

Part A Supplement to the Northrop Grumman Pension Program Summary Plan Description

*Northrop Grumman Electronic Systems' — Space Division Hourly Employees'
Pension Plan*

January 2008

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Introduction

On July 1, 2003, the Northrop Grumman Electronic Systems' — Space Division Hourly Employees' Pension Plan (the "Plan") was amended to include a cash balance feature. Benefit Service accrued under the Plan through June 30, 2003, provides the basis for a participant's "Part A" benefit. Participants who were hired on or after July 1, 2003, are not eligible for a Part A benefit.*

This supplement to the Northrop Grumman Pension Program (the "Pension Program") Summary Plan Description (SPD) describes the Part A benefit, including certain aspects of the benefit that changed as of July 1, 2003. This supplement, combined with the Pension Program SPD, serves as the SPD for the Plan.

For additional information on participation and eligibility, please see the Pension Program SPD, available on *Benefits OnLine* at <http://benefits.northropgrumman.com> or by calling the Northrop Grumman Benefits Center (NGBC). If you have questions about eligibility or anything else not answered in this supplement or in the Pension Program SPD, call the NGBC at 1-800-894-4194. If you are calling from outside the United States, please call 718-354-1338. Benefits service representatives are available to assist you Monday through Friday from 9:00 a.m. to 6:00 p.m. Eastern time, excluding holidays. If you are hearing impaired, you will need to use a relay service through your TTY/TDD service provider.

** If you were rehired by Northrop Grumman, special provisions may apply. Contact the NGBC for details.*

Northrop Grumman reserves the right to suspend and/or reduce benefit accruals under the Northrop Grumman Electronic Systems' — Space Division Hourly Employees' Pension Plan. It also may amend or terminate the Plan at any time. You will be notified of any significant amendments to the Plan.

This guide is a summary of the main features of the Plan's Part A benefit. It presents a summary only and does not contain all the details of all aspects of the Plan. It is not an official plan document, and neither the plan documents nor this guide constitute an implied or expressed contract of employment.

The actual terms of the Plan are contained in the plan document, which is available from the NGBC.

The official plan text and trust agreement govern the operation of the Plan and payment of all benefits. In the event of any ambiguity in or omission from this guide, or any conflict between this guide and the official plan text and trust agreement, the official plan text and trust agreement govern.

Northrop Grumman (also referred to as the "Company" in this guide) refers to Northrop Grumman Corporation and its 80%-owned subsidiaries and affiliates. When Northrop Grumman acquired the Azusa and Colorado operation units of Aerojet Corporation in 2001, plan sponsorship for the Aerojet General Corporation Consolidated Pension Plan was transferred to Northrop Grumman Corporation.

Your Benefit at Retirement

The Plan was amended to incorporate a cash balance feature on July 1, 2003. Along with other plans that adopted the cash balance feature, the Plan is part of the Pension Program.

- If your employment ended prior to June 30, 2003, you are eligible only for the Part A benefit, as described in this SPD supplement.
- If you were actively employed and participating in the Plan at the time of the cash balance transition (July 1, 2003), your pension benefit may include the components shown below, depending on your termination date. This SPD supplement describes the Part A benefit only. For information about Parts B, C, and D, please refer to the Pension Program SPD.

		Part B (5-Year Transition Benefit) Your benefit based on a formula similar to the one under your historical plan formula from July 1, 2003 through June 30, 2008			
			<i>or</i>		
			(whichever is greater)		
		Part C (5-Year Transition Benefit) Your benefit under the cash balance formula from July 1, 2003 through June 30, 2008			
Part A Your benefit under your historical plan formula through June 30, 2003	+		+	Part D Your benefit under the cash balance formula beginning July 1, 2008	= Your Pension Benefit

- If your employment began on or after July 1, 2003, you are eligible only for a Part D cash balance benefit from your plan entry date. For details about that benefit, please refer to the Pension Program SPD. This SPD supplement does not apply to you.

Overview

Eligibility

You are eligible to participate in the Plan if you are an hourly-paid employee of Northrop Grumman Electronic Systems — Space Division.

Effective June 1, 1985, hourly-rated office and technical employees who are paid on a salaried basis are not eligible to participate in the Plan. In addition, the following types of employees are not eligible to participate in the Plan:

- Leased employees
- Nonresident aliens (non-U.S. citizens who reside abroad)
- Employees on international payrolls
- Individuals not treated as common law employees on payroll records.

Participation

If you were hired prior to October 22, 2001, you automatically became a participant in the Plan on your date of hire.

If you are hired on or after October 22, 2001, you automatically become a participant in the Plan on the first day of the month coincident with or following your date of hire.

If you are a former Aerojet employee or retiree who was covered by the Aerojet-General Corporation Consolidated Pension Plan, your benefits were automatically transferred to the Plan as of the closing date of the sale of Aerojet's Electronic Sensors and Systems Sector in the Azusa and Colorado Operations units to Northrop Grumman.

Important Pension Concepts

The following basic pension plan concepts are necessary to understand the Plan's Part A benefit. For information about other benefit components for which you may be eligible, please refer to the Pension Program SPD.

Hours of Service

You earn an hour of service for each hour for which you are paid (or are entitled to be paid) by the Company, while actively at work and during certain periods away from work, including vacation, holiday, illness, disability, or a leave of absence (note, for periods when you are away from work, no more than 501 hours will be counted except for military leave). You will receive credit for:

- Eight hours for each paid holiday
- 40 hours for each paid week of vacation or sick leave
- 40 hours for each week of military leave (to the extent required by the law)
- 40 hours for each week of absence due to illness or accident and for which you are entitled to Workers' Compensation benefits (up to a maximum of six months per accident or illness).

Vesting and Vesting Service

Vesting means you have earned a non-forfeitable right to your Plan benefit. Vesting service (also known as cumulative service) is used to determine if you have a right to a vested or deferred vested benefit (see "Deferred Vested Benefits"). Generally, your vesting service includes employment with any member of the Company, subject to legal limitations. If you need help determining if your business unit is part of the Company, call the NGBC.

For service beginning December 1, 1976* through December 31, 2003: You receive one year of vesting service for each plan year during which you are credited with at least 1,000 hours of service. If you are credited with less than 1,000 hours of service, you receive one-twelfth of a year of vesting service for every 150 hours of service completed during a plan year.

For service on or after January 1, 2004:** You earn a year of vesting service for each calendar year in which you complete 1,000 or more hours for which you are paid (or are entitled to be paid) by Northrop Grumman. If you do not have 1,000 or more hours of vesting service in any calendar year, you do not earn a year of vesting service for that year. However, you may earn vesting service if you are not actively at work if you are on:

- An approved medical leave of absence (for up to two years)
- A military leave of absence (if you return to active employment in a timely manner following an honorable discharge)
- An unpaid leave of absence (you receive credit during the first 12 months of your leave, but only to the extent necessary to prevent a break in service)
- A parental absence (during either the year of the leave or the year following the leave, as needed, but only to the extent necessary to prevent a break in service).

Effective December 1, 1986 and later, you become vested in your benefit as follows:

- **If you terminate on or after January 1, 2008:** You are vested in your Company-provided benefit after completing three years of vesting service.
- **If you terminated prior to January 1, 2008:** You are vested in your Company-provided benefit after completing five years of vesting service.

If you were a participant in the Plan prior to July 1, 2003, you also become fully vested in your benefit when you reach age 65 while actively employed by Northrop Grumman, regardless of years of vesting service. For vesting prior to December 1, 1986, contact the NGBC.

** Your years of vesting service under the Plan for years prior to December 1, 1976, will be the number of years and months of benefit service on the Company pension records as of November 30, 1976.*

*** If you were on a leave of absence on July 1, 2003, and remained on a leave of absence until after December 31, 2003, these provisions apply to you from the date you return to work, subject to transition rules.*

Part A Benefit Service

Benefit service (also known as credited service) is used to determine the amount of your Part A benefit.

For service beginning December 1, 1976* through June 30, 2003: You receive one year of benefit service in each plan year that you complete at least 1,800 hours of service. If you complete less than 1,800 hours in a plan year, you receive one-twelfth of a year of benefit service for each 150 hours of service completed. Basically, under the rules used to determine benefit service, you receive credit for all of the years you are continuously employed as an active hourly employee of the Company.

For service beginning July 1, 2003: No benefit service is earned for the Part A benefit on or after July 1, 2003 (with the exception of participants on a leave of absence on June 30, 2003, as described above).

** Your years of benefit service under the Plan for years prior to December 1, 1976, will be the number of years and months of benefit service on the Company pension records as of November 30, 1976.*

Early Retirement Eligibility Service

Early retirement eligibility service is used to determine your eligibility for the early retirement benefits offered under the Plan. Generally, early retirement eligibility service is determined as follows:

- Your early retirement eligibility service includes your vesting service as of December 31, 2003.
- Beginning January 1, 2004, you earn a year of early retirement eligibility service for each calendar year in which you complete 1,000 or more hours for which you are paid (or are entitled to be paid) by Northrop Grumman. Your early retirement eligibility service after December 31, 2003, will be counted toward your eligibility to retire early under the Part A benefit.

Breaks in Service

A break in service is a period during which you complete less than 500 hours of vesting service in a calendar year. If you experience five consecutive break-in-service years before you are vested:

- You forfeit your benefit under the Plan, and
- You will be treated as a new hire upon subsequent rehire. You will accrue a new benefit (under the cash balance formula if rehired on or after July 1, 2003), and your prior vesting service and benefit service will not be included in your service earned under the new employment period.

In other words, if you accumulate three years of vesting service and you incur only two consecutive break-in-service years, you would keep your three years of vesting service, and begin to earn additional years of vesting service after you are reemployed, provided you complete at least 1,000 hours of service within a 12-consecutive-month period following your reemployment. However, if you accumulate three years of vesting service and incur five break-in-service years, you would lose your three years of vesting service and must start over after reemployment. You would lose all prior benefits that you had accrued.

If you are on an approved Family and Medical Leave Act (FMLA) Leave of Absence, you **may not** incur a break in service. To keep from incurring a break in service, you can receive credit for up to 501 hours of service. Your hours of service for this purpose are equal to the amount you would have received if you had continued working. If that number cannot be determined, you receive eight hours for each day you are absent, up to a maximum of 501 hours of service, but you do not earn vesting service, benefit service, or early retirement eligibility service during this period. Hours of service for this purpose are usually credited during the calendar year in which your FMLA begins. However, if you do not need the hours of service to prevent a break in service during that year, the hours of service are credited toward the following calendar year.

In addition, you may also continue to accrue vesting service, and therefore not incur a break in service if you are:

- On an approved unpaid leave of absence (excluding FMLA or parental leave), provided that you return to active employment immediately after your leave ends (to keep from incurring a break in service, you can receive credit for up to 501 hours of service)
- Laid off and subsequently recalled*, within the period of time indicated in your Labor Agreement or under the practice of the Company if no labor agreement applies.

** Upon completion of at least 1,000 hours of service within a 12-consecutive-month period following date of reemployment.*

Final Average Earnings

For pension purposes, your monthly Final Average Earnings ("FAE," which is also known as Average Annual Earnings) are based on the two consecutive calendar years producing the highest average compensation during the last ten years prior to termination, divided by 24 months.

Your Final Average Earnings will not be less than your FAE in any plan year since 1986. Years in which you receive no compensation are not included when determining your FAE.

Compensation in Your Year of Termination

How compensation is determined in your year of termination depends on when your employment ends.

If your employment ended prior to January 1, 2004: Compensation in the year in which you terminate from active employment is included in your FAE only if the date of your termination is December 31.

If your employment ends on or after January 1, 2004: Compensation in the year in which you terminate from active employment is equal to your actual pension-eligible earnings paid during the year of your termination plus your base rate of pay converted to a daily rate times the number of days from your termination date to the end of the year. Please see the "Compensation" sub-section under the "Transition Benefits" section of the Pension Program SPD for more information.

Pension-Eligible Compensation (Actual Earnings)

For earnings from December 1, 1979* through December 31, 2003: Compensation includes your W-2 pay (wages, bonuses, overtime pay, and other amounts received for services rendered in the course of employment with Northrop Grumman, to the extent that the amounts are potentially included in gross income), plus any amounts deferred under the GenCorp Inc. and Participating Subsidiaries Deferred Bonus Plan prior to October 22, 2001 (the "closing date"), as well as amounts deferred on or after October 22, 2001 under the successor plan.

The above is only a partial listing of pay components that are included in pension-eligible compensation. The complete list is contained in the legal plan document.

** For the definition of pension-eligible compensation prior to December 1, 1979, call the NGBC.*

For earnings beginning January 1, 2004: Please see the "Pension-eligible Compensation" section of the Pension Program SPD for information.

Non-Duplication of Benefits

You may participate in (meaning contribute to or accrue a benefit under) only one Northrop Grumman pension plan at any given time. If you are eligible to participate in two plans (for example, as a result of an acquisition), you will be covered by the plan determined by the plan administrator.

Suspension of Benefits Upon Re-employment

In the event you terminate your employment and commence your benefit under the Plan, then you are reemployed by the Company prior to June 30, 2003, payment of your annuity benefit will be suspended if:

- You are rehired as an employee, and
- You earn 173 or more hours of service in a plan year.

If you are reemployed by the Company on or after July 1, 2003, payment of your annuity benefit will be suspended if:

- You are rehired as an employee,
- You earn 40 or more vesting hours in a calendar month, and
- Less than 12 consecutive months has elapsed since you terminated, during which time you performed no services in any capacity (including, for example, service as an independent contractor, leased employee or job shopper; any service with the Company will interrupt the measurement of the 12-consecutive-month period).

You will receive a notice of suspension before any benefit payments are suspended. Note that even if 12 or more months elapse between your termination and your rehire as an employee, your benefit payments may still be suspended. When you receive your suspension notice, you will also receive a certification form. If you have been away from the Company in any capacity for 12 or more months, you will need to sign and return the form in order for your payments to resume. When the NGBC receives this certification, your benefit payments will resume and you will receive a make-up payment of any suspended benefit payments.

If your Part A annuity benefit is suspended, then the benefit determined upon your subsequent retirement will be reduced to reflect the actuarial equivalent value of any Part A benefits previously received from this Plan.

Example: You retire from the Company and commence your annuity benefit. Seven months later, the Company retains you as a “consultant,” and treats you as an independent contractor. You work in this capacity for one month and then do not perform any service for the Company for the next eight months. You are then rehired as an employee — 16 months after your original termination date and eight months after you performed services as a consultant. Because you were not separated from service for at least 12 consecutive months (your month of service as a consultant interrupted your period of separation), your pension benefit will be suspended upon your return to work.

Alternatively, if you were separated from service for at least 12 months following your month of service as a consultant and were rehired as an employee covered by the Plan, your benefits will *not* be suspended (subject to providing written certification that you did not perform services in any capacity for the Company for 12 consecutive months).

Applying for Your Benefit

In order to retire (i.e., to have benefit payments begin), you must:

- Terminate from the Company (special rules apply in the case of divestitures)
- Be alive on your retirement date.
- Follow the instructions provided in the “Applying for Your Retirement Benefit” section of the Pension Program SPD.

If you have a qualified domestic relations order (QDRO) that awards any part of your pension benefit to a former spouse, such order should be submitted to the NGBC well in advance of your retirement date in order to avoid a delay in processing your retirement. You may obtain a copy of the Plan's procedures regarding QDROs free of charge by contacting the Domestic Relations Matters Group at 1-888-887-5078.

Normal Retirement

Eligibility for Normal Retirement

You are eligible for a normal retirement benefit if your Northrop Grumman employment ends on or after your normal retirement age, or if you terminate prior to normal retirement age with a vested benefit and defer payment until you reach normal retirement age. Your normal retirement date is the first day of the month coincident with or following your normal retirement age.

Normal Retirement Age for Your Benefit

Your normal retirement age for your benefit is age 65 (if you were a participant in the Plan prior to July 1, 2003).

Part A Benefit Amount for Normal Retirement

The monthly Part A normal retirement benefit amount is equal to:

Your years of benefit service (up to a maximum of 45)

multiplied by

The benefit factor in effect at your termination date

Benefit Factors

For your benefit factor, refer to the following table. The benefit factors shown are for participants who are members of the International Association of Machinists & Aerospace Workers, District Lodge #94 and Local Lodge #575 (formerly Local 1893) in the Azusa, California location.

Date of Last Employment in Employee Unit	Benefit Factor
On or After January 1, 1969	\$ 6.00
On or After January 1, 1972	\$ 7.00
On or After July 1, 1973	\$ 8.50
On or After July 1, 1976	\$11.00
On or After June 1, 1979	\$14.00
On or After February 1, 1982	\$18.00
On or After June 1, 1985	\$20.00
On or After June 1, 1988	\$24.00
On or After June 1, 1991	\$30.00
On or After January 1, 1996	\$33.00
On or After August 1, 1998	\$35.00
On or After August 1, 1999	\$37.00
On or After May 5, 2000	\$42.00
On or after May 3, 2003	\$45.00

Maximum Benefit

The maximum Part A benefit you can receive from the Plan is generally limited to:

- Your monthly final average earnings

multiplied by

- 0.70
plus
0.01 x (your years benefit service – 15)*

minus

- The primary Social Security amount**

** Years of Benefit Service minus 15 cannot be less than 0. For purposes of determining your maximum benefit, the maximum Benefit Service you can accrue is as follows:*

Termination Date	Maximum
<i>Before 01/31/1982</i>	<i>35</i>
<i>02/01/1982 to 05/31/1985</i>	<i>40</i>
<i>06/01/1985 and Later</i>	<i>45</i>

This maximum is applied before subtracting 15.

*** The primary Social Security amount (also referred to as the "primary insurance amount," or PIA) is the benefit an individual would receive if he or she elects to begin receiving Social Security retirement benefits at his or her normal retirement age.*

Normal Retirement Benefit Examples

See the examples that follow. Although these illustrations use full years of age and service, your retirement benefit will be based on your actual years and months of age and service at the time of your retirement. These examples are based on the "straight life annuity" form of payment.

Example — Normal Retirement Benefit

Let's assume you retire in 2008 at age 65 with 22 years of Part A benefit service. Your benefit factor is \$45.00. Your Part A normal retirement benefit is determined as follows:

$$22 \text{ years of benefit service} \times \$45.00 = \$990.00$$

Your monthly benefit from the Plan would be \$990.00.

Example — Maximum Benefit

To calculate the maximum benefit you can receive in the above example (with 22 years of Part A benefit service), assume your annual final average earnings equal \$45,000, which means your monthly final average earnings equal \$3,750 ($\$45,000 \div 12$). Also, your estimated primary Social Security benefit is \$1,500. Your maximum Part A benefit is determined as follows:

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■ Your monthly Final Average Earnings of \$3,750	\$3,750.00
<i>multiplied by</i>	x
■ 0.70 <i>plus</i> 0.01 x (22 years benefit service – 15)	0.77
<i>minus</i>	–
■ Your primary Social Security benefit of \$1,500	\$1,500.00
<i>equals</i>	=
■ Your maximum Part A benefit	\$1,387.50

If you have 22 years of benefit service, the maximum benefit you can receive from the Plan is \$1,387.50.

Since your calculated benefit of \$990.00 is less than the maximum benefit of \$1,387.50, your final monthly Part A benefit is \$990.00.

Early Retirement

Eligibility for Early Retirement

You are eligible for a Part A early retirement benefit if you stop accruing service under the Plan at or after age 55 if you have at least 10 years of early retirement eligibility service. Your early retirement date can be the first day of any month coincident with or following the date you become eligible, subject to the rules described in "Applying for Your Benefit."

Benefit Amount for Early Retirement

For terminations on or after October 22, 2001: If you meet the early retirement eligibility requirements described above and elect to begin receiving your benefit on or after age 62, you are eligible to receive an unreduced (normal retirement) benefit.

If you elect to begin receiving your benefit prior to age 62, and have terminated after meeting the early retirement eligibility requirements described above, your early retirement benefit is determined as a normal retirement benefit and then is reduced to a percentage of that amount as shown in the table below.

Your age when payments begin	Percentage of your normal retirement benefit you will receive
62	100%
61	95.2%
60	90.4%
59	85.6%
58	80.8%
57	76.0%
56	71.2%
55	66.4%

The table is shown in percentages for whole ages. Partial years will be prorated in years and months.

For terminations prior to October 22, 2001: If you elect to begin receiving your benefit before age 65 and terminated after meeting the early retirement eligibility requirements described above, your early retirement benefit is determined as a normal retirement benefit and then is reduced to a percentage of that amount as shown in the table below.

Your age when payments begin	Percentage of your normal retirement benefit you will receive
65	100%
64	97%
63	94%
62	91%
61	88%
60	85%
59	82%
58	79%
57	76%

The table is shown in percentages for whole ages. Partial years will be prorated in years and months.

56	73%
55	70%

Early Retirement Benefit Example

See the example that follows. Although this illustration uses full years of age and service, your retirement benefit will be based on your actual years and months of age and service at the time of your retirement. This example is based on the "straight life annuity" form of payment.

Example

Let's assume you retire in 2008 at age 58 with 22 years of benefit service. Your benefit factor is \$45.00. Assume your maximum monthly benefit is \$1,387.50. Your monthly Part A early retirement benefit is determined as follows:

1. Determine your normal retirement benefit

22 years of Benefit Service x \$45.00 = \$990.00 (which is greater than the maximum benefit of \$1,387.50)

2. Calculate your early retirement benefit

\$990.00 x 80.8% = \$799.92

Your monthly early retirement benefit from the Plan would be \$799.92.

Deferred Vested Benefits

Eligibility for Deferred Vested Benefits

You are eligible to receive a deferred vested benefit if you terminate employment with a vested benefit before normal retirement age and do not meet the eligibility requirements for early retirement at that time. You can begin receiving your deferred vested benefit when you reach normal retirement age (age 65), or in a reduced amount as early as age 55 (see the table below for reduction amounts).

You must commence your benefit no later than April 1 following the year in which you reach age 70½.

Benefit Amount for Part A Deferred Vested Benefits

The amount of your Part A deferred vested benefit is based on the benefit formula in effect at the time you leave Northrop Grumman. Then, depending on when you elect to have your benefit payments begin, your benefit will be calculated as follows:

- **Benefit at or after age 65** — If you begin payments on or after age 65, your Part A deferred vested benefit is calculated as a normal retirement benefit.
- **Benefit between ages 55 and 65** — If you elect to begin payments between ages 55 and 65, your Part A deferred vested benefit will be a percentage of the normal retirement benefit based on the table below.

Age	Percentage of your normal retirement benefit you will receive
65	100%
64	92.7%
63	86.1%
62	80.1%
61	74.6%
60	69.7%
59	65.2%
58	61.1%
57	57.3%
56	53.8%
55	50.6%

The table is shown in percentages for whole ages. Partial years will be prorated in years and months.

Deferred Vested Retirement Benefit Example

See the example that follows. Although this illustration uses full years of age and service, your retirement benefit will be based on your actual years and months of age and service at the time of your retirement. This example is based on the “straight life annuity” form of payment.

Example

Let's assume you leave the Company at age 48 with 22 years of benefit service, and you elect to begin receiving your benefit at age 58. Your benefit factor is \$45.00. Assume your maximum monthly benefit is \$1,387.50. Your monthly Part A deferred vested retirement benefit is determined as follows:

1. Determine your normal retirement benefit

22 years of Benefit Service x \$45.00 = \$990.00 (which is greater than the maximum benefit of \$1,387.50)

2. Calculate your deferred vested retirement benefit

\$990.00 x 61.1% = \$604.89

Your monthly deferred vested retirement benefit from the Plan would be \$604.89.

If You Die Before Benefit Payments Begin

Married Participants

If you die after your benefit is vested but before your retirement benefit commences, your spouse will be eligible for a pre-retirement death benefit from the Plan. Your eligible spouse is the individual to whom you are legally married at the time of your death.

Your spouse's eligibility for the pre-retirement death benefit remains in effect whether or not you leave the Company, but will end on the earliest of:

- Your retirement date
- The date on which you no longer have a legal eligible spouse.

A former spouse can be deemed an eligible spouse for all or part of any pre-retirement death benefit from the Plan, if provided under a Qualified Domestic Relations Order (QDRO).

Pre-retirement Death Benefit

If you die on or after January 1, 2008 and before your benefit payments are scheduled to begin, your spouse's Part A pre-retirement death benefit is equal to 100% of the amount that would have been paid to you under this Plan had you elected the 100% joint and survivor annuity form of payment.* The amount of the benefit paid to your spouse will be based on your age at the time your spouse chooses to commence the benefit and will be reduced, as applicable, for early retirement.

If you die after you terminate but prior to your benefit commencement date, any form of payment you elected will be null and void, and your surviving spouse will receive the 100% joint and survivor annuity benefit as described above.

Your spouse's Part A benefit is payable monthly for the duration of his or her life.

** Prior to January 1, 2008, you had the choice of a 50% or 100% joint and survivor pre-retirement death benefit. If you elected the 100% joint and survivor option, your pension benefit was reduced for the additional cost associated with this death benefit. Effective for retirement dates on and after April 1, 2008, your pension will no longer be reduced for this additional death benefit. If you have any questions, please contact the NGBC.*

Benefit Commencement Date

Your surviving spouse can begin receiving a benefit payment on the later of:

- The first day of the month following your death
- The first day of the month in which you would have reached age 55.

Unmarried Participants

There is no Company-provided benefit payable upon your death if you are *not* married and you die before your retirement benefit commences.

Payment Options

The Plan provides several optional forms of payment to help meet your retirement needs. Your form of payment election cannot be changed on or after your retirement date.

Spousal Consent

If you are married when you retire, written and notarized spousal consent is required if you elect any option other than the 50% or 100% Joint and Survivor option with your spouse designated as the survivor.

Forms of Payment for the Part A Benefit

- ***Straight Life Annuity*** — You receive monthly payments for your lifetime. When you die, the Plan does not pay benefits to anyone else. If you are married when you retire, your spouse must consent in writing to this form of distribution. If you are single when you retire, your benefit normally will be paid as a straight life annuity, unless you elect one of the other forms of payment for which you qualify.
- ***Joint and Survivor Annuity (50%, 75%* or 100%)*** — You receive a monthly benefit for your lifetime. When you die, your spouse or other named beneficiary receives a monthly payment equal to 50%, 75%* or 100% of your monthly benefit (whichever you selected) for the rest of his or her lifetime. The monthly benefit you receive during your lifetime is smaller than the monthly benefit you would receive under the straight life annuity option, because benefits are paid over the joint lifetimes of you and your beneficiary. If your beneficiary dies before you but after your benefit payments are scheduled to begin, the Plan pays benefits for your lifetime only.

If you are married when you retire, your benefit normally will be paid on a 50% joint and survivor basis with your spouse as the designated survivor, unless you elect one of the other forms of payment for which you qualify. If you are married when you retire and choose a form of payment other than a 50%, 75%* or 100% joint and survivor annuity with your spouse as beneficiary, your spouse must provide written, notarized consent.

If your spouse or beneficiary dies before your benefit payments are scheduled to begin, you should notify the NGBC immediately and select a different payment option. After the date your benefit payments are scheduled to begin, they will not be recalculated for a change in marital status.

If you elect a beneficiary other than your spouse, IRS rules may limit the level of the survivor benefit and may prevent the election of a joint annuitant who is significantly younger than you for joint and survivor annuity options other than the 50% option. Please contact the NGBC for more information.

** The 75% Joint and Survivor annuity is available for benefit commencements on and after January 1, 2008.*

- ***Five, Ten, Fifteen or Twenty Year Certain and Continuous*** — You receive a monthly benefit for your lifetime. Electing this form of payment means there will be a reduction in the amount of your straight life annuity benefit based on your age at retirement.

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If you die before 60, 120, 180 or 240 payments have been made (depending on your election), the remainder of the 60, 120, 180 or 240 payments will be paid to your designated beneficiary. If your beneficiary dies after you but before 60, 120, 180 or 240 payments have been made, the remainder of the 60, 120, 180 or 240 payments will be paid to your beneficiary's estate in a lump sum. If your beneficiary predeceases you before the 60, 120, 180 or 240 payments have been made, the remainder of the 60, 120, 180 or 240 payments will be paid to your estate in a lump sum. You may designate your estate or a trust as your designated beneficiary for this payment option. If you are married when you retire, your spouse must consent in writing to this form of distribution.

Tax Considerations

For information about tax considerations, including the Internal Revenue Service excess earnings limit, please refer to the "Tax Considerations" section of the Pension Program SPD.

General Plan Information

For additional administrative information about your pension benefit and the Plan, please refer to the "General Plan Information" section of the Pension Program SPD.