.
- “Matching Contribution” means an Employer Contribution made to a plan based upon a percentage of your Before-Tax Contributions and, if applicable, Roth and Non-Roth After-Tax Contributions. Your Plan Supplement describes whether After-Tax Contributions (if applicable) are eligible for Matching Contributions under the terms of your Plan.
- “Normal Retirement Date,” unless otherwise stated in your Plan Supplement, generally means the later of the date you reach age 65 or the fifth anniversary of the date on which you became a participant in the Plan or a predecessor plan.
- “Plan” means the BAE Systems Employees’ Savings and Investment Plan.
- “Plan Administrator” means the BAE Systems Administrative Committee, which is responsible for the day-to-day administration of the Plan.
- “Plan Sponsor” means BAE Systems, Inc.
- “Plan Year” means the calendar year.
- “Primary Beneficiary” means an individual who is named as a Beneficiary under the Plan and has an unconditional right to all or a portion of your account balance under the Plan upon your death.
- “Rollover Contribution” means any qualified cash contribution that you elect to roll over to the Plan from another tax-qualified retirement plan, IRA or other Employer-approved retirement plan.
- “Termination Date” is the date on which you terminate employment with your Employer for any reason.
- “Trustee” means the individual or entity that holds the Plan assets for the benefit of the Employees who participate in the Plan. The Trustee of your Plan is identified in the section of this SPD entitled “Plan Information.”
- “Valuation Date” means a date on which the trust is valued and Plan accounts are adjusted to reflect investment earnings or losses. A Valuation Date under the Plan is any business day

during the Plan Year that the Trustee, any transfer agent appointed by the Trustee or the Employer and any stock exchange used by the agent are open for business.

- “Vesting Service” means the service credited to you that is used for determining your vested interest in the value of the Employer Contributions in your Plan account. Your vested interest means the non-forfeitable portion of your Plan account to which you would be entitled as of a given date if your service terminated for a reason other than death or Disability (including death or Disability while performing qualified military service) as of such date.

## **ELIGIBILITY**

If you are an Eligible Employee, you may begin making Contributions to the Plan on any Enrollment Date, unless otherwise specified in the Plan Supplement.

If you are employed in a division that has a specific Eligibility Date, and you do not elect to make Contributions beginning on the first Enrollment Date coincident with or next following such Eligibility Date, you may elect to make Contributions beginning on any subsequent Enrollment Date.

If you elect to begin making Contributions, the election will become effective as soon as administratively practicable following the submission of the election.

## **HOW TO MAKE AN ELECTION**

To elect to begin making Contributions to the Plan, you must call the Benefit Center at 1-888-900-4223, or sign on to the Benefits Navigator web site at <https://benefitsnavigator.baesystems.com>.

## **YOUR CONTRIBUTIONS**

Your election to make Before-Tax Contributions to the Plan authorizes your Employer to reduce the amount of your taxable Compensation by the amount you specify and to contribute that amount to the Plan. Your taxable Compensation will be reduced and your Before-Tax Contributions will commence in accordance with your election effective with the first payroll period on or following your Enrollment Date or as soon as administratively practicable thereafter. Your Before-Tax Contributions will not reduce your Social Security taxes or benefits. No Contributions may be made retroactively.

The Plan may also allow you to make After-Tax Contributions on a Roth and Non-Roth basis, which are Contributions made with after-tax Compensation. These Contributions will not reduce your current taxable income. Special rules apply to Roth After-Tax Contributions. Very generally, Roth After-Tax Contributions and related earnings may be distributed tax-free if the distribution is taken at least five tax years after the year you first made a Roth After-Tax Contribution to the Plan (or, if earlier, five tax years after you made a Roth After-Tax Contribution to another plan that has been rolled into this Plan) and after you have attained age

59½, become disabled, or died.

Note: During unusually heavy use or technical failures, telephone or web access to your Account Recordkeeper may be temporarily unavailable.

### **Automatic Enrollment and Automatic Escalation**

As noted above, you may elect to enroll in the plan as early as your Eligibility Date by affirmatively electing to enroll in the Plan (provided that any such election will become effective as soon as administratively practicable following the submission of the election). Additionally, if you are hired or rehired by an Employer participating in the Plan on or after January 1, 2017 and are eligible to participate in the Plan, you will be automatically enrolled in the Plan to make Before-Tax Contributions at an initial rate of 3% of Compensation unless you opt out of such automatic enrollment or elect to enroll in the Plan prior to your automatic enrollment in the Plan. Considerable notice will be provided to you regarding your automatic enrollment and your rights to opt out. You may choose to opt out of automatic enrollment at any time or to enroll in the plan using different elections; however, you may only withdraw automatic contributions (adjusted for allocable gains and losses to the date of distribution) in connection with an opt-out during the 90-day period beginning on the date on which your first deferral was included in your income. The default investment for such deferrals will be the default Investment Fund designated by your Plan Administrator. If you are automatically enrolled in the Plan as described herein, your Before-Tax Contributions will automatically escalate by 1% of Compensation each Plan Year up to a maximum rate of 6%. Automatic rate escalation occurs every April 1<sup>st</sup> or as soon as administratively practicable thereafter. To be eligible for the automatic rate escalation, your election must be on file more than three months in advance of the date on which automatic escalation occurs. You may opt out of automatic escalation at any time.

Automatic enrollment and automatic escalation as described herein will not apply to you if you are a collectively bargained employee or employed by the Intelligence & Security (I&S) Sector. If you are an eligible employee of the Electronic Systems Sector at its Ft. Wayne, IN location who is covered by a collective bargaining agreement, you will be subject to the automatic enrollment provisions described in your Plan Supplement.

### **Amount of Your Contributions**

The total amount you may authorize your Employer to deduct from your Compensation as Before-Tax Contributions and After-Tax Contributions (if any) is based on whole percentages between 1% and 50%, unless otherwise specified in your Plan Supplement.

### **Change in Amount of Your Contributions**

You may change the amount of your Contributions at any time during the Plan Year. To change the amount of your Contributions, you must file a new election by calling the Benefit Center at 1-888-900-4223 or by signing onto the Benefits Navigator web site at <https://benefitsnavigator.baesystems.com>. The change will become effective with the next payroll period or as soon as administratively practicable thereafter.

## **Suspension of Your Contributions**

You may suspend your Contributions at any time by calling the Benefit Center at 1-888-900-4223 or by signing onto the Benefits Navigator web site at <https://benefitsnavigator.baesystems.com>. The change will become effective with the next payroll period or as soon as administratively practicable thereafter. In some cases your contributions will be suspended automatically (*e.g.*, if you take a hardship distribution from the Plan).

## **Resumption of Contributions**

If you suspend your Contributions, you may elect to resume making Contributions as of the beginning of any future payroll period. To resume Contributions, you must make a new election as described above in the section of the SPD entitled “How to Make an Election.” The change will become effective with the next payroll period or as soon as administratively practicable thereafter.

## **Vested Interest in Your Contributions**

You are always 100% vested in the value of your Before-Tax Contributions and After-Tax Contributions (including any earnings related thereto) in your Plan account.

## **YOUR CATCH-UP CONTRIBUTIONS**

### **General**

You are eligible to make Catch-up Contributions under the Plan provided you are an Eligible Employee and you are, or will attain, age 50 by the last day of the Plan Year. Catch-up Contributions will be made in accordance with Code section 414(v) and any regulations issued thereunder. Amounts contributed to the Plan in excess of certain applicable Plan or IRS limits are automatically treated as Catch-up Contributions under the Plan but only to the extent the Catch-up Contributions do not exceed the maximum amount of Catch-up Contributions permitted for the taxable year. The maximum amount of Catch-up Contributions for 2017 is \$6,000 and is subject to change in future years.

### **Vested Interest in Catch-Up Contributions**

You are always 100% vested in the value of your Catch-Up Contributions (including any earnings related thereto) in your Plan account.

## **YOUR ROLLOVER CONTRIBUTIONS**

### **General**

If you are an Employee, you may elect to roll over distributions from another tax-qualified

retirement plan or IRA into the Plan. The Code governs whether a distribution from an IRA or other Employer-approved plan qualifies for rollover into the Plan. The Plan Administrator may require you to complete certain forms and provide other information to show that the distribution you want to roll over qualifies under the Code.

If the distribution qualifies, you may roll it over into the Plan provided that you do so within the time limit specified in the Code and related guidance – 60 days (if the check is issued in your name) from the date of distribution. The date of distribution is the date on which the check is originally issued (in the event the check has been reissued).

Your Rollover Contributions will become subject to all the terms and conditions of the Plan and will only be distributable to you in accordance with such terms and conditions. Your Employer does not make Employer Contributions with respect to Rollover Contributions.

The Plan may (but is not required to) accept Rollover Contributions and direct rollovers from qualified plans described under Code sections 401(a), 403(a), 403(b), 457(b) and certain IRAs.

### **Vested Interest in Rollover Contributions**

You are always 100% vested in the value of your Rollover Contributions (including any earnings) in your Plan account.

### **In-Plan Roth Rollovers**

You may convert all or part of the eligible portion of your vested Plan account into a Roth designated account within the Plan. The eligible portion of your vested Plan account includes all vested amounts in your account that are not Roth After-Tax Contributions or Roth Rollover Contributions but does not include those amounts that are (1) attributable to outstanding loan balances, (2) pension offsets, (3) subject to spousal consent requirements, (4) qualified nonelective contributions, or (5) safe harbor Matching Contributions. You may make two conversions each Plan Year for a minimum of \$500 each time.

An in-plan conversion of Non-Roth Plan assets to a Roth designated account causes the converted amounts to become taxable in the year of the conversion. However, any future qualified distributions of the converted amounts, plus any accumulated earnings thereon, may be distributed to you tax-free. Very generally, Non-Roth Plan assets converted to a Roth designated account and related earnings may be distributed tax-free if the distribution is taken after the end of the five-taxable-year period beginning with the first day of the taxable year in which the conversion was made. In addition, assets converted to a Roth designated account remain subject to the distribution restrictions that were applicable to the amount before the conversion took place.

## **YOUR EMPLOYER CONTRIBUTIONS**

### **General**

In addition to your own Contributions, your Employer may make Employer Contributions to your Plan account. Employer Contributions, if offered under your Plan, are described in more detail in your Plan Supplement.

You are not taxed on any Employer Contributions that may be made on your behalf until a distribution from your Plan account is made to you. The percentage of the value of the Employer Contributions invested in your Plan account that you are entitled to receive as of your Termination Date is equal to your vested interest in your Employer Contributions.

Your Employer may be allowed or required to make Matching Contributions with respect to your eligible Before-Tax Contributions (and, if specified in your Plan Supplement, Roth and Non-Roth After-Tax and Catch-Up Contributions). Your Employer may also be allowed or required to make Nonelective Contributions on your behalf (if specified in your Plan Supplement).

See your Plan Supplement for further information concerning whether and in what form Employer Contributions are made to your account and the amounts of such Employer Contributions (if any).

### **Vested Interest in Employer Contributions**

If your Plan Supplement states that you are entitled to Employer Contributions, your Plan Supplement also describes how your vested interest in Employer Contributions is determined. Regardless of your vested status, federal law requires that you become 100% vested if the Plan is terminated or if you are affected by a partial termination of the Plan. In the unlikely event that either a Plan termination or partial termination occurs, the Plan Administrator will notify affected Plan participants as required by applicable law. You are always 100% vested in your Plan account upon attaining your Normal Retirement Date while still employed or upon your termination of employment due to death or Disability (including death or Disability while performing qualified military service).

If your employment terminates with your Employer and you are not 100% vested in your Employer Contributions at that time, you will forfeit the non-vested portion of your Plan account (subject to the break in service rules described later in this SPD). Amounts that are forfeited may be used to offset Employer Contributions or to reduce or offset administrative expenses of the Plan.

### **CREDITING OF VESTING SERVICE**

You are credited with one year of Vesting Service for each 12-month period of continuous employment with an Employer. If you experience a termination of employment or other absence, you may be subject to the break in service rules described in the section of this SPD entitled "Reemployment and Break in Service Rules." Please note that if you are absent for certain reasons such as an approved leave due to the birth, adoption or placement for adoption of a child, such leaves shall count toward your Vesting Service to the extent the period of absence does not extend beyond 12 months. Similarly, if you are on an Employer-approved leave of absence or military leave for which your re-employment rights are protected under the Uniformed Services

Employment and Reemployment Rights Act of 1994, such leave shall not constitute a Break in Service provided you return from such leave within the time prescribed by law. For specific questions concerning the foregoing, please consult the Benefit Center.

## **LEGAL LIMITATIONS ON CONTRIBUTIONS**

Federal law limits the maximum amount of Before-Tax and Roth After-Tax Contributions that you can make in a Plan Year. In 2017, the combined maximum amount of Before-Tax and Roth After-Tax Contributions to all tax-qualified plans is \$18,000, subject to certain exceptions for Catch-up Contributions described in this SPD (such limit, the “IRS Deferral Limit”). In addition, in 2017, the maximum combined contribution that can be made to your account by you and your Employer during the year is the lesser of 100% of your Compensation or \$54,000, subject to certain exceptions for Catch-up Contributions (“415 Limit”). The IRS sets the maximum contribution limits each year to reflect increases in the cost of living.

If the Plan Administrator determines that the amount of the Contributions you authorized your Employer to make from your Compensation would exceed the IRS Deferral Limit, as described above, the Plan Administrator will adjust the amount withheld so that such amount does not exceed the maximum.

**If you have contributed to the 401(k) plan of another unrelated employer during the year, it is your responsibility to ensure that your Before-Tax and Roth After-Tax Contributions do not exceed the IRS Deferral Limit.** To avoid tax penalties that you may incur if you exceed the IRS Deferral Limit for the year, contact the Benefit Center at 1-888-900-4223 or log onto the Benefits Navigator web site at <https://benefitsnavigator.baesystems.com> to stop or adjust your Contributions to avoid exceeding such limit. If you exceed the IRS Deferral Limits for the year, notify the Benefit Center at the above telephone number on or before March 1<sup>st</sup> of the year immediately following the year of deferral to request a refund of the excess deferrals.

If you are a Highly Compensated Employee, federal law also limits the amount of Contributions that you can make to the Plan and the amount of Matching Contributions that your Employer can make to the Plan on your behalf. If the Plan Administrator determines that contributions for Highly Compensated Employees would exceed the amount that may be contributed to the Plan, it may adjust the amount of Contributions and Matching Contributions that would otherwise be made for Highly Compensated Employees. You will be notified if these provisions apply to you and limit the amount you or your Employer may contribute to the Plan.

In addition, Contributions to the Plan are subject to other maximum limitations under the Code and other applicable law. Amounts that would exceed those limits will be distributed or forfeited as provided under the terms of the Plan in accordance with applicable law. You will be notified if you are affected by these limits.

## **PLAN INVESTMENTS**

The Plan offers a number of Investment Fund options. You direct how your Plan account,

including any new Contributions and Employer Contributions, is invested among these Investment Funds. You may direct that your existing account and future contributions be invested among any of the Investment Funds offered. When you direct investments, your accounts are segregated for purposes of determining the earnings and losses on those investments. Your Plan account will not be affected by the investment performance of other participants.

At the time you enroll in the Plan, you will be required to specify the investments for your Contributions. You may modify your investment elections at any time. If you should decide to change your investment elections or wish to obtain investment information on any Investment Fund being offered, please contact the Benefit Center at 1-888-900-4223. The Benefits Navigator web site, accessible on the web at <https://benefitsnavigator.baesystems.com>, may also be used to change your investment elections and will update the description of the available Investment Funds to reflect any changes to the Investment Funds being offered.

### **Investment Gains and Losses**

Gains and losses on your Plan investments can occur. The amount of your benefits will depend in part upon your choice of investments. The Employer, the Plan Administrator and the Trustee will not provide investment advice or guarantee the performance of any investment you choose. Unlike federally insured banks and certain financial institutions, the investments in your account are not protected by the Federal Deposit Insurance Corporation (“FDIC”) or any other governmental agency.

This Plan is intended to comply with the participant investment direction rules of Section 404(c) of ERISA and the regulations thereunder, and the Plan’s fiduciaries may be relieved of liability for any losses resulting from participant investment direction.

Offerings to sell securities or other funds are made by an official prospectus or a fund fact sheet, a free copy of which is available through your Account Recordkeeper. Although no transaction, sales, or other separate fees are charged, investment management fees are deducted from most Investment Funds before investment performance is determined.

Note: During unusually heavy use or technical failures, telephone or web access to your Account Recordkeeper may be temporarily unavailable.

## **MAKING YOUR INVESTMENT ELECTIONS**

### **Investment Elections**

You must file an investment election with your Account Recordkeeper directing how contributions to your Plan account are to be invested. If no election is made, then your contributions will be invested in the default Investment Fund designated by your Plan Administrator. Please call the Benefit Center at 1-888-900-4223, or log onto <https://benefitsnavigator.baesystems.com> for more information and to file an investment election.

Your investment election must specify how your existing account balance and new contributions to your Plan accounts are to be invested among the available Investment Funds.

You may:

- Change your designation of how new contributions to your Plan account are invested on any day of the Plan Year to be effective as of the next Valuation Date.
- Transfer any existing amount held in your Plan account over which you have investment authority from one Investment Fund to another Investment Fund. You must specify the amount eligible for transfer that is to be transferred. There may be specific rules and redemption fees pertaining to the Investment Fund limiting your ability to transfer among Investment Funds.
- Request and process withdrawals, distributions and loans in accordance with the terms of your Plan.

The above changes and requests can be made by contacting your Account Recordkeeper through the Benefit Center at 1-888-900-4223 or by accessing your account via the Benefits Navigator web site at <https://benefitsnavigator.baesystems.com>.

Your Account Recordkeeper will provide you with an opportunity to create a unique User ID and password to access your account online or by phone. If you do not remember or cannot locate your User ID or password, you can recover your credentials by accessing the Benefits Navigator web site at <https://benefitsnavigator.baesystems.com> and selecting the “Forgot User ID or Password” link. You may also reset your password by calling your Account Recordkeeper through the Benefit Center at 1-888-900-4223 and speaking with a customer service representative. Your Account Recordkeeper also has important benefit information regarding the Plan, which can be accessed through the Benefits Navigator web site or by calling the toll-free number.

A transfer may be made effective as of the close of the stock market on any Valuation Date determined by the Plan Administrator, barring technical or administrative problems and provided your valid request was received before 4:00 p.m. Eastern Time. If your request was not valid, received later than 4:00 p.m. Eastern Time, or there were technical or administrative problems, such transfer will be effective as of the close of the stock market on the next Valuation Date or as soon as practicable thereafter.

The Investment Funds available to you may have policies to prohibit or restrict rapid trading in their funds that they view to be abusive. See each Investment Fund’s prospectus or fund fact sheet for a description of any restrictions or prohibitions on “market timing” or rapid trading. The Account Recordkeeper will enforce any restrictions imposed by the Investment Funds against such trading activities.

Note: During unusually heavy use or technical failures, telephone or web access to your Account Recordkeeper may be temporarily unavailable.

## **LOANS FROM YOUR PLAN ACCOUNT**

While you are an Employee, you may apply for a loan from your Plan account by contacting your Account Recordkeeper through the Benefit Center. You are allowed to have one (1) General Purpose and one (1) Residential loan outstanding at the same time (other provisions may apply for union members and/or participants in plans merged into this Plan). Please refer to your Plan Supplement for more information regarding the number of loans you may have outstanding.

Generally, a loan request that meets the requirements set forth in the BAE Systems Employees' Savings and Investment Plan Participant Loan Program Policies and Procedures ("Loan Procedures") will be approved. Please contact the Benefit Center for a copy of the Loan Procedures.

## **IN-SERVICE WITHDRAWALS**

Under certain circumstances, you may make a withdrawal from your Plan account while you are still an Employee.

### **After-Tax Withdrawals**

You may elect to withdraw all or any portion of your After-Tax Contributions at any time while you are an employee. However, if you withdraw your After-Tax Contributions (other than any After-Tax Contributions attributable to Rollover Contributions), and are not otherwise eligible to receive an in-service distribution under the Plan, you will be suspended from the ability to make Before-Tax Contributions and After-Tax Contributions (and receive corresponding Matching Contributions) for six (6) months. Any withdrawal of After-Tax Contributions shall exhaust all pre-1987 After-Tax Contributions prior to any withdrawal of post-1986 After-Tax Contributions or earnings.

### **Withdrawals After Reaching Age 59½**

If you have reached age 59½, you may withdraw any amount, up to 100% of the value of your Rollover Contributions, your Before-Tax and After-Tax Contributions, and vested Employer Contributions in your Plan account, subject to any limitations provided by the Plan Administrator.

If you are married at the time you wish to make a withdrawal, and your Plan account includes assets that are subject to the spousal consent requirements described in the section entitled "Normal Forms of Payment," your spouse must consent in writing to the withdrawal. (Generally, these restrictions will only apply to employees covered by a collective bargaining agreement.) The amount available for withdrawal will not include any outstanding loan balances or amounts necessary to provide security for any outstanding loans. Consult your Plan Supplement for specific details regarding eligibility for, or any limitations on, withdrawals under your Plan.

### **Hardship Withdrawals**

If you incur an immediate and heavy financial need in accordance with IRS guidelines, you may make a hardship withdrawal of your Plan account, but only if you certify to the Plan Administrator that the withdrawal is necessary to meet your financial need, and you also meet the Plan requirements.

The Plan prohibits hardship withdrawals of investment earnings that were credited to Before-Tax Contributions after December 31, 1988.

### **Financial Needs for Which Hardship Withdrawals are Available**

The following needs are deemed to constitute a financial hardship subject to meeting other requirements specified in the Plan.

- Payment of expenses for medical care previously incurred by you, your spouse, certain of your dependents, or your Primary Beneficiary, or expenses necessary for such persons to obtain medical care, provided such expenses would be deductible under Code section 213(a) without regard to whether the expenses exceed the limitations of such section.
- Purchase of your principal residence (excluding mortgage payments).
- Payment of tuition, related educational fees, and room and board expenses for up to the next 12 months of post-secondary education for you, your spouse, certain of your dependents, or your Primary Beneficiary.
- Prevention of your eviction from your principal residence or foreclosure on the mortgage of your principal residence.
- Burial or funeral expenses for your deceased parent, spouse, child, certain of your dependents or your Primary Beneficiary.
- Repair of damage to your principal residence that would qualify for a casualty deduction under section 165 of the Internal Revenue Code (determined without regard to whether the loss exceeds 10% of adjusted gross income).

### **Demonstrating Need for Hardship Withdrawal**

The Plan Administrator will approve your application for a hardship withdrawal if you certify in writing that all of the following requirements are met: (1) the withdrawal amount does not exceed the amount you need to meet your financial need and to pay any federal, state or local income taxes or penalties reasonably anticipated to result from the withdrawal; (2) you have obtained all other distributions (other than hardship withdrawals from any other qualified or nonqualified plan) and all non-taxable loans available to you from any plan maintained by your Employer (including non-qualified plans) except for the mandatory employee contribution portion of a health or welfare benefit plan (including one that is part of a cafeteria plan); and (3) you have exhausted all other reasonably available financial resources for yourself, your spouse and minor children, including insurance and the liquidation of assets except to the extent such

liquidation of assets would itself create another immediate and heavy financial burden. Please note that all Contributions to the Plan, and any other plan maintained by your Employer, are suspended for at least 6 months after receipt of the hardship withdrawal.

## **DISTRIBUTION OF YOUR PLAN ACCOUNT**

You may receive distribution of your vested Plan account when any of the following occurs:

- You retire from employment after you reach your Normal Retirement Date.
- Your employment terminates due to death, Disability, or any other reason.
- You reach age 59½ while you are still employed.

Your Plan may require you to receive at least a partial distribution of your Plan account when you reach age 70½ even if you are still working. Please contact your Account Recordkeeper if you require additional information.

### **Distribution upon Termination of Employment for Reasons Other than Retirement, Death or Disability**

If your employment with your Employer ends before your Normal Retirement Date and for reasons other than death or Disability, you can receive the value of the vested portion of your Plan account. The vested portion of your Plan account is determined in accordance with the vesting schedule described in your Plan Supplement. In some cases, you may be able to leave your account in the Plan so that it continues to share in the performance of the investments and at the same time further delay taxes and avoid tax penalties. Distributions are based on the value of the Plan account on the day the request is processed, not the date the request is made.

If the value of your Plan account is \$1,000 or less as of the 12-month anniversary of the termination of employment (or quarterly thereafter), a distribution in the form of a lump sum will be made to you as soon as administratively practicable thereafter, even if you do not consent to such distribution. Please be aware that, when you separate from service, you will be responsible for paying administrative fees, deducted from your account, once your separation exceeds 12 months.

### **Suspension of Distribution**

If you are re-employed by your Employer before full distribution of your Plan account has been made, distribution of your Plan account will be suspended until your employment again terminates, unless otherwise provided by the Plan.

### **Distribution of Benefits on Your Normal Retirement Date and Deferral of Benefits**

If you terminate employment on or after your Normal Retirement Date you will be entitled to 100% of your Plan account. However, you generally may choose to defer payment of your

benefits past your Normal Retirement Date until you actually stop working, subject to certain plan and legal requirements. If you are a 5% owner of your Employer, however, you may not defer your benefits beyond the year in which you reach age 70½ even if you are still working. Please consult your Plan document or contact your Account Recordkeeper if you have specific questions regarding these provisions.

### **Normal Forms of Benefit Payment and Optional Forms of Benefit Payment upon Normal Retirement or Termination of Employment Due to Disability**

Payment of your benefits will normally begin no later than 60 days after the later of: a) your Normal Retirement Date; b) the date your employment terminates; or c) such later date selected by you and permitted under the terms of the Plan and applicable law.

If not already 100% vested, you become 100% vested in your Employer Contributions upon your Normal Retirement Date (if still employed) or when termination of employment occurs due to death or Disability or in the event you die or experience a Disability while performing qualified military service. Otherwise, your Employer Contributions are subject to the vesting requirements described in your Plan Supplement. Your Plan Administrator will provide you a notice explaining the different benefit options you may select not less than 30 days and not more than 180 days before your benefits are to commence. Please note: the notice may be provided to you less than 30 days before your benefit commencement if you waive the foregoing 30 day requirement by affirmatively requesting a distribution.

The following are the normal forms in which your benefit will be paid to you. Also listed below are the optional forms of benefit you may choose if you do not want the normal form of benefit payment. Please note: if you are married, spousal consent may be required if you wish to select an optional form of benefit that is different from the form normally paid to a married participant in the above situations.

#### **Normal Forms of Payment**

- If your Plan account upon the occurrence of any one of the above events is \$1,000 or less, you will be paid your benefit as soon as administratively feasible in the form of a lump sum cash payment.
- If your Plan account upon the occurrence of any one of the above events is more than \$1,000, then you may elect one of the following forms of payment:
  - A lump sum payment.
  - A series of installment payments paid to you either annually, semi-annually, quarterly or monthly as you elect, over your life expectancy or joint life expectancy of you and your Beneficiary, subject to applicable regulations.
- If your Plan Account is subject to the joint and survivor requirements of Code Section 401(a)(11), then your account will be paid in the form of a joint and 50% survivor

annuity if you are married (a joint and 50% survivor annuity is where you will receive a monthly benefit for the remainder of your life and upon your death your surviving spouse will receive a monthly benefit for the remainder of his or her life equal to 50% of the benefit you were receiving at the time of your death), or in the form of a life annuity if you no longer have a spouse at the time benefit payments commence— generally, this paragraph only applies to certain Employees covered by a collective bargaining agreement. However, you (and, if you are married, your spouse) may waive the joint and survivor annuity form and select the lump sum or installment distribution option described above, or a joint and 75% survivor annuity or a joint and 100% survivor annuity, if you and your spouse provide written consent to such waiver to the Plan Administrator.

- You may elect to roll over your benefit to another approved retirement plan or IRA, subject to any applicable minimum distribution requirement.

### **Distribution of Benefits on Termination of Employment Due to Death**

If you die while you are still working for your Employer (or when you are no longer working for your Employer but prior to the distribution of your Plan account), your entire vested account balance will be used to provide your Beneficiary with a death benefit. You will be 100% vested in your Employer Contributions if you terminate employment by reason of death. If you are married, your Beneficiary is your surviving spouse unless your spouse consents, in a manner prescribed by the Plan, to the designation of a different Beneficiary and waives any right to any portion of the death benefit.

If you are married and have named someone other than your spouse to be your Beneficiary as described in the preceding paragraph, any subsequent change to your designation may only name your spouse as your new Beneficiary unless your spouse has consented to allowing additional changes to the beneficiary designation without his or her consent. Also, you may elect a Beneficiary other than your spouse without spousal consent if you can provide proof that your spouse cannot be located. Because your spouse has certain rights in your death benefit, you should immediately report any change in your marital status to the Plan Administrator.

In the event no valid Beneficiary designation exists, or if the Beneficiary is not alive at the time of your death, the death benefit will be paid, in the following order of priority, to:

- Your surviving spouse.
- Your estate.

In the event that you terminate employment and then subsequently die, your Beneficiary will be entitled to the vested percentage of your remaining Plan account at the time of your death.

If you do not start receiving distributions prior to your death, distribution to your Beneficiary must begin:

- If your Beneficiary is your spouse, no later than the end of the Plan Year in which you would have attained age 70½.
- If your Beneficiary is someone other than your spouse, no later than the end of the fifth calendar year beginning after your death.

If you are married at the time of your death, you have not yet commenced distribution of your benefit, and your spouse has not consented to a designation of a Beneficiary other than him or herself, then payment of your Plan account shall be paid to your surviving spouse. Your surviving spouse may choose to have the Plan account paid in the form of a lump sum (partial or full), a fixed or a calculated installment payment. Upon your death, your Plan account shall be paid in no other form but a lump sum (partial or full) benefit to your non-spousal Beneficiary. If upon your death, you have already terminated employment and have already begun receiving benefits, any benefits payable to your Beneficiary shall depend on the form of benefit you elected when your benefit payments commenced (see above for the description of the different forms of benefit payments upon your Normal Retirement Date or upon termination of employment due to Disability).

If your spouse cannot be located, then in the discretion of the Plan Administrator your spouse will be deemed to have consented to the designation of a Beneficiary other than your spouse, provided that, prior to your death, you completed the necessary forms certifying that your spouse cannot be located. If the proper documentation is not on file, your account balance will remain in effect until such time as your spouse, or proper beneficiary, can be located.

Please ensure that you take the opportunity to review and update your beneficiary designations routinely.

### **Spousal Consent**

If you are married and wish to designate a Beneficiary other than your spouse, then your spouse must consent to such designation or election of an alternative form of benefit by completing all of the following steps.

- Providing written spousal consent to the designation of primary Beneficiaries or consenting to the designation of any Beneficiary without further spousal consent.
- Such consent must acknowledge the effect of such designation.
- Such consent must be witnessed by a notary public, plan representative appointed by the Plan Administrator for this purpose, or a member serving on the Plan's Administrative Committee.

### **Distribution of Benefits on Termination of Employment Due to Disability**

If you terminate employment due to Disability you will be entitled to 100% of your Plan account. Payments will be made to you as if you had retired.

## **Direct Rollover and Taxes on Distributions**

If the distribution of your Plan account is eligible for rollover into an IRA or other qualified retirement plan that accepts such transfers, you can elect to have the distribution transferred directly into the IRA or other qualified retirement plan. Such rollovers or direct transfers will result in tax not being due until you withdraw the funds from the IRA or other qualified retirement plan. If you do not elect to have a distribution eligible for rollover directly transferred into an IRA or other qualified retirement plan, you must include the amount of such distribution in your taxable income in the year in which you receive the distribution. A 20% mandatory federal income tax withholding applies to your distribution and there may be an additional 10% penalty tax imposed if you are under the age of 59½. If a distribution of your Plan account to your Beneficiary is eligible for rollover, the tax withholdings also apply to this type of distribution. Any amount that is distributed on account of hardship is not an eligible rollover distribution.

## **TRANSFERS OF EMPLOYMENT**

If you are transferred from one Employer that participates in the Plan to another, you will maintain your accumulated Vesting Service and eligibility to participate in the Plan. In most cases, the Plan will credit you with Vesting Service under the Plan for employment time with an employer who does not participate in the Plan, or for services as a leased employee prior to the date you become an Employee as defined under the Plan. Please contact your Plan Administrator if you have specific questions regarding Vesting Service in connection with certain transfers of employment or changes in employment status.

## **REEMPLOYMENT AND BREAK IN SERVICE RULES**

To the extent you are subject to a vesting schedule as described in your Plan Supplement, the following rules may apply to you.

If your employment terminates and you are later re-employed as an Employee, you may elect to make Contributions on the next Enrollment Date after the date of your re-employment provided you are an Eligible Employee upon reemployment. Such election will become effective as soon as administratively practicable following submission of the election. Also, except as otherwise provided herein and in the Plan document, your Vesting Service before you left will be counted as Vesting Service with respect to future contributions made to the Plan. Your Vesting Service completed after your re-employment will count as Vesting Service with respect to your past contributions to the Plan provided you did not incur five consecutive one-year Breaks in Service. If you did incur five consecutive one-year Breaks in Service, any unvested portion of benefits you had before you initially terminated would be permanently forfeited (forfeitures are made up of the unvested portion of your Plan account) and may not be restored.

Notwithstanding the foregoing, if your vested percentage was zero when you terminated employment and you incur five consecutive one-year Breaks in Service before re-employment,

your pre-break service will not be taken into account in determining your vested percentage in Employer Contributions made to the Plan after you recommence employment. In this event, any Vesting Service you earn after re-employment would begin as if there was no prior Vesting Service accumulated and you would be treated as a new Employee for such purposes. Please note you always retain the vested portion of your Plan account that you earned before becoming re-employed but you will have to re-accumulate Vesting Service after re-employment and permanently forfeit all previous unvested portions of your Plan account.

If you received a distribution of all or a portion of your account balance upon your initial termination of employment and are re-employed, you may have your forfeitures (the unvested portion of your Plan account) restored provided you have not incurred five consecutive one-year Breaks in Service before becoming reemployed and you repay the amount of any distribution attributable to Employer Contributions within five years of your re-employment. Please contact your Plan Administrator if you need additional information.

If you terminate employment and are rehired within a 12-month period, you will receive vesting service for the period of your termination. If your vesting percentage is greater than zero when you have a Break in Service, you will always receive credit for your prior Vesting Service under the Plan. Also, you may be credited with any monies placed in suspense accounts (unvested portions of your Plan account) before your Break in Service.

Your Plan contains specific rules for crediting years of Vesting Service as well as rules regarding Breaks in Service, which can be quite complex. Your Plan Administrator will track your years of Vesting Service and Breaks in Service. If you have questions regarding the foregoing, please consult your Plan document or contact your Plan Administrator.

## **TOP-HEAVY PROVISIONS**

A retirement plan that primarily benefits “key employees” is called a “top-heavy plan.” Key employees are certain owners or officers of your Employer. A Plan is generally a “top-heavy plan” when at least 60% of the Plan’s assets are in the Plan accounts of key employees. Each year, your Plan Administrator is responsible for determining whether the Plan is a “top-heavy plan.” Your Plan has never been top-heavy, and it is highly unlikely that the Plan will ever become top-heavy. However, if your Plan were to become top-heavy in any Plan Year, then non-key employees will be entitled to certain top-heavy minimum benefits, and other special rules will apply. You will be notified if this were to happen in the future and your benefits are affected.

If you would like to receive further information on the top-heavy provisions under your Plan, please consult your Plan document or contact your Plan Administrator.

## **AMENDMENT AND TERMINATION OF THE PLAN**

### **Plan Amendment**

The Plan Sponsor reserves the right to amend the Plan at any time, either prospectively or

retroactively. Tax-favored plans like this one are subject to frequent changes in the tax law and must receive continuing approval from the IRS. For these reasons – as well as for business reasons – the Plan Sponsor may change the Plan from time to time, and has done so many times since the Plan was established. In no event, however, will any amendment authorize or permit any Plan assets to be used for purposes other than for the exclusive benefit of participants or their beneficiaries. Additionally, no amendment will cause any reduction in the amount already credited to your Plan account, or in your vested percentage with respect to amounts already credited to your Plan account.

### **Plan Termination**

The Plan Sponsor reserves the right to terminate the Plan at any time. If the Plan is terminated, no further contributions will be made to the Plan and you will become 100% vested in your Employer Contributions (including any investment gains or losses on them) in your Plan account. The Plan Sponsor will direct the distribution of your accounts in a manner permitted under the Plan and federal law as soon as practicable.

## **GENERAL INFORMATION**

### **Plan Does Not Create Employment Rights**

The only purpose of this SPD is to provide you with information about the benefits available under the Plan. The benefits described are not conditions of employment, and neither this SPD nor the Plan is intended to create an employment contract between you and your Employer. Nothing contained in this SPD or the Plan should be construed as a limitation on your or your Employer's right to terminate your employment at any time, with or without cause.

### **No Guarantees Regarding Investment Performance**

Neither the Plan Sponsor, your Employer, nor the Plan Administrator guarantees any particular investment gain or appreciation on your Plan account nor guarantees your Plan account against investment losses.

### **Payment of Administrative Expenses**

The Account Recordkeeper receives certain asset-based fees. Some administrative expenses of the Plan may be paid with a portion of these fees. The Plan provides that your Plan account may be charged for the cost of administrative expenses that are attributable directly to your Plan account, unless your Employer elects to pay such expenses, or such expenses are paid from another source.

Generally, your Employer will pay for all administrative expenses; however, when you separate from service, you will be responsible for paying administrative fees, deducted monthly from your account, once your separation exceeds 12 months.

The Investment Funds usually charge a fee for managing the investments and that fee is deducted

from the fund's assets before the performance of the Investment Fund is determined.

## **PROTECTED BENEFITS AND QUALIFIED DOMESTIC RELATIONS ORDERS**

As a general rule, your interest in your Plan account, including your “vested interest,” may not be alienated. This means that your interest may not be sold, used as collateral for a loan, given away or otherwise transferred. In addition, your creditors may not attach, garnish or otherwise interfere with your account. There are two exceptions:

- The Plan Administrator must honor a “qualified domestic relations order.” A qualified domestic relations order may require that all or a portion of your Plan account be paid to someone other than you or your Beneficiary. Qualified domestic relations orders are court judgments, decrees, etc. that pertain to child support, alimony, or marital property and that meet specific legal requirements. The Plan Administrator will determine within a reasonable period of time whether any domestic relations order submitted to the Plan constitutes a qualified domestic relations order. The Plan Administrator has procedures for determining whether a court judgment or decree meets the specific legal requirements to be a qualified domestic relations order. You and your beneficiaries may obtain, without charge, a copy of the qualified domestic relations order procedures from your Plan Administrator. If you require additional information, please submit an email to: [baeqdro@groom.com](mailto:baeqdro@groom.com).
- If you are involved with the Plan administration and are found liable for any action that adversely affects the Plan, the Plan Administrator may offset your benefits by the amount that you are ordered or required by a court to pay to the Plan. All or a portion of your benefits may be used to satisfy any such obligation to the Plan.

## **MORE THINGS YOU SHOULD KNOW**

Your Employer makes contributions to the Plan solely for your benefit. All the assets of the Plan are held for the exclusive benefit of participants and their beneficiaries in a trust fund. The Plan is intended to be qualified under the Code. The Trustee, as directed by the Plan Sponsor, has voting rights on all the Investment Funds.

You should review the activity in your Plan account (including contribution rate changes, investment choices, payments, etc.) to validate the accuracy of your transactions. If you have a question or need to request a correction, please contact the Plan Administrator. The contact information for the Plan Administrator can be found at the end of this SPD.

If you fail to keep the Plan Administrator informed of your current address and the name and current address of your Beneficiary, payment of your benefits could be delayed or prevented. You cannot use the value of your Plan accounts to secure a loan (other than a loan from the Plan) nor can it be pledged to another person or organization except pursuant to a qualified domestic relations order.

The Plan assets are held in individual accounts and are never less than the total benefits payable to participants. Thus, plan benefits are not insured by the Pension Benefit Guaranty Corporation under Title IV of the Employee Retirement Income Security Act of 1974 (“ERISA”) or by any other government agency. The Plan is, however, subject to the applicable provisions of Title I of ERISA (protection of employee benefit rights) and Title II of ERISA (amendments to the Internal Revenue Code relating to retirement plans).

### **Return of Contributions to Your Employer**

If your Employer makes a contribution to the Plan on your behalf due to a mistake or if your Employer cannot deduct a contribution made to the Plan on its tax return, that contribution might, in limited circumstances as permitted by federal law, be returned to your Employer.

### **Benefit Claims**

Benefits will be paid to you and your beneficiaries without the necessity of formal claims. You or your beneficiaries may make a request for any Plan benefits to which you believe you are entitled. Any such request should be in writing and should be made to the Plan Administrator.

If the Plan Administrator determines the claim is valid, then you will receive a statement describing the amount of benefit, the method or methods of payment, the timing of distributions and other information relevant to the payment of the benefit.

### **CLAIMS REVIEW PROCEDURES**

As noted above, you may submit a written claim for Plan benefits to which you believe you are entitled to the Plan Administrator for a full and fair review. If on review of your claim with the Plan Administrator your claim is wholly or partially denied, the Plan Administrator will furnish you with a written notice of this denial. This written notice must be provided to you within 90 days after the receipt of your claim by the Plan Administrator. There may be times when this 90-day period may be extended for up to an additional 90 days when communicated to you in writing within the initial 90-day period. If there is an extension, a decision will be made as soon as possible, but no later than 180 days after receipt by the Plan Administrator of your claim for review. The written notice will contain the following information:

- The specific reason or reasons for the denial.
- Specific references to those Plan provisions on which the denial is based.
- A description of any additional information or material necessary to consider your claim and an explanation of why such material or information is necessary.
- Appropriate information as to the steps to be taken if you or your beneficiary wish to submit your claim for review and a statement of your right to bring a civil action under section 502(a) of the Employee Retirement Income Security Act if you receive an adverse

determination on review.

If notice of the denial of a claim is not furnished to you in accordance with the above within a reasonable period of time, your claim will be deemed denied. You will then be permitted to proceed to the review (appeal) stage by submitting your claim for review and following the procedure below.

Upon the denial of your claim for benefits, you may file an appeal of the denial, in writing, with the Plan Administrator. With respect to an appeal:

- You must file your written appeal no later than 90 days after you have received written notification of the denial for your claim for benefits, or if no written denial for your claim was provided, no later than 90 days after the deemed denial of your claim.
- You may review all pertinent documents relating to the denial of your claim and submit any issues and comments, in writing, to the Plan Administrator.
- Your appeal must be given a full and fair review. If your appeal is denied, the Administrator must provide you with written notice of this denial within 60 days after the Administrator's receipt of your written appeal. There may be times when this 60-day period may be extended. This extension may only be made, if communicated to you in writing within the initial 60-day period. If there is an extension, a decision will be made as soon as possible, but no later than 120 days after receipt by the Plan Administrator of your written appeal.

The Plan Administrator's decision on your appeal will be communicated to you in writing and will set forth:

- The specific reason or reasons for the adverse determination.
- Reference to the specific plan provisions on which the benefit determination is based.
- A statement that you are entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to your claim (as determined in accordance with applicable regulations).
- A statement of your right to bring a civil action under section 502(a) of the Employee Retirement Income Security Act.

If the Plan Administrator's decision on your appeal is not furnished to you within the time limitations described above, your appeal will be deemed denied on review.

If you have a claim for benefits that is denied or ignored, in whole or in part, you may file suit in a state or federal court. However, in order to do so, you must file the suit no later than 180 days after the Plan Administrator makes or is deemed to have made a final denial of your claim.

## **YOUR RIGHTS UNDER THE PLAN**

As a participant in the Plan you are entitled to certain rights and protections under ERISA. ERISA provides that:

- You may examine, without charge, all Plan documents. This examination may take place at the Plan Administrator's office or at other specified employment locations. Plan documents include insurance contracts, collective bargaining agreements; and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the DOL and available at the Public Disclosure Room of the Employee Benefits Security Administration.
- You may obtain copies of all Plan documents and other Plan information upon written request to the Plan Administrator. Plan documents include insurance contracts, collective bargaining agreements, a copy of the latest annual report (Form 5500 Series) filed by the Plan with the DOL, and the most recent SPD for the Plan. The Plan Administrator may make a reasonable charge for copies.
- You may receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual report.
- You may obtain a statement telling you whether you have a right to receive a retirement benefit upon your Normal Retirement Date and, if so, what your benefits would be on that date if you stop working under the Plan now. If you do not have a right to a retirement benefit, the statement will tell you how many years you have to work to earn that right. This statement must be requested in writing and is not required to be given more than once a year. The Plan must provide this statement free of charge.
- You may obtain a copy of the Plan's procedures relating to qualified domestic relations orders upon request to the Plan Administrator.
- In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the Plan. These people are called "fiduciaries" of the Plan. They have a duty to operate the Plan prudently and in the interests of you, other Plan participants and beneficiaries. The fiduciaries of the Plan include the Employer, the Trustee and the Plan Administrator. No one, including your Employer or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.
- If your claim for a retirement benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules. (See "Claims Review Procedures" above.)
- If you have a claim for benefits that is denied or ignored, in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in

federal court.

- Under ERISA, there are steps you can take to enforce your rights. For instance, if you request materials from the Plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110.00 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator.
- If the Plan's fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim was frivolous.

If you have any questions about the Plan, you should contact the Plan Administrator. If you have any questions about this statement, or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employer Benefits Security Administration, U.S. Department of Labor, listed in the telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U. S. Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration. Additional information on how to contact the Employee Benefits Security Administration is available at <http://www.dol.gov/ebsa/contactEBSA/consumerassistance.html> or via telephone at 1-866-444-3272.

## **PLAN INFORMATION**

There is certain general information that you may need to know about the Plan. This information has been summarized below.

- Plan Name: BAE Systems Employees' Savings and Investment Plan
- Plan Number: 003
- Plan Effective Date: The Plan originally became effective on January 1, 1987. The most recently amended and restated version of the Plan became effective on January 1, 2016. Additional amendments have been made to the Plan since the amended and restated provisions became effective.
- Plan Type: The Plan is a profit sharing plan intended to be qualified under Section 401(a) of the Code, with a cash or deferred arrangement that is intended to meet the requirements of Section 401(k) of the Code.

- Plan Year: The Plan's records are maintained on a twelve-month period of time. This is known as the Plan Year. The Plan Year begins on January 1 and ends on December 31.
- Valuation: Valuations of the Plan are generally made daily on each day the New York Stock Exchange is open for trading.
- Governing Law: The Plan will be governed by the laws of the Commonwealth of Virginia and the Trust will be governed by the laws of the Commonwealth of Massachusetts to the extent not governed by federal law.
- Employer Information: The Plan Sponsor's name, address, and employer identification number are:

BAE Systems, Inc.  
 1101 Wilson Blvd.  
 #2000  
 Arlington, VA 22209  
 EIN: 22-3537950

- Service of Legal Process: Service of legal process may be made upon the Plan Sponsor or your Employer, if not the Plan Sponsor. Service of legal process may also be made upon the Trustee or Plan Administrator.
- Plan Administrator Information: Your Plan's Administrator is responsible for the day-to-day internal administration and operation of the Plan. For example, the Plan Administrator maintains the Plan records, including your account information, provides you with the forms you need to complete for Plan participation and directs the payment of your account at the appropriate time. The Plan Administrator will also allow you to review the formal Plan document and certain other materials related to the Plan. If you have any questions about the Plan and your participation, you should contact the Plan Administrator. The Plan Administrator may designate other parties to perform some duties of the Plan Administrator.

The name, address and business telephone number of the Plan's Administrator are:

BAE Systems Administrative Committee  
 1101 Wilson Blvd.  
 #2000  
 Arlington, VA 22209  
 Tel: (855) 223-4782

- Trustee Information: All money that is contributed to the Plan is held in a trust fund. The Trustee is responsible for the safekeeping of the trust fund. The trust fund established by the Plan's Trustee will be the funding medium used for the accumulation of assets from which benefits will be distributed.

The name and address of the Plan's Trustee is:

State Street Bank & Trust  
801 Pennsylvania Avenue  
KC1-5  
Kansas City, MO 64105