

**BAE SYSTEMS, INC. RETIREE HEALTH REIMBURSEMENT ACCOUNT PLAN
 PLAN HIGHLIGHTS APPLICABLE TO THE FOLLOWING LEGACY GROUPS OF BAE SYSTEMS
 INFORMATION AND ELECTRONIC SYSTEMS INTEGRATION INC.:**

- Information and Electronic Warfare Systems
- IEWS Field & International
- Reconnaissance and Surveillance Systems
- Sanders Groups C & D (Closed Groups)
- Heritage Loral: Tactical Systems (Yonkers) excluding L95, Space Electronics (Manassas), IR Imaging (Lexington) (Closed Groups)
- Heritage Loral/Fairchild: Syosset and Milpitas (Closed Groups)

ANNUAL CONTRIBUTION

Pre-Medicare-Eligible Retirees

If you began employment prior to October 1, 2001 with one of the legacy groups listed above and meet the following requirements, you will receive the below annual Contribution to your retiree Health Reimbursement Account (HRA) based on your full years of service at retirement.

You must:

- have been an employee immediately preceding retirement;
- be at least age 55;
- have at least 10 years of service at the time of retirement;
- not have transferred out of BAE Systems Information and Electronic Systems Integration Inc. prior to July 5, 2011 before meeting the preceding requirements;
- not have transferred out of the Electronic Systems sector between July 5, 2011 and January 1, 2022 before meeting the preceding requirements;
- not have previously waived your right to a retiree HRA; and
- be under age 65 and not Medicare-Eligible.

Beginning on January 1, 2022, you may transfer out of the Electronic Systems sector to another BAE Systems, Inc. wholly owned U.S. based subsidiary (including Bohemia Interactive Simulations (BISim)), before meeting the age and service requirements outlined above, without affecting your Plan eligibility. If you transfer from a non-union group into a union group under any BAE Systems, Inc. wholly owned U.S. based subsidiary, you will lose your Plan eligibility at the time of transfer, regardless of your age and years of service.

Years of Service	Annual Contribution
10	\$ 735
11	\$ 980
12	\$ 1,225
13	\$ 1,470
14	\$ 1,715
15	\$ 1,960
16	\$ 2,156
17	\$ 2,352
18	\$ 2,548
19	\$ 2,744
20	\$ 2,940

Years of Service	Annual Contribution
21	\$ 3,087
22	\$ 3,234
23	\$ 3,381
24	\$ 3,528
25	\$ 3,675
26	\$ 3,822
27	\$ 3,969
28	\$ 4,116
29	\$ 4,263
30+	\$ 4,410

Medicare-Eligible Retirees

If you began employment prior to October 1, 2001 with one of the legacy groups listed above and meet the following requirements, you will receive a **\$1,225** annual Contribution to your HRA.

You must:

- have been an employee immediately preceding retirement;
- be at least age 55;
- have at least 10 years of service at the time of retirement;
- not have transferred out of BAE Systems Information and Electronic Systems Integration Inc. prior to July 5, 2011 before meeting the preceding requirements;
- not have transferred out of the Electronic Systems sector between July 5, 2011 and January 1, 2022 before meeting the preceding requirements;
- not have previously waived your right to a retiree HRA; and
- be age 65 or older or be otherwise Medicare-Eligible.

Beginning on January 1, 2022, you may transfer out of the Electronic Systems sector to another BAE Systems, Inc. wholly owned U.S. based subsidiary (including BISim), before meeting the age and service requirements outlined above, without affecting your Plan eligibility. If you transfer from a non-union group into a union group under any BAE Systems, Inc. wholly owned U.S. based subsidiary, you will lose your Plan eligibility at the time of transfer, regardless of your age and years of service.

Mid-Year Change in Medicare Eligibility

If you participate in the Plan and turn age 65 or become Medicare-Eligible in the middle of a Plan Year, your annual Contribution or initial Contribution, as applicable, will be adjusted as follows:

- you will receive the Contribution available for Pre-Medicare-Eligible retirees for the portion of the year in which you are under age 65 and not Medicare-Eligible; and
- you will receive the Contribution available for Medicare-Eligible retirees for the portion of the year in which you are age 65 or older or are otherwise Medicare-Eligible.

Mid-Year Commencement of Participation

If you begin participating in the Plan in the middle of a Plan Year, your initial Contribution will be the annual Contribution for that Plan Year, prorated based on the number of months in which you actually participate in the Plan.

ADDITIONAL CONTRIBUTIONS

You are eligible for HRA Contributions for one dependent who was on file with the BAE Systems Benefit Center immediately preceding your retirement. This dependent can be a Spouse or Child, provided that the individual meets the conditions described in the main portion of the SPD. Under no circumstances can you add a dependent to this Plan after retirement.

Should your Spouse continue to work after you retire and remain on his or her employer's group coverage, your Spouse can receive a HRA Contribution when he or she retires. To report your Spouse's retirement, call the BAE Systems Benefit Center.

- Spouse: Contribution is based on your years of service and the Spouse's Medicare status.
- Child: Contribution is based on your years of service and the Child's Medicare status. If a Child becomes eligible for Medicare prior to age 26, the Child may continue to receive a HRA

Contribution as long as you are participating in the Plan. Otherwise, the Child's Contribution continues until the end of the year in which the Child turns age 26.

COMPANY COUPLES

If you are married to another BAE Systems employee, you cannot be covered under a BAE Systems-sponsored health plan as a dependent (except for Other COBRA Coverage) and receive a Contribution to a HRA. Additionally, you cannot receive a Contribution to a HRA for an active BAE Systems employee, whether or not the employee is participating in a BAE Systems-sponsored health plan. However, after your coverage as a dependent under a BAE Systems-sponsored health plan ends and you purchase coverage as outlined in the Summary Plan Description, your HRA will be funded as described above.

If you and your Spouse are both eligible for and enrolled in a HRA, each of you will have your own HRA and will not receive additional Contributions for the other person.

DEATH BENEFITS

If you are covering a Spouse, your Spouse is eligible for a death benefit under the Plan for so long as your Spouse remains enrolled in Qualifying Coverage. Upon your death, your HRA will be transferred to your covered Spouse's name and will continue for the benefit of your Spouse. He or she will continue to receive the additional Contributions described above to his or her HRA for as long as he or she continues to meet the conditions described above and in the main portion of the SPD. If you are covering a Child, the Child will have access to your account for 6 months following your death and will not be eligible for any additional HRA Contributions. Consult the main SPD or contact the BAE Systems Benefit Center for additional information about your death benefit.

This document is provided to you for informational purposes. BAE Systems reserves the right to modify or terminate contributions to the Plan at any time in its sole discretion.

Effective Date: January 1, 2022