

**Aerospace Employees' Retirement Plan for
Participants in the New Combined Retirement Program - AERP 2**

**Employees hired on or after April 1, 2005 or who chose to participate in The
Combined Retirement Program**

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Introduction

This document is a Summary Plan Description (“SPD”) describing the relevant provisions of the Aerospace Employees’ Retirement Plan (“AERP” or “Plan”), a defined benefit pension plan that is qualified under the provisions of Internal Revenue Code (“IRC”) Section 401(a), for those Participants who are considered AERP 2 Participants (as defined below). The AERP is designed to provide a monthly income benefit from a combination of fixed and variable benefits during your retirement years. The Aerospace Corporation (“Aerospace”) pays the full cost of the retirement income benefit provided under the AERP; you are not required to make contributions. Before April 1, 2003, however, you may have made optional contributions to the AERP to supplement Aerospace’s contributions.

Effective Date

The effective date of this SPD is October 1, 2023. Certain provisions described in this document may not apply to Participants who terminated employment before the effective date.

Eligibility

You are considered an AERP 2 Participant if you:

- were hired or rehired before April 1, 2005 and elected to participate in the Combined Retirement Program (“CRP”), as of October 1, 2005, or
- were hired or rehired on or after April 1, 2005 and before October 1, 2018.

Participants who were originally hired before January 1, 1993 but who have been rehired after December 31, 1992, and participants who were previously AERP 1 Participants, but elected to switch to the CRP, are considered AERP 2 Participants but may have prior AERP 1 benefit accruals. AERP 1 benefits are described in a separate SPD.

Please note that effective October 1, 2018, AERP 2 Participants will no longer be eligible to accrue additional AERP benefits. On and after October 1, 2018, no newly hired Aerospace employees will become AERP Participants.

Participation

If you were hired before April 1, 2005, and elected to participate in the CRP, or if you were hired after March 31, 2005 but before October 1, 2005, your participation in AERP 2 began on October 1, 2005.

If you were hired after September 30, 2005 and before October 1, 2018, your participation in AERP 2 began on your hire date.

Plan Year

You were eligible to accrue AERP benefits for each Plan Year that you were a participant in the AERP through September 30, 2018. A Plan Year begins October 1 of each year and ends on the following September 30.

Please note that effective October 1, 2018, all benefit accruals under AERP 2 were frozen.

Vesting

Eligibility

If you have an hour of service on or after October 1, 2011, you are fully vested in your AERP benefit when you have completed three years of service. If you left employment prior to that date, you were fully vested after completing five years of service. “Vested” means you have a nonforfeitable right to your accrued benefits. “Service” is the period of your employment, including breaks in service if they are less than one year.

Completed Years of Service	Percent Vested
0–2	0
3+	100

If you were hired before April 1, 2005 and elected to participate in the CRP, you are fully vested in your AERP benefit. You are also fully vested on your 65th birthday.

Vesting in Optional Contributions

You are always fully vested in your own contributions and earnings on these amounts.

Break in Service

If you terminate employment with Aerospace and are not vested, your accrued benefit and years of service will be forfeited. Your accrued benefit and years of service may be restored if you are later rehired by Aerospace. Generally, you must return to employment with Aerospace before the fifth anniversary of the date of your termination.

Reduction in Force

If a reduction-in-force occurs, affected AERP Participants will become 100% vested in their accrued AERP benefit.

Explanation of Benefits

Aerospace provides you with a Retirement Plan Benefit, which is composed of a Fixed Benefit and a Variable Benefit.

Fixed Benefit

The Fixed Benefit is a specific dollar income based on your Eligible Plan Compensation and length of service. Your Fixed Benefit remains fixed once it is calculated, and does not change during your retirement years, other than cost-of-living adjustments (“COLA”), as described below.

Variable Benefit

The Variable Benefit is expressed in units rather than dollar amounts. You earn Variable Benefit units based on your Eligible Plan Compensation and years of service, and these units are invested in a portfolio of diversified investments. The Variable Benefit may increase or decrease each year based on the market value of the portfolio of investments both before and after retirement.

How Benefits Are Accrued

Before October 1, 2018, you accrued a portion of your benefit each Plan Year in which you participated in the Plan. Your total accrued benefit is the sum of the amounts you accrued each Plan Year.

Although you may elect to receive your AERP benefit in one of several forms, the following illustrations explain your accrued benefit assuming distribution in the form of a Single Life Annuity as described on page 13 of this SPD.

Eligible Plan Compensation

For purposes of the AERP, your Eligible Plan Compensation is the compensation paid to you during the Plan Year (while a Participant). This compensation includes base pay (including differential wage payments and compensation that you receive in lieu of paid time off), bonuses (including any hiring or retention bonus or payment under the Corporate Management Incentive Plan), variable pay such as performance recognition payments, and lump-sum payments made by the Company in lieu of merit raises. Eligible Plan Compensation does not include relocation bonuses or stipends. It is not reduced by the amount of your contributions to the 401(k) plan, 457(b) plan, qualified transportation plan, or deductions for the cafeteria plan (medical, dental, vision, or flexible spending account). It also includes amounts paid for the first six months of workers' compensation or short-term disability, whether paid by the state of California or other insurance carrier, and for purposes of the AERP you will receive credit for 100% of your weekly base pay during this time, even if you are receiving a lesser percentage during your leave. It does not include compensation for extended workweek, overtime, or shift differentials, missed break payments, meal payments, or penalty pay if a non-exempt employee's lunch break is less than 30 minutes. For this purpose, compensation is only considered "overtime" to the extent it exceeds a Participant's base hourly wage for a 40-hour workweek.

The Internal Revenue Service ("IRS") places limits on the amount of compensation that can be taken into account for purposes of determining benefits under the Plan. For the Plan year that began October 1, 2023, the limit is \$330,000. This limit may be adjusted for future years to reflect cost-of-living increases.

Please note that effective October 1, 2018, no amounts paid to an AERP 2 Participant will be treated as Eligible Plan Compensation.

Integration Level

Your benefit accrual for each Plan Year is based on your Eligible Plan Compensation for the Plan Year and the Integration Level for that Plan Year. A higher accrual rate is provided above the Integration Level to coordinate with Social Security benefits that are weighted toward lower compensation levels. The Integration Level for AERP 2 is 50% of the Social Security Wage Base ("Wage Base") at the beginning of each Plan Year in which you accrue a benefit. The Wage Base is the maximum taxable amount for Social Security purposes. The Wage Base may be increased annually based on the increase in the National Average Wage.

Annual Fixed Benefit Accrual

Effective October 1, 2018, you will no longer accrue a Fixed Benefit in the AERP. From October 1, 2005 through September 30, 2018, the Fixed Benefit accrual for each Plan Year was equal to:

Base accrual: 0.25% of your Eligible Plan Compensation up to the Integration Level,
plus

Excess accrual: 0.50% of Eligible Plan Compensation in excess of the Integration Level.

EXAMPLE: If your Eligible Plan Compensation was \$80,000 for the 2005 Plan Year and the Wage Base is \$90,000, your Annual Fixed Benefit Accrual will be:

Integration Level	50% x \$90,000 = \$45,000
Compensation up to Integration Level	\$45,000
Compensation in excess of Integration Level	\$80,000 - \$45,000 = \$35,000
A) Base accrual:	.25% x \$45,000 = \$112.50
B) Excess accrual:	.50% x \$35,000 = \$175.00
C) Total Annual Fixed Benefit Accrual (A + B)	\$112.50 + \$175.00 = \$287.50

Annual Cost of Living Increase

Each January 1 your total Fixed Benefit Accrual will be increased by a Cost of Living Adjustment of up to 2% annually. The Cost of Living Adjustment will reflect fluctuation in the Consumer Price Index as of the immediately preceding September 30th and will not be used to reduce benefit accruals. The adjustment applies to the Fixed Benefit only.

Table 1 is an example of Fixed Benefit accruals during full years of participation, assuming a Single Life Annuity commencing at Normal Retirement Date.

Table 1
Annual Fixed Benefit Accrual - AERP 2

Years of Service	Plan Annual Salary ¹	Integration Level (50% of SS Wage Base) ²	Annual Fixed Benefit Accrual	Cost of Living Increase ³	Accumulated Annual Fixed Benefit (End of Plan Year)
1	\$80,000	\$45,000	\$287.50	\$0.00	\$287.50
2	83,200	46,575	299.56	5.75	592.81
3	86,528	48,205	312.13	11.86	916.80
4	89,989	49,892	325.22	18.34	1,260.35
5	93,589	51,638	338.85	25.21	1,624.41
6	97,333	53,445	353.05	32.49	2,009.95
7	101,226	55,316	367.84	40.20	2,417.99
8	105,275	57,252	383.25	48.36	2,849.59
9	109,486	59,256	399.29	56.99	3,305.87
10	113,865	61,330	416.00	66.12	3,787.99
11	118,420	63,477	433.41	75.76	4,297.16
12	123,157	65,699	451.54	85.94	4,834.64
13	128,083	67,998	470.42	96.69	5,401.75
14	133,206	70,378	490.09	108.04	5,999.87
15	138,534	72,841	510.57	120.00	6,630.44
16	144,075	75,390	531.90	132.61	7,294.95
17	149,838	78,029	554.12	145.90	7,994.97
18	155,832	80,760	577.26	159.90	8,732.13
19	162,065	83,587	601.36	174.64	9,508.13
20	168,548	86,513	626.46	190.16	10,324.75

Total annual Fixed Benefit after 20 years of participation: \$10,324.78 (or \$860.40 per month).

¹ Assuming 4% annual salary increases

² Assuming 3.5% annual Wage Base increases

³ Assuming 2% annual COLA

If you were previously an AERP 1 Participant, your AERP 1 Fixed Benefit Accruals are described in a separate SPD, and will be added to the Fixed Benefit accruals you earn as an AERP 2 Participant.

Variable Benefit Accrual

Variable Benefits are expressed in units rather than dollar amounts. Each Plan Year that you are participating in the AERP, you accrue Variable Benefit Units that you can “buy” using the formula described below and that year’s unit purchase price.

Effective October 1, 2018, you will no longer accrue Variable Benefits under the AERP. Before October 1, 2018, your annual Variable Benefit Unit accrual was determined as follows:

0.5% of Eligible Plan Compensation, divided by the purchase value of a variable unit on September 30 at the end of the Plan Year.

EXAMPLE: If your Eligible Plan Compensation is \$80,000 for the 2005 Plan Year and the purchase value of a Variable Benefit Unit in effect at the end of the Plan Year was \$8.0000, your Variable Annual Unit accrual for the Plan Year would be:

$$0.5\% \times \$80,000 / \$8.0000 = 50.00 \text{ units}$$

The purchase value of the Variable Benefit Units changes each year based on the rate of return of the Variable, Alternate, or Portfolio A (as applicable) investment portfolios during the Plan Year.

When you retire, assuming you elect a Single Life Annuity starting at Normal Retirement Date, the total number of Variable Benefit Units you have accrued, multiplied by the payment value per unit as then in effect, will be your annual Variable Benefit. Because the payment value of the units changes at the end of each Plan Year, the Variable Benefit portion of your monthly benefit may go up or down each January 1. The Variable Benefit annual investment return must be at least 4% for your Variable Benefit to increase.

Effective October 1, 2018, you will not accrue additional Variable Benefits under the AERP. This means that you will stop earning new Variable Benefit Units on and after that date. However, the payment value of your Variable Benefit Units will continue to go up or down each January 1 based on the rate of return of the Plan’s Variable, Alternative, or Portfolio A investment portfolios, as applicable.

Table 2 is an example of Variable Benefit accrual during full years of participation.

Table 2
Annual Variable Benefit Accrual – AERP 2

Years of Service	Plan Annual Salary ⁴	Variable Benefit Base	Assumed Purchase Value ⁵	Variable Units Credited	Accumulated Annual Variable Units (End of Plan Year)
1	\$80,000	\$400.00	\$6.3951	62.55	62.55
2	83,200	416.00	6.5870	63.15	125.70
3	86,528	432.64	6.7846	63.77	189.47
4	89,989	449.95	6.9881	64.39	253.86
5	93,589	467.95	7.1977	65.01	318.87
6	97,333	486.67	7.4136	65.65	384.52
7	101,226	506.13	7.6360	66.28	450.80
8	105,275	526.38	7.8651	66.93	517.73
9	109,486	547.43	8.1011	67.57	585.30
10	113,865	569.33	8.3441	68.23	653.53
11	118,420	592.10	8.5944	68.89	722.42
12	123,157	615.79	8.8522	69.56	791.98
13	128,083	640.42	9.1178	70.24	862.22
14	133,206	666.03	9.3913	70.92	933.14
15	138,534	692.67	9.6730	71.61	1,004.75
16	144,075	720.38	9.9632	72.30	1,077.05
17	149,838	749.19	10.2621	73.01	1,150.06
18	155,832	779.16	10.5700	73.71	1,223.77
19	162,065	810.33	10.8871	74.43	1,298.20
20	168,548	842.74	11.2137	75.15	1,373.35

Total annual variable units after 20 years of participation: 1,373.35

Monthly Benefits

Your monthly benefit is equal to your annual benefit divided by 12.

Benefit Payments During Retirement

Your total annual benefit at your Normal Retirement Date, assuming you elect a Single Life Annuity, and assuming a current variable payment value of \$11.2137, would be:

Fixed Benefit	\$10,324.75
Variable Benefit (1,373.35 units × \$11.2137)	<u>+15,400.33</u>
Total Retirement Benefit	\$25,725.08

Table 3 is an example of annual benefit payments during retirement combining both Fixed and Variable Benefits and assuming a Single Life Annuity commencing at Normal Retirement Date.

⁴ Assuming 4% annual salary increases

⁵ Assuming 3% annual purchase value increases

Table 3
Retirement Benefit Payments – AERP 2

Year of Plan Retirement	Annual Fixed Benefit ⁶	Assumed Variable Payment Value ⁷	Annual Variable Benefit ⁸	Total Annual Income
1	\$10,324.75	\$11.2137	\$15,400.33	\$25,725.08
2	10,531.25	11.5501	15,862.33	26,393.58
3	10,741.88	11.8966	16,338.20	27,080.08
4	10,956.72	12.2535	16,828.34	27,785.06
5	11,175.85	12.6211	17,333.19	28,509.04

COLA and Unit Value Changes During Retirement

Annual changes in the monthly benefit payments will be effective January 1 and will reflect changes in Variable Benefit Unit payment value and Fixed Benefit Cost of Living Adjustments. Participants receive written notification of these changes.

Prorating of Benefits for Partial Years

Your benefit accrual is based on your Eligible Plan Compensation paid to you during each Plan Year, and if you were not a Participant for the entire Plan Year, only the portion while you were a Participant. If you terminated your employment with Aerospace during a Plan Year, your benefit accruals for the Plan Year were based on the Eligible Plan Compensation paid prior to your termination date, Eligible Plan Compensation from the pay period that included your termination of employment (even if paid after your termination of employment), and payment for unused leave, if any.

Limitations on Benefits

The IRS limits the maximum benefits that can be provided by the AERP. If you are affected by this limit, your benefits may be reduced. You will be notified at retirement if this limitation applies to you.

Casual and Temporary Employee Status as of Each September 30

If you are in a Casual or Temporary status as of September 30 of a given Plan Year, you must have had at least 1,000 hours of service in order to accrue any AERP benefits for that Plan Year. An hour of service generally includes (i) each hour that you are paid, or entitled to payment, for your work for Aerospace, (ii) each hour that you are paid, or entitled to payment, for your work for Aerospace, (iii) hours for which you receive payment or are entitled to payment when no work is performed, such as vacation, and (iv) hours for which back pay is awarded or agreed to by Aerospace. Regardless, effective October 1, 2018, no AERP 2 Participants will accrue additional AERP benefits.

Approved Absence

If you are granted an approved leave of absence, your benefit accrual will continue for 13 weeks or to the end of the absence, if earlier, provided you resume your employment with Aerospace. Your benefit accruals will be based on your last weekly base salary. Effective

⁶ Assuming 2% COLA

⁷ Assuming 3% annual payment value increases. If the returns in the Variable fund are less than 4% for a given Plan Year, this would be reflected in a lower payment value. This would cause retiree Variable Benefit payments to decrease for the following calendar year.

⁸ Assuming 1,373.35 variable units

October 1, 2018, no AERP 2 Participants will accrue additional AERP benefits.

Long Term Disability (“LTD”)

If you are considered to be disabled for more than 6 months, you will no longer accrue benefits in the AERP. If you return to work as a regular full-time or part-time employee, your benefit accruals will resume from that date. Regardless, effective October 1, 2018, no AERP 2 Participants will accrue additional AERP benefits.

Collecting Benefits

General

Typically, you must terminate employment to begin receiving benefits from the AERP. Although the normal retirement age under the AERP is 65, you may elect to receive benefits as early as age 55 (or earlier, if the present value of your vested benefit is not more than \$20,000 (or \$50,000 effective January 1, 2020); however, your monthly benefit will be reduced because your benefits will probably be paid for a longer period of time. If you retire from active employment with Aerospace as a fully vested AERP 2 Participant on or after age 55, your AERP benefit will be reduced by five-twelfths (5/12) of one percent for each month by which your retirement precedes age 65. If you retire as a fully vested AERP Participant on or after age 65, there is no reduction in benefits based on your age. In any event, the AERP requires that you begin receiving benefits no later than April 1 following the calendar year in which you turn age 70 ½, even if you are still employed by Aerospace at that time.

Early Retirement Reduction

Table 4 illustrates examples of the percentage of AERP accrued benefits a fully vested AERP 2 Participant may receive (without regard to benefits accrued, if any, before October 1, 2005) upon retiring from active service with Aerospace before age 65.

If you were previously an AERP 1 Participant, your AERP 1 benefit accruals are subject to a different early retirement reduction percentage under the AERP. Please reference the AERP 1 SPD or contact the Aerospace Employee Benefits Department for more information.

Table 4
Early Retirement Factors for Active Employees – AERP 2

Age of Participant at Retirement		Percent/Factor of Retirement Benefits When Retiring From Active Employment	Age of Participant at Retirement		Percent/Factor of Retirement Benefits When Retiring From Active Employment
Years	Months		Years	Months	
55	0	50.0%	60	0	75.0%
	1	50.4%		1	75.4%
	2	50.8%		2	75.8%
	3	51.3%		3	76.3%
	4	51.7%		4	76.7%
	5	52.1%		5	77.1%
	6	52.5%		6	77.5%
	7	52.9%		7	77.9%
	8	53.3%		8	78.3%
	9	53.8%		9	78.8%
	10	54.2%		10	79.2%
	11	54.6%		11	79.6%
56	0	55.0%	61	0	80.0%
	1	55.4%		1	80.4%
	2	55.8%		2	80.8%
	3	56.3%		3	81.3%
	4	56.7%		4	81.7%
	5	57.1%		5	82.1%
	6	57.5%		6	82.5%
	7	57.9%		7	82.9%
	8	58.3%		8	83.3%
	9	58.8%		9	83.8%
	10	59.2%		10	84.2%
	11	59.6%		11	84.6%
57	0	60.0%	62	0	85.0%
	1	60.4%		1	85.4%
	2	60.8%		2	85.8%
	3	61.3%		3	86.3%
	4	61.7%		4	86.7%
	5	62.1%		5	87.1%
	6	62.5%		6	87.5%
	7	62.9%		7	87.9%
	8	63.3%		8	88.3%
	9	63.8%		9	88.8%
	10	64.2%		10	89.2%
	11	64.6%		11	89.6%
58	0	65.0%	63	0	90.0%
	1	65.4%		1	90.4%
	2	65.8%		2	90.8%
	3	66.3%		3	91.3%
	4	66.7%		4	91.7%
	5	67.1%		5	92.1%
	6	67.5%		6	92.5%
	7	67.9%		7	92.9%
	8	68.3%		8	93.3%
	9	68.8%		9	93.8%
	10	69.2%		10	94.2%
	11	69.6%		11	94.6%
59	0	70.0%	64	0	95.0%
	1	70.4%		1	95.4%
	2	70.8%		2	95.8%
	3	71.3%		3	96.3%
	4	71.7%		4	96.7%
	5	72.1%		5	97.1%
	6	72.5%		6	97.5%
	7	72.9%		7	97.9%
	8	73.3%		8	98.3%
	9	73.8%		9	98.8%
	10	74.2%		10	99.2%
	11	74.6%		11	99.6%
			65	0	100.0%

These are percentages of the monthly benefits payable at age 65, earned to the date of retirement.

Reemployment After Retirement

If you retire and begin to receive benefits from the AERP, and then return to work for

Aerospace as a regular full-time or part-time employee, you must notify the Aerospace Employee Benefits Department. If you are paid for 1,000 hours or more during a Plan Year, your retirement benefits will be suspended. Suspended benefits resume after you stop working and for any month when you are paid for fewer than 40 hours (such benefit will be paid in the following month). Payments will resume no later than 3 months after you terminate employment again.

This means that if you are rehired from retirement as a casual employee (casual employment is less than 1,000 hours in a Plan Year), you generally will continue to receive retirement benefits as well as your salary from Aerospace.

If you are rehired by Aerospace on or after October 1, 2018, whether as a full-time, part-time, or casual employee, you will not accrue additional AERP benefits with respect to your service as a rehired employee.

Vested Terminees

If you leave Aerospace before retirement, you must notify Aerospace in writing when you want to receive your vested AERP benefits. You may receive your vested benefits as early as age 55. As shown in Table 5, if you elect to receive your vested retirement benefit before age 65, your benefit will be actuarially reduced for each month your retirement precedes your normal retirement date at age 65.

Table 5
Reduction Factors for Vested Terminees - AERP 2

Age of Participant at Retirement		Percent/Factor of Retirement Benefits When Retiring From a Vested Termination	Age of Participant at Retirement		Percent/Factor of Retirement Benefits When Retiring From a Vested Termination
Years	Months		Years	Months	
55	0	45.4%	60	0	66.2%
	1	45.7%		1	66.6%
	2	46.1%		2	67.1%
	3	46.4%		3	67.5%
	4	46.7%		4	68.0%
	5	47.1%		5	68.5%
	6	47.4%		6	68.9%
	7	47.7%		7	69.4%
	8	48.1%		8	69.8%
	9	48.4%		9	70.3%
	10	48.7%		10	70.7%
56	11	49.0%	61	11	71.1%
	0	49.3%		0	71.6%
	1	49.6%		1	72.0%
	2	49.9%		2	72.5%
	3	50.3%		3	73.0%
	4	50.6%		4	73.4%
	5	51.0%		5	73.9%
	6	51.3%		6	74.3%
	7	51.6%		7	74.8%
	8	51.9%		8	75.2%
	9	52.2%		9	75.7%
57	10	52.5%	62	10	76.1%
	11	52.8%		11	76.6%
	0	53.1%		0	77.0%
	1	53.4%		1	77.5%
	2	53.7%		2	78.1%
	3	54.1%		3	78.7%
	4	54.4%		4	79.2%
	5	54.7%		5	79.8%
	6	55.0%		6	80.4%
	7	55.3%		7	81.0%
	8	55.7%		8	81.6%
58	9	56.0%	63	9	82.2%
	10	56.4%		10	82.8%
	11	56.7%		11	83.4%
	0	57.0%		0	84.0%
	1	57.3%		1	84.6%
	2	57.6%		2	85.3%
	3	57.9%		3	85.9%
	4	58.3%		4	86.5%
	5	58.6%		5	87.2%
	6	59.0%		6	87.8%
	7	59.3%		7	88.5%
59	8	59.6%	64	8	89.1%
	9	59.9%		9	89.7%
	10	60.2%		10	90.3%
	11	60.5%		11	90.9%
	0	60.8%		0	91.5%
	1	61.2%		1	92.2%
	2	61.7%		2	92.9%
	3	62.1%		3	93.6%
	4	62.6%		4	94.3%
	5	63.0%		5	95.0%
	6	63.5%		6	95.7%
60	7	63.9%	65	7	96.5%
	8	64.4%		8	97.2%
	9	64.8%		9	97.9%
	10	65.3%		10	98.6%
	11	65.7%		11	99.3%
				0	100.0%

Note that early retirement benefits are greater for AERP 2 Participants who retire from active employment with Aerospace than for AERP Participants who terminate employment with Aerospace before reaching early retirement eligibility.

Forms of Payment Options

The AERP provides several payment methods to help meet your retirement needs. You may choose from the following payment options, though if you are married, your spouse may be required to consent to the form you have chosen. Your form of payment election cannot be changed after you start receiving pension payments under the AERP.

Normal Payment Methods

Single Life Annuity: If you are unmarried when you begin to receive your benefit from the AERP, you will automatically be paid under a Single Life Annuity unless you elect an optional payment method. Under this method of payment, you receive a monthly benefit for the rest of your life. When you die, the payments stop and do not continue to anyone else.

Spousal 50 Percent Joint and Survivor Annuity: If you are married when you begin to receive your benefit from the AERP, you will automatically be paid under a Spousal 50 Percent Joint and Survivor Annuity unless you elect another payment method. Under this method of payment you receive a lifetime monthly benefit. If you die before your spouse dies, he or she will receive half of your monthly pension for his or her life. If your spouse predeceases you, you may not change your annuity payment option or your beneficiary, and upon your death payments will stop and will not continue to anyone else.

Because this form of payment guarantees a monthly benefit for two lifetimes, the monthly benefit is less than a Single Life Annuity.

Other Payment Methods

In addition to the normal payment methods described above, a married participant may elect a Single Life Annuity (as described above), and any AERP Participant, whether married or single, may elect one of the following payment methods:

Joint and Survivor Annuity: Under this method of payment, you receive an actuarially reduced benefit for your life, and after your death, your survivor will receive a percentage of your benefit for his or her life. At the time you elect this optional payment method, you designate a person to receive a continuation of your benefit after you die. You also elect at that time the percentage of your benefit that will be continued after your death for the rest of your designated beneficiary's life. The amount which may be continued is 50 percent, 75 percent, or 100 percent of your monthly benefit. The higher the percentage you choose to continue to your survivor, the less your monthly benefit will be while you are living. If your elected beneficiary predeceases you, you may not change your annuity payment option or your beneficiary, and upon your death payments will stop and will not continue to anyone else.

Ten Year Certain and Life Annuity: Under this method of payment, you receive a monthly benefit for your lifetime. Once benefit payments begin, if you die during the first 10 years, your beneficiary or beneficiaries will receive the same benefit you would have received for the balance of the 10-year period. Because of the 10-year minimum payout period, the monthly benefit is less than would be payable as a Single Life Annuity. You may elect a contingent beneficiary(ies) to receive payments in the event that your elected beneficiary(ies) predeceases you during the 10-year period.

Lump Sum Payment: If the present value of your vested benefit is \$20,000 (\$50,000

effective January 1, 2020) or less, you may elect to receive a lump sum payment any time after termination of employment. However, if you are married, your spouse must consent in writing to the lump sum distribution.

If the present value of your vested benefit is \$5,000 or less, and you are vested, your benefit will be paid automatically after you terminate employment with Aerospace. If the present value is \$1,000 or less, it will be paid to you in a lump sum, unless you direct otherwise. If the present value is more than \$1,000 and does not exceed \$5,000, your benefit will be rolled over to an Individual Retirement Account (“IRA”) of Aerospace’s choosing, unless you otherwise direct the payment. You cannot receive a lump sum payment if you have begun receiving monthly benefits payments.

The AERP is required by Federal law to withhold a mandatory 20-percent Federal income tax withholding and certain state income tax withholding from most lump-sum distributions unless the money is rolled over “directly” into an IRA or into another employer’s eligible retirement plan. Similarly, the AERP withholds state and federal income taxes from annuity distribution forms in the same way as wages that you received from Aerospace. For further information, you may request a copy of the “Notice Regarding Special Tax Rules” from the Aerospace Employee Benefits Department.

***Spousal Consent Requirements:* If you are married when you retire, spousal consent is required for you to select any option other than a Spousal 50, 75, or 100 Percent Joint and Survivor Annuity.**

Applying for Benefits

Procedure

When you are ready to retire, contact the Aerospace Employee Benefits Department two months prior to your anticipated retirement date. Your benefit options will be calculated after you have given written notice of retirement. After reviewing the payment options you will be asked to select the method of payment that will determine your monthly retirement income benefit.

Choices After Retirement

Portfolio A Benefit

All retirees, including those retired from vested terminated status, and survivors of deceased retirees, have the option to transfer Variable Benefit units or Alternate Variable units (as described below) to Portfolio A during a specified enrollment period each year. Once elected, your Portfolio A election is irrevocable.

Portfolio A pays the variable portion of your AERP benefits from a separate investment portfolio of short-term bonds, with objectives of (1) minimizing fluctuations of retirement income and (2) preserving capital. A majority of Portfolio A will be invested in US Treasury or US Government securities backed by the full faith and credit of the US Government. The balance will be invested in US corporate bonds rated AA or better. Bonds in Portfolio A will be restricted to those having maturity of no more than ten years and the average portfolio maturity will be no more than five years.

Election of Portfolio A occurs in August of each year and is effective the following Plan Year and thereafter. When elected, Variable Benefit units or Alternate Variable Benefit units

that have been credited to you are converted to Portfolio A units. They are then transferred to Portfolio A as of September 30 following the enrollment period. Thereafter, your units are valued based on the performance of Portfolio A for the immediately preceding Plan Year.

The Alternate Variable Benefit fund was closed to new participants effective August 15, 1999. For additional information, please reference your AERP 1 SPD or contact the Aerospace Employee Benefits Department.

EXAMPLE:

Election of Portfolio A Benefit during annual enrollment period	August 1-31, 2024
Conversion of Variable Benefit units and transfer to Portfolio A Benefit (after any Plan Year benefit accrual)	September 30, 2024
Close of Plan Year for which election of Portfolio A Benefit was effective	September 30, 2025
Payments (or appearance on statement of benefits) of the Portfolio A Benefit	January 1, 2026

Optional Contributions

If you were previously an AERP 1 Participant, before April 1, 2003 you may have supplemented your retirement income with optional after-tax contributions to the AERP. This option is no longer available within the AERP. For more information on AERP Optional Contributions, please consult your AERP 1 SPD or contact the Aerospace Employee Benefits Department.

Qualified Domestic Relations Order (“QDRO”)

Notwithstanding the prohibition against assigning or attaching an AERP Participant’s account, applicable law requires that the Plan provide for the creation, assignment, or recognition of a right to any benefit payable with respect to an AERP Participant pursuant to a Domestic Relations Order (DRO).

A DRO assigns all or part of a Plan Participant’s retirement benefits to a spouse, former spouse, child, or other dependent. For a DRO to be a QDRO, it must be approved by the Plan Administrator and it must contain certain specific provisions with respect to the benefits under the Plan.

Specified QDRO Procedures are used to determine whether a domestic relations order or proposed domestic relations order (each a “DRO”) received by The Aerospace Employees’ Retirement Plan (the “Plan”) is a qualified domestic relations order (“QDRO”) under section 206(d)(3)(B)(i) of the Employee Retirement Income Security Act (“ERISA”) and section 414(p) of the Internal Revenue Code (the “Code”).

The Plan has model QDROs that are available to participants and their attorneys, along with a copy of the Plan’s procedures with respect to QDROs.

Participants should contact the following to receive more information regarding the Plan's QDRO Procedures, model orders, or to submit a draft order:

AEROSPACE PENSION SERVICE CENTER
DEPT: AERO
P.O. BOX 981908
EL PASO, TX 79998
ATTN: QDRO TEAM
PHONE: 1.800.458.3892

Preretirement Survivor Annuity ("PRSA")

Eligibility

If you die after being vested in your AERP benefit but before your retirement benefit commences, your spouse will be eligible for the Preretirement Survivor Annuity ("PRSA") with respect to that benefit. This benefit is provided at no charge to you.

An eligible spouse is the individual to whom you are married at the time of your death, unless a Qualified Domestic Relations Order ("QDRO") names a former spouse as the eligible spouse for the portion of the PRSA to which he or she is entitled.

Benefit Amount

If you die after age 55, and your spouse is eligible for the PRSA as described above, the PRSA is one-half the amount that would have been paid to you had you commenced payment on the first of the month after your death with a Spousal 50-Percent Joint and Survivor Annuity in effect. The monthly pension benefit payable to your spouse may begin immediately.

If you die before age 55, the PRSA is one-half the amount that would have been paid to you had you left employment on the date of your death (or your actual date of termination, if earlier) and commenced the Spousal 50 Percent Joint and Survivor Annuity on the first of the month after reaching age 55. Your spouse is not eligible to receive payments until the first day of the month on or after the day when you would have reached age 55. Your spouse must contact the Aerospace Employee Benefits Department to initiate payment.

In both instances, however, the benefit is payable monthly for the duration of your spouse's life.

Distribution Timing and Missing Participants

If you or your beneficiary do not affirmatively request to begin your benefit, you will be treated as though you elected to defer your benefit. However, the IRS limits how long you can defer your AERP benefit. Under general IRS rules for minimum required distributions, you must commence your benefit by the April 1 following the calendar year in which you attain age 70½. Different rules apply to minimum required distributions if you die prior to commencing your benefit for beneficiaries.

It is your (or your beneficiary's) responsibility to request to commence your benefit. The Aerospace Employee Benefits Department will make a reasonable attempt to notify you in advance of your required beginning date; however you must maintain your current mailing and/or email address on file with the Plan in order for it to do so. If you cannot be located

after a diligent search, or you do not cash your monthly benefit checks, your benefit will be considered forfeited until you, your estate, or you spouse makes a claim for benefits.

If you fail to commence your benefit by your required beginning date, you will be treated as though you had elected to commence your benefit on your required beginning date, in the normal form of payment applicable to you, based on Plan or Aerospace records of your marital status. You will not be able to select a new payment option at a later date. You may also be subject to an excise tax penalty on your missed or delayed minimum required distributions.

Other Information

Collectively Bargained

If you are covered by a collective bargaining agreement, your benefits under the AERP have been collectively bargained, and you may request a copy of the collective bargaining agreement from the Aerospace Employee Benefits Department free of charge at any time.

AERP Continuation

Aerospace intends to continue the AERP, but reserves the right to amend, change, modify, or terminate the AERP at any time. Such changes, however, will not affect the benefit that you have earned at the time of the amendment, change, modification, or termination. Your retirement benefits are insured by the Pension Benefit Guaranty Corporation (“PBGC”) established under the Employee Retirement Income Security Act of 1974 (“ERISA”).

AERP Termination

Aerospace may at any time, by action of its Board of Trustees, discontinue the AERP, discontinue contributions under the AERP, or partially or completely terminate the AERP. In any of these events, you have a nonforfeitable right to benefits accrued to the date of discontinuance, partial termination, or termination, as described below.

If the Plan is terminated, you will cease to earn additional benefits under the Plan, but you will become fully vested in the benefit you have earned up to the date of termination. If the Plan is fully funded, you will receive your full Plan benefit.

If the Plan is not fully funded, the amount of the retirement benefit you receive from the Plan may depend on the amount of benefit insurance that is provided by the PBGC, a federal agency. Plan assets will be shared among Plan participants and beneficiaries, after paying all Plan expenses, according to ERISA in the following order:

1. Any Optional Contributions that have been made to the Plan, as adjusted for earnings;
2. Certain annuities that participants or beneficiaries have been receiving for three years prior to Plan termination;
3. Certain annuities that participants or beneficiaries could have been receiving for three years prior to Plan termination;
4. Other vested benefits guaranteed by the PBGC;
5. Other vested benefits; and
6. All other benefits under the Plan.

Pension Benefit Guaranty Corporation (“PBGC”)

Your pension benefits under the AERP are insured by the PBGC, a federal insurance agency. If the AERP terminates (ends) without enough money to pay all benefits, the PBGC will step in to pay pension benefits. Most people receive all of the pension benefits they would have received under the AERP, but some people may lose certain benefits.

The amount of benefits that PBGC guarantees is determined as of the plan termination date. However, if a plan terminates during a plan sponsor’s bankruptcy, then the amount guaranteed is determined as of the date the sponsor entered bankruptcy.

The PBGC guarantee generally covers: (1) Normal and early retirement benefits; (2) disability benefits if you become disabled before the plan terminates or the date the plan sponsor entered bankruptcy, as applicable; and (3) certain benefits for your survivors.

The PBGC guarantee generally does not cover: (1) Benefits greater than the maximum guaranteed amount set by law for the year in which the plan terminates or the sponsor entered bankruptcy, as applicable; (2) some or all of benefit increases and new benefits based on plan provisions that have been in place for fewer than 5 years at the time the plan terminates; (3) benefits that are not vested because you have not worked long enough for the company; (4) benefits for which you have not met all of the requirements at the time the plan terminates; (5) certain early retirement payments (such as supplemental benefits that stop when you become eligible for Social Security) that result in an early retirement monthly benefit greater than your monthly benefit at the plan’s normal retirement age; and (6) non-pension benefits, such as health insurance, life insurance, certain death benefits, vacation pay, and severance pay.

Even if certain of your benefits are not insured, you still may receive some of those benefits from the PBGC depending on how much money your plan has and on how much the PBGC collects from employers.

For more information about the PBGC and the benefits it guarantees, ask your plan administrator or contact the PBGC’s Technical Assistance Division, 1200 K Street N.W., Suite 930, Washington, D.C. 20005-4026 or call 1-800-400-7242 (toll-free) or 1-202-326-4000 (not a toll-free number). TTY/TDD users may call the federal relay service toll-free at 1-800-877-8339 and ask to be connected to 202-326-4000. Additional information about the PBGC’s pension insurance program is available through the PBGC’s Web site on the Internet at <http://www.pbgc.gov>.

Claims Procedure

Claims for Benefits

The Aerospace Employee Benefits Department processes applications for Plan benefits, but only the Plan Administrator and the Aerospace Employees’ Retirement Plan Committee (“Committee”) have final authority to grant or deny your application for a benefit. If your application for benefits is denied, whether orally or in writing, and you wish to challenge that decision, you must make a formal claim for benefits with the Plan Administrator. Your claim for benefits should explain the basis for your claim, include any supporting evidence, and be submitted to the following address:

Plan Administrator
c/o Aerospace Employee Benefits Department
2310 East El Segundo Boulevard
El Segundo, CA 90245

You may contact the Plan Administrator for more information. Generally, the Plan Administrator will provide you with written notice of the decision on your claim within 90 days after receipt of your claim. If the Plan Administrator determines that special circumstances require an extension of time to process your claim, the Plan Administrator will give you written notice of the extension before the initial 90-day period expires. In no event will the extension exceed 90 days from the end of the initial period the Plan Administrator had to decide your claim. The extension notice will indicate the special circumstances requiring an extension of time and the date by which the Plan expects to make the benefit determination. In the event the claim is denied, the Plan Administrator will provide you a written explanation of the specific reasons for the denial, a reference to the specific provisions of the Plan on which the determination is based, a description of additional material or information necessary for you to perfect the claim and an explanation of why it is required, and information about the steps that must be taken to submit a timely request for review (also called an appeal), including a statement of your right to bring a civil action under Section 502(a) of ERISA following an adverse determination upon review.

Appeal

You may appeal the Plan Administrator's denial of your claim within 60 days after the date when you receive notification that your claim was denied. The appeal is filed by providing a written request for review to the Plan Administrator at the address included above. This written request may include comments, documents, records, and other information relating to your claim for benefits. You will be provided, upon your request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to your claim for benefits. The Committee will review your appeal and take into account all comments, documents, records, and other information you submit relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. Generally, the Plan Administrator will provide you with written notice of the Committee's decision of your claim on review within 60 days after receipt of your appeal. If the Plan Administrator or the Committee determines that special circumstances require an extension of time to process your claim, the Plan Administrator will give you written notice of the extension before the initial 60-day period expires. In no event will such extension exceed a period of 60 days from the end of the initial period the Committee had to decide your claim. The extension notice will indicate the special circumstances requiring an extension of time and the date when the Plan expects to provide a benefit determination. In the event the claim is denied on review, the Plan Administrator will explain to you in writing the specific reasons for the denial, a reference to the specific provisions of the Plan on which the determination is based, a statement that you are entitled to receive, upon your request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to your claim for benefits, and a statement of your right to bring a civil action under Section 502(a) of ERISA.

Bring Action in Court

You may file a lawsuit regarding the denial of an appeal after following the claims and

review procedures above. You must file any lawsuit within 12 months after the date the Committee issued its final decision on an appeal. If you do not file a claim or exhaust the claims review process for any reason, any lawsuit must be filed within 12 months of the date of the conduct at issue in the lawsuit (which includes, among other things, the date you became entitled to any Plan benefits at issue in the lawsuit). If you fail to file a lawsuit within these timeframes, you will lose your right to bring the lawsuit at any later time.

Administrative Facts

Aerospace is the Plan Sponsor and has adopted the AERP to cover employees hired within a certain timeframe. The Plan Year ends on September 30, and records are maintained on a Plan Year basis. The AERP is a defined benefit plan.

Plan Administrator

The AERP is administered by the Aerospace Retirement Benefits Committee and any delegate of the Committee pursuant to the applicable Committee approvals. Communications to the Plan Administrator may be sent to the Aerospace Retirement Benefits Committee, c/o The Aerospace Corporation, Benefits Department, Benefits M3-433, P.O. Box 92957, Los Angeles, CA 90009-2957. The telephone number to reach the Plan Administrator is 310-336-2400 or via email at employeebenefitsservicecenter@aero.org.

Funding/Trustee

The AERP is funded by a trust agreement and all AERP assets are held in a trust with The Northern Trust Company, 50 South La Salle Street, Chicago, IL 60675.

Aerospace contributions are accumulated in the AERP's trust fund, which has been established for the exclusive benefit of AERP Participants and beneficiaries. Generally, benefits from the AERP are payable by the Trustee at the direction of the Plan Administrator.

Service of Process

Glenn McKeown is designated as the agent for service of legal process. Mr. McKeown is the General Counsel for the plan sponsor, The Aerospace Corporation, and his address is The Aerospace Corporation at 2011 Crystal Drive, Suite 900, Crystal City, VA 22202. The Plan Administrator may also receive service of legal process.

Employer Identification Number and Plan Number

The Employer Identification Number assigned to Aerospace is 95-2102389. The Plan Number assigned to the AERP Plan is 001.

Filing a Claim

Claims for benefits under the Plan must be submitted to the Plan Administrator, or its delegate, on forms provided for that purpose. The Plan Administrator, or its delegate, will review the claim and render its decision within 90 days.

If an extension of time is needed to process a claim, as described below, you will be notified in writing prior to the end of the 90-day period. This notice will indicate the special circumstances requiring the extension and the date by which you can expect a decision, which shall be no more than 180 days from the date the claim was filed.

You will be provided with a written or electronic notification of the decision on your claim. If your claim is denied, the notice of this denial will contain the following information:

- the specific reason or reasons for the denial;
- specific reference to those Plan provisions on which the denial is based;
- a description of any additional information or material necessary for you to perfect your claim and an explanation of why this material or information is necessary; and
- an explanation of the Plan's claim review procedure and the time limits applicable to this procedure including a statement of your right to bring a civil action under Section 502(a) of ERISA if your claim is denied following appeal.

Appealing a Benefit Denial

If your claim has been denied, you or your representative, may appeal to the Plan Administrator for a review of the denial by making a written request within 60 days of receipt of the notice of denial. Any such request may include any written comments, documents, records and other information relating to the claim and may include a request for relevant documents to be provided free of charge.

The Plan Administrator will generally render a final decision in writing within 60 days after receipt of a timely filed appeal request. If special circumstances require an extension of the time for determining your appeal, the Plan Administrator will notify you in writing of the extension before the end of the initial 60-day period and then render its decision as soon as possible, but not later than 120 days after receipt of your appeal request. The notice shall state the special circumstances requiring the extension and the date a decision can be expected.

If your appeal is denied, the written or electronic notice of this denial will contain the following information:

- the specific reason or reasons for the denial;
- specific reference to those Plan provisions on which the denial is based;
- a statement that you can receive upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claim; and
- a statement of your right to bring a civil action under Section 502(a) of ERISA if your claim is denied following appeal.

If you fail to timely file a request for claim or appeal according to the procedures outlined above, you shall have no rights to review and shall have no right to bring action in any court, and the denial of the claim shall become final and binding for all purposes.

If the claim on appeal is denied, you or your beneficiary have the right to file a lawsuit under section 502(a) of ERISA. The lawsuit must be brought within the earlier of (i) 180 days after a claimant's receipt of an adverse benefit determination, or (ii) one year after the last day of the month for which the claimant first receives payment. With respect to claimants who have received payment or are in pay status on January 1, 2022, this Section shall be effective as of January 1, 2023.

General Information

Copies of the AERP documents and any other materials pertaining to the AERP are available for review at a nominal charge. If you wish to see any of these documents, please contact the Aerospace Employee Benefits Department at 310-336-2400.

You will receive notice of any changes in the benefits provided by the AERP described in this booklet. This SPD is furnished to you at no charge.

The complete AERP is described in the AERP document, which is available to you upon request. In case of a conflict between the AERP document and this SPD, or if any point is not covered, the AERP document will govern.

All questions relating to the interpretation of the AERP, eligibility of employees, and the amount of benefits payable in each individual case will be determined by the Plan Administrator in accordance with provisions of the AERP.

You may call the Aerospace Employee Benefits Department if you have any questions about the AERP.

This SPD is not an employment contract or an offer to enter into an employment contract, nor does it constitute an agreement by Aerospace to continue to maintain the plan described or referred to herein.

Your ERISA Rights

As a Participant in the AERP you are entitled to certain rights and protections under ERISA. ERISA provides that all AERP Participants are entitled to:

Receive Information About the AERP and Benefits

Examine, without charge, at the Plan Administrator's office and at other specified locations, such as worksites and union halls, all documents governing the AERP, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Pension and Welfare Benefit Administration.

Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the AERP, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated SPD. The Plan Administrator may make a reasonable charge for the copies.

Receive a summary of the AERP's annual financial report. The Plan Administrator is required by law to furnish each Participant with a copy of this summary annual report.

Obtain a statement telling you whether you have a right to receive a pension at normal retirement age (age 65) and if so, what your benefits would be at normal retirement age if you stop working under the plan now. If you do not have a right to a pension, the statement will tell you how many more years you have to work to get a right to a pension. This statement must be requested in writing and is not required to be given more than once every twelve (12) months. The AERP must provide the statement free of charge.

Prudent Actions by Plan Fiduciaries

In addition to creating rights for AERP Participants ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate the AERP, called “fiduciaries” of the AERP, have a duty to do so prudently and in the interest of you and other AERP Participants and beneficiaries. No one, including your employer, your union, 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.

Enforce Your Rights

If your claim for a pension 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.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of plan documents or the latest annual report from the AERP 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 \$190 a day (or greater, as specified by applicable ERISA regulation) until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for benefits which 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 AERP’s decision or lack thereof concerning the qualified status of a domestic relations order may file suit in Federal court. If it should happen that AERP fiduciaries misuse the AERP’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 is frivolous.

Assistance with Your Questions

If you have any questions about the AERP, 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 Pension and Welfare Benefits Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Pension and Welfare Benefits 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 Pension and Welfare Benefits Administration.