

# **Northrop Grumman Pension Plans**

## **Summary of Material Modifications**

### **July 2009**

#### **Introduction**

This summary of material modifications (“SMM”) describes changes to your pension plan.

**If you are a participant in one of the pension plans listed in the Table of Contents on the following page**, please refer to that Section of this SMM for a description of the changes that may affect your pension benefit.

#### **For More Information**

For complete details on any of these pension plans, please see the Summary Plan Description (“SPD”) available on *Benefits OnLine* at <http://benefits.northropgrumman.com> (under the “Pension” tab, select “Summary Plan Descriptions”). If you are not sure which historical pension plan may apply to you, or if you want the paper version of your SPD, please call the Northrop Grumman Benefits Center at 1-800-894-4194. If you are calling outside of the United States, please call 718-354-1338. If you are hearing impaired, you will need to use a relay service through your TTY/TDD service provider.

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**This portion of the SMM affects participants who are actively participating in the Avondale Industries, Inc. Non-Represented Employees' Pension Plan.**

**Plan**

Avondale Industries, Inc. Non-Represented Employees' Pension Plan (a sub-plan of Northrop Grumman Retirement Plan "B")

**Freeze on Compensation Earned at AMSEC LLC**

If you voluntarily transfer to AMSEC LLC ("AMSEC") on or after February 1, 2008, compensation earned at AMSEC will not be taken into account for purposes of determining final average earnings for your Part A\*<sup>1</sup> and Part B benefit under the Plan.

If you voluntarily transferred to AMSEC before February 1, 2008, compensation earned at AMSEC on and after April 1, 2008 will no longer be taken into account for purposes of determining final average earnings for your Part A\* and Part B benefit under the Plan. This means the Plan will no longer recognize your compensation earned at AMSEC after March 31, 2008 for purposes of determining your Plan benefits.

**Freeze on Compensation Earned After Rehire**

If you terminate employment and are rehired on or after January 1, 2009, compensation earned on and after your rehire date will not be taken into account for purposes of determining final average earnings for your Part A\* and Part B benefit upon retirement.

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<sup>1</sup> The Part A\* benefit provides you with an additional benefit using the Avondale Industries, Inc. Pension Plan formula to account for increases in your compensation after June 30, 2003. Participants who were hired on or after July 1, 2003 are not eligible for a Part A or a Part A\* benefit, although if you were rehired by Northrop Grumman, special provisions may apply.

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**This portion of the SMM affects participants who are actively participating in the Avondale Industries, Inc. Pension Plan.**

**Plan**

Avondale Industries, Inc. Pension Plan

**Freeze on Compensation Earned at AMSEC LLC**

If you voluntarily transfer to AMSEC LLC ("AMSEC") on or after February 1, 2008, compensation earned at AMSEC will not be taken into account for purposes of determining final average earnings for your benefit under the Plan.

If you voluntarily transferred to AMSEC before February 1, 2008, compensation earned at AMSEC on and after April 1, 2008 will no longer be taken into account for purposes of determining final average earnings for your benefit under the Plan. This means the Plan will no longer recognize your compensation earned at AMSEC after March 31, 2008 for purposes of determining your Plan benefits.

**Special Layoff Early Retirement Benefit**

In general, you are eligible for an early retirement benefit if you stop accruing service under the Plan on or after attaining age 55 if you have at least 10 years of benefit service.

If you are not covered by a negotiated collective bargaining agreement and you are laid off on or after July 1, 2009 before meeting the early retirement eligibility requirements described above, you are eligible for an early retirement benefit under the Plan on or after attaining age 55 if you are on layoff status or you have terminated employment due to layoff when your benefit commences and you meet either of the following requirements:

- Your points (your age plus your years of benefit service on your layoff date) equal or exceed 75\*;  
or
- You are at least age 53 and you have 10 or more years of service\* on your layoff date.

If you receive a layoff notice and you qualify for this special layoff provision, and you then transfer to another entity instead of being terminated, you are no longer eligible for the special layoff provision. If you are laid off and you qualify for the special layoff provision and you are then rehired, the special layoff provision no longer applies. If you are subsequently laid off and qualify, you would again be eligible for the special layoff provision.

*\*If you go to work for an affiliated company that is not a participating employer, your service with that affiliated company will not count for purposes of meeting this service requirement. However, you may grow into the age-related requirement while you are employed by an affiliated company that is not a participating employer.*

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**This portion of the SMM affects participants who are actively participating in the Ingalls Shipbuilding, Inc. Salaried Employees' Retirement Plan.**

**Plan**

Ingalls Shipbuilding, Inc. Salaried Employees' Retirement Plan (a sub-plan of Northrop Grumman Retirement Plan "B")

**Special Layoff Early Retirement Benefit**

In general, you are eligible for a Part A early retirement benefit if you stop accruing service under the Plan on or after attaining age 55 and completing five years of service.

If you are laid off on or after July 1, 2009 before meeting the early retirement eligibility requirements described above, you are eligible for a Part A early retirement benefit under the Plan on or after attaining age 55 if you are on layoff status or you have terminated employment due to layoff when your benefit commences and you meet either of the following requirements:

- Your points (your age plus your years of service on your layoff date) equal or exceed 75\*; or
- You are at least age 53 and you have 10 or more years of service\* on your layoff date.

If you receive a layoff notice and you qualify for this special layoff provision, and you then transfer to another entity instead of being terminated, you are no longer eligible for the special layoff provision. If you are laid off and you qualify for the special layoff provision and you are then rehired, the special layoff provision no longer applies. If you are subsequently laid off and qualify, you would again be eligible for the special layoff provision.

*\*If you go to work for an affiliated company that is not a participating employer, your service with that affiliated company will not count for purposes of meeting this service requirement. However, you may grow into the age-related requirement while you are employed by an affiliated company that is not a participating employer.*

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**This portion of the SMM affects participants who are actively participating in the Newport News Shipbuilding, Inc. Retirement Plan.**

**Plan**

Newport News Shipbuilding, Inc. Retirement Plan

**Freeze on Compensation Earned at AMSEC LLC**

If you voluntarily transfer to AMSEC LLC ("AMSEC") on or after February 1, 2008, compensation earned at AMSEC will not be taken into account for purposes of determining final average earnings for your Part A and Part B benefit under the Plan.

If you voluntarily transferred to AMSEC before February 1, 2008, compensation earned at AMSEC on and after April 1, 2008 will no longer be taken into account for purposes of determining final average earnings for your Part A and Part B benefit under the Plan. This means the Plan will no longer recognize your compensation earned at AMSEC after March 31, 2008 for purposes of determining your Plan benefits.

**Freeze on Compensation Earned After Rehire**

If you terminate employment and are rehired by the Newport News Shipbuilding Group on or after January 1, 2009, compensation earned on and after your rehire date will not be taken into account for purposes of determining final average earnings for your Part A and Part B benefit upon retirement.

**Death Benefits**

If you die on or after January 1, 2009, your spouse and eligible children are no longer eligible to receive the 40% projected death benefit for your Part A and Part B benefit under the Plan. Instead, if you die on or after January 1, 2009, your surviving spouse is eligible to receive a death benefit for your Part A and Part B benefit equal to the benefit that would have been payable if you survived to your benefit commencement date, elected a 50% joint and survivor annuity for your Part A benefit and a 100% joint and survivor annuity for your Part B/C and Part D benefit, began receiving benefits and died the next day. The death benefit is reduced, as applicable, for early commencement.

**Special Layoff Early Retirement Benefit**

In general, you are eligible for a Part A early retirement benefit if you stop accruing service under the Plan on or after attaining age 55 and you have at least 10 years of early retirement eligibility service.

If you are laid off on or after January 1, 2008 before meeting the early retirement eligibility requirements described above, you are eligible for a Part A early retirement benefit under the Plan on or after attaining age 55 if you are on layoff status or you have terminated employment due to layoff when your benefit commences and you meet either of the following requirements:

- Your points (your age plus your years of participation on your layoff date) equal or exceed 75\*; or

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- You are at least age 53 and you have 10 or more years of early retirement eligibility service\* on your layoff date.

If you receive a layoff notice and you qualify for this special layoff provision, and you then transfer to another entity instead of being terminated, you are no longer eligible for the special layoff provision. If you are laid off and you qualify for the special layoff provision and you are then rehired, the special layoff provision no longer applies. If you are subsequently laid off and qualify, you would again be eligible for the special layoff provision.

*\*If you go to work for an affiliated company that is not a participating employer, your service with that affiliated company will not count for purposes of meeting this service requirement. However, you may grow into the age-related requirement while you are employed by an affiliated company that is not a participating employer.*

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**This portion of the SMM affects participants who are actively participating in the Northrop Grumman Naval Systems Division – Cleveland Facility Salaried Employees Retirement Plan.**

**Plan**

Northrop Grumman Naval Systems Division – Cleveland Facility Salaried Employees Retirement Plan

**Freeze on Compensation Earned After Rehire**

If you terminate employment and are rehired on or after January 1, 2009, compensation earned on and after your rehire date will not be taken into account for purposes of determining final average earnings for your benefit upon retirement.

**Compensation Earned After Transfer**

If you are an employee on January 1, 2009 and you transfer before, on or after such date from a position covered by the Plan to another position with the Northrop Grumman Naval Systems Division – Cleveland Facility or an affiliated company that is not covered by the Plan, compensation earned after such transfer will be taken into account for purposes of determining final average earnings for your benefit upon retirement.

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**This portion of the SMM affects participants who are actively participating in the Northrop Grumman Electronic Systems – Space Division Salaried Employees’ Pension Plan (Aerojet).**

**Plan**

Northrop Grumman Electronic Systems – Space Division Salaried Employees’ Pension Plan (Aerojet) (a sub-plan of Northrop Grumman Electronic Systems – Space Division Consolidated Pension Plan)

**Freeze on Compensation Earned at AMSEC LLC**

If you voluntarily transfer to AMSEC LLC (“AMSEC”) on or after February 1, 2008, compensation earned at AMSEC will not be taken into account for purposes of determining final average earnings for your Part A and Part B benefit under the Plan.

**Freeze on Compensation Earned After Rehire**

If you terminate employment and are rehired on or after January 1, 2009, compensation earned on and after your rehire date will not be taken into account for purposes of determining final average earnings for your Part A and Part B benefit upon retirement.

**Compensation Earned After Transfer**

If you are an employee on January 1, 2009 and you transferred before July 1, 2003 from a position covered by the Plan to another position with Northrop Grumman or an affiliated company that is not covered by the Plan, compensation earned after such transfer will be taken into account for purposes of determining final average earnings for your Part A and Part B benefit upon retirement.

**Special Layoff Early Retirement Benefit**

In general, if you had at least one hour of service before December 1, 1992, you are eligible for a Part A early retirement benefit if you stop accruing service under the Plan on or after attaining age 55 if you have at least five years of early retirement eligibility service at termination. If you did not have at least one hour of service before December 1, 1992, you are eligible for a Part A early retirement benefit if you stop accruing service under the Plan on or after attaining age 55 if you have at least 10 years of early retirement eligibility service at termination.

If you are laid off on or after January 1, 2008 before meeting the early retirement eligibility requirements described above, you are eligible for a Part A early retirement benefit under the Plan on or after attaining age 55 if you are on layoff status or you have terminated employment due to layoff when your benefit commences and you meet either of the following requirements:

- Your points (your age plus your years of credited service on your layoff date) equal or exceed 75\*; or
- You are at least age 53 and you have 10 or more years of cumulative service\* on your layoff date.

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If you receive a layoff notice and you qualify for this special layoff provision, and you then transfer to another entity instead of being terminated, you are no longer eligible for the special layoff provision. If you are laid off and you qualify for the special layoff provision and you are then rehired, the special layoff provision no longer applies. If you are subsequently laid off and qualify, you would again be eligible for the special layoff provision.

*\*If you go to work for an affiliated company that is not a participating employer, your service with that affiliated company will not count for purposes of meeting this service requirement. However, you may grow into the age-related requirement while you are employed by an affiliated company that is not a participating employer.*

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**This portion of the SMM affects participants who are actively participating in the Northrop Grumman Electronic Systems – Space Division Union Employees’ Pension Plan (Aerojet).**

**Plan**

Northrop Grumman Electronic Systems – Space Division Union Employees’ Pension Plan (Aerojet)  
(a sub-plan of Northrop Grumman Electronic Systems – Space Division Consolidated Pension Plan)

**Freeze on Compensation Earned at AMSEC LLC**

If you voluntarily transfer to AMSEC LLC (“AMSEC”) on or after February 1, 2008, compensation earned at AMSEC will not be taken into account for purposes of determining final average earnings for your Part A and Part B benefit under the Plan.

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**This portion of the SMM affects participants who are actively participating in the Northrop Grumman Retirement Plan.**

**Plan**

Northrop Grumman Retirement Plan (a sub-plan of the Northrop Grumman Pension Plan)

**Freeze on Compensation Earned at AMSEC LLC**

If you voluntarily transfer to AMSEC LLC ("AMSEC") on or after February 1, 2008, compensation earned at AMSEC will not be taken into account for purposes of determining final average earnings for your Part A and Part B benefit under the Plan.

If you voluntarily transferred to AMSEC before February 1, 2008, compensation earned at AMSEC on and after April 1, 2008 will no longer be taken into account for purposes of determining final average earnings for your Part A and Part B benefit under the Plan. This means the Plan will no longer recognize your compensation earned at AMSEC after March 31, 2008 for purposes of determining your Plan benefits.

**Freeze on Compensation Earned After Rehire**

If you terminate employment and are rehired on or after January 1, 2009, compensation earned on and after your rehire date will not be taken into account for purposes of determining final average earnings for your Part A and Part B benefit upon retirement.

**Compensation Earned After Transfer**

If you are an employee on January 1, 2009 and you transferred before July 1, 2003 from a position covered by the Plan to another position with Northrop Grumman or an affiliated company that is not covered by the Plan, compensation earned after such transfer will be taken into account for purposes of determining final average earnings for your Part A and Part B benefit upon retirement.

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**This portion of the SMM affects participants who are actively participating in the Grumman Pension Plan.**

**Plan**

Grumman Pension Plan (a sub-plan of the Northrop Grumman Pension Plan)

**Freeze on Compensation Earned at AMSEC LLC**

If you voluntarily transfer to AMSEC LLC (“AMSEC”) on or after February 1, 2008, compensation earned at AMSEC will not be taken into account for purposes of determining final average earnings for your Part A and Part B benefit under the Plan.

If you voluntarily transferred to AMSEC before February 1, 2008, compensation earned at AMSEC on and after April 1, 2008 will no longer be taken into account for purposes of determining final average earnings for your Part A and Part B benefit under the Plan. This means the Plan will no longer recognize your compensation earned at AMSEC after March 31, 2008 for purposes of determining your Plan benefits.

**Freeze on Compensation Earned After Rehire**

If you terminate employment and are rehired on or after January 1, 2009, compensation earned on and after your rehire date will not be taken into account for purposes of determining final average earnings for your Part A and Part B benefit upon retirement.

**Compensation Earned After Transfer**

If you are an employee on January 1, 2009 and you transferred before July 1, 2003 from a position covered by the Plan to another position with Northrop Grumman or an affiliated company that is not covered by the Plan, compensation earned after such transfer will be taken into account for purposes of determining final average earnings for your Part A and Part B benefit upon retirement.

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**This portion of the SMM affects participants who are actively participating in the Northrop Grumman Retirement Plan – Rolling Meadows Site.**

**Plan**

Northrop Grumman Retirement Plan – Rolling Meadows Site (a sub-plan of the Northrop Grumman Pension Plan)

**Freeze on Compensation Earned at AMSEC LLC**

If you voluntarily transfer to AMSEC LLC (“AMSEC”) on or after February 1, 2008, compensation earned at AMSEC will not be taken into account for purposes of determining final average earnings for your Part A and Part B benefit under the Plan.

If you voluntarily transferred to AMSEC before February 1, 2008, compensation earned at AMSEC on and after April 1, 2008 will no longer be taken into account for purposes of determining final average earnings for your Part A and Part B benefit under the Plan. This means the Plan will no longer recognize your compensation earned at AMSEC after March 31, 2008 for purposes of determining your Plan benefits.

**Freeze on Compensation Earned After Rehire**

If you terminate employment and are rehired on or after January 1, 2009, compensation earned on and after your rehire date will not be taken into account for purposes of determining final average earnings for your Part A and Part B benefit upon retirement.

**Compensation Earned After Transfer**

If you are an employee on January 1, 2009 and you transferred before July 1, 2003 from a position covered by the Plan to another position with Northrop Grumman or an affiliated company that is not covered by the Plan, compensation earned after such transfer will be taken into account for purposes of determining final average earnings for your Part A and Part B benefit upon retirement.

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**This portion of the SMM affects participants who are actively participating in the Northrop Grumman Commercial Aircraft Division Salaried Retirement Plan.**

**Plan**

Northrop Grumman Commercial Aircraft Division Salaried Retirement Plan (a sub-plan of the Northrop Grumman Pension Plan)

**Freeze on Compensation Earned at AMSEC LLC**

If you voluntarily transfer to AMSEC LLC ("AMSEC") on or after February 1, 2008, compensation earned at AMSEC will not be taken into account for purposes of determining final average earnings for your benefit under the Plan.

If you voluntarily transferred to AMSEC before February 1, 2008, compensation earned at AMSEC on and after April 1, 2008 will no longer be taken into account for purposes of determining final average earnings for your benefit under the Plan. This means the Plan will no longer recognize your compensation earned at AMSEC after March 31, 2008 for purposes of determining your Plan benefits.

**Freeze on Compensation Earned After Rehire**

If you terminate employment and are rehired on or after January 1, 2009, compensation earned on and after your rehire date will not be taken into account for purposes of determining final average earnings for your benefit upon retirement.

**Compensation Earned After Transfer**

If you are an employee on January 1, 2009 and you transferred before July 1, 2003 from a position covered by the Plan to another position with Northrop Grumman or an affiliated company that is not covered by the Plan, compensation earned after such transfer will be taken into account for purposes of determining final average earnings for your benefit upon retirement.

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**This portion of the SMM affects participants who are actively participating in the Northrop Grumman Electronic Systems Pension Plan.**

**Plan**

Northrop Grumman Electronic Systems Pension Plan (a sub-plan of the Northrop Grumman Pension Plan)

**Special Layoff Early Retirement Benefit**

In general, you are eligible for a Part A early retirement benefit under the Plan if you are:

- Age 58 with at least 30 years of early retirement eligibility service (points service before January 1, 2004); or
- Age 60 with at least 10 years of early retirement eligibility service (points service before January 1, 2004).

If you are laid off on or after July 1, 2009 before meeting the early retirement eligibility requirements described above, you are eligible for a Part A early retirement benefit under the Plan on or after attaining age 55 if you are on layoff status or you have terminated employment due to layoff when your benefit commences and you meet either of the following requirements:

- Your points (your age plus your years of benefit service on your layoff date) equal or exceed 75\*; or
- You are at least age 53 and you have 10 or more years of vesting service\* on your layoff date.

If you receive a layoff notice and you qualify for this special layoff provision, and you then transfer to another entity instead of being terminated, you are no longer eligible for the special layoff provision. If you are laid off and you qualify for the special layoff provision and you are then rehired, the special layoff provision no longer applies. If you are subsequently laid off and qualify, you would again be eligible for the special layoff provision.

*\*If you go to work for an affiliated company that is not a participating employer, your service with that affiliated company will not count for purposes of meeting this service requirement. However, you may grow into the age-related requirement while you are employed by an affiliated company that is not a participating employer.*

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**This portion of the SMM affects participants who are actively participating in the Northrop Grumman Electronic Systems Union Represented Employees Pension Plan.**

**Plan**

Northrop Grumman Electronic Systems Union Represented Employees Pension Plan

**Vesting**

Effective January 1, 2010, you will become vested in the portion of your benefit that is provided by Northrop Grumman after completing three years of vesting service. You are always 100% vested in your own contributions to the Plan.

**Normal Retirement Age for Your Benefit**

Effective January 1, 2010, your normal retirement age for your benefit is the later of:

- Age 65; or
- Your age on the earlier of the fifth anniversary of your participation in the Plan and the date you complete three years of vesting service.

**Benefit Commencement Date for Pre-Retirement Death Benefit**

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. Effective January 1, 2006, if you die before your normal retirement date, your surviving spouse may elect to have his or her pre-retirement death benefit begin as of the first day of any month, but no later than the later of:

- The end of the calendar year immediately after the calendar year in which you die; or
- The end of the calendar year in which you would have attained age 70-1/2.

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**This portion of the SMM affects participants who are actively participating in the Northrop Grumman Norden Systems Employee Retirement Plan.**

**Plan**

Northrop Grumman Norden Systems Employee Retirement Plan

**Freeze on Compensation Earned at AMSEC LLC**

If you voluntarily transfer to AMSEC LLC (“AMSEC”) on or after February 1, 2008, compensation earned at AMSEC will not be taken into account for purposes of determining final average earnings for your Part A and Part B benefit under the Plan.

If you voluntarily transferred to AMSEC before February 1, 2008, compensation earned at AMSEC on and after April 1, 2008 will no longer be taken into account for purposes of determining final average earnings for your Part A and Part B benefit under the Plan. This means the Plan will no longer recognize your compensation earned at AMSEC after March 31, 2008 for purposes of determining your Plan benefits.

**Freeze on Compensation Earned After Rehire**

If you terminate employment and are rehired on or after January 1, 2009, compensation earned on and after your rehire date will not be taken into account for purposes of determining final average earnings for your Part A and Part B benefit upon retirement.

**Compensation Earned After Transfer**

If you are an employee on January 1, 2009 and you transferred before July 1, 2003 from a position covered by the Plan to another position with Northrop Grumman or an affiliated company that is not covered by the Plan, compensation earned after such transfer will be taken into account for purposes of determining final average earnings for your Part A and Part B benefit upon retirement.

**Special Layoff Early Retirement Benefit**

In general, you are eligible for a Part A early retirement benefit if you stop accruing service under the Plan on or after your 55<sup>th</sup> birthday and you have at least 10 years of vesting service. You are also eligible to take a Part A early retirement benefit on or after the date you reach age 55 if you meet the following criteria:

- You terminate employment between ages 50 and 55; and
- Your age plus your vesting service at the time of your termination is equal to 65 or more (known as the “Rule of 65”).

If you are laid off on or after January 1, 2008 before meeting the early retirement eligibility requirements described above, you are eligible for a Part A early retirement benefit under the Plan on or after attaining age 55 if you are on layoff status or you have terminated employment due to layoff when your benefit commences and you meet either of the following requirements:

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- Your points (your age plus your years of credited service on your layoff date) equal or exceed 75\*; or
- You are at least age 53 and you have 10 or more years of continuous service\* on your layoff date.

If you receive a layoff notice and you qualify for this special layoff provision, and you then transfer to another entity instead of being terminated, you are no longer eligible for the special layoff provision. If you are laid off and you qualify for the special layoff provision and you are then rehired, the special layoff provision no longer applies. If you are subsequently laid off and qualify, you would again be eligible for the special layoff provision.

*\*If you go to work for an affiliated company that is not a participating employer, your service with that affiliated company will not count for purposes of meeting this service requirement. However, you may grow into the age-related requirement while you are employed by an affiliated company that is not a participating employer.*

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**This portion of the SMM affects participants who are actively participating in the Northrop Grumman Norden Systems Represented Employee Retirement Plan.**

**Plan**

Northrop Grumman Norden Systems Represented Employee Retirement Plan

**Freeze on Compensation Earned at AMSEC LLC**

If you voluntarily transfer to AMSEC LLC ("AMSEC") on or after February 1, 2008, compensation earned at AMSEC will not be taken into account for purposes of determining final average earnings for your Part A and Part B benefit under the Plan.

**Freeze on Compensation Earned After Rehire**

If you terminate employment and are rehired on or after January 1, 2009, compensation earned on and after your rehire date will not be taken into account for purposes of determining final average earnings for your Part A and Part B benefit upon retirement.

**Compensation Earned After Transfer**

If you are an employee on January 1, 2009 and you transferred before January 1, 2004 from a position covered by the Plan to another position with Northrop Grumman or an affiliated company that is not covered by the Plan, compensation earned after such transfer will be taken into account for purposes of determining final average earnings for your Part A and Part B benefit upon retirement.

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**This portion of the SMM affects participants who are actively participating in the Northrop Grumman Retirement Plan “A.”**

**Plan**

Northrop Grumman Retirement Plan “A” (formerly known as Litton Industries, Inc. Retirement Plan “A”)

**Special Layoff Early Retirement Benefit**

In general, if you were actively employed on or after January 1, 1996 and your employment ends on or after January 1, 1999, you are eligible for an early retirement benefit if you stop accruing service under the Plan on or after your 55<sup>th</sup> birthday and you have at least five years of vesting service. If you were actively employed on or after January 1, 1996 and your employment ended before January 1, 1999, you are eligible for an early retirement benefit if you stop accruing service under the Plan on or after your 55<sup>th</sup> birthday and you have at least seven years of vesting service.

If you are laid off on or after July 1, 2009 before meeting the early retirement eligibility requirements described above, you are eligible for an early retirement benefit under the Plan on or after attaining age 55 if you are on layoff status or you have terminated employment due to layoff when your benefit commences and you meet either of the following requirements:

- Your points (your age plus your years of service on your layoff date) equal or exceed 75\*; or
- You are at least age 53 and you have 10 or more years of service\* on your layoff date.

If you receive a layoff notice and you qualify for this special layoff provision, and you then transfer to another entity instead of being terminated, you are no longer eligible for the special layoff provision. If you are laid off and you qualify for the special layoff provision and you are then rehired, the special layoff provision no longer applies. If you are subsequently laid off and qualify, you would again be eligible for the special layoff provision.

*\*If you go to work for an affiliated company that is not a participating employer, your service with that affiliated company will not count for purposes of meeting this service requirement. However, you may grow into the age-related requirement while you are employed by an affiliated company that is not a participating employer.*

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**This portion of the SMM affects participants who are actively participating in the Northrop Grumman Retirement Plan “B.”**

**Plan**

Northrop Grumman Retirement Plan “B” (formerly known as Litton Industries, Inc. Retirement Plan “B”)

**Special Layoff Early Retirement Benefit**

In general, if you were actively employed on or after January 1, 1996 and your employment ends on or after January 1, 1999, you are eligible for a Part A early retirement benefit if you stop accruing service under the Plan on or after your 55<sup>th</sup> birthday and you have at least five years of vesting service. If you were actively employed on or after January 1, 1996 and your employment ended before January 1, 1999, you are eligible for a Part A early retirement benefit if you stop accruing service under the Plan on or after your 55<sup>th</sup> birthday and you have at least seven years of vesting service.

If you are laid off on or after July 1, 2009 before meeting the early retirement eligibility requirements described above, you are eligible for a Part A early retirement benefit under the Plan on or after attaining age 55 if you are on layoff status or you have terminated employment due to layoff when your benefit commences and you meet either of the following requirements:

- Your points (your age plus your years of service on your layoff date) equal or exceed 75\*; or
- You are at least age 53 and you have 10 or more years of service\* on your layoff date.

If you receive a layoff notice and you qualify for this special layoff provision, and you then transfer to another entity instead of being terminated, you are no longer eligible for the special layoff provision. If you are laid off and you qualify for the special layoff provision and you are then rehired, the special layoff provision no longer applies. If you are subsequently laid off and qualify, you would again be eligible for the special layoff provision.

*\*If you go to work for an affiliated company that is not a participating employer, your service with that affiliated company will not count for purposes of meeting this service requirement. However, you may grow into the age-related requirement while you are employed by an affiliated company that is not a participating employer.*

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**This portion of the SMM affects participants who are actively participating in the Northrop Grumman Retirement Value Plan.**

**Plan**

Northrop Grumman Retirement Value Plan (a sub-plan of the Northrop Grumman Pension Plan)

**Normal Retirement Age**

Under the terms of the Plan document before May 22, 2007, a participant reached normal retirement age upon the earlier of attaining age 65 or completing five years of vesting service for purposes of his or her cash balance benefit accrued before July 1, 2003. Effective May 22, 2007, the normal retirement age under the Plan changed to age 65 (i.e., the five-year vesting provision was removed).

**Vesting**

Under the terms of the Plan document before January 1, 2008, a participant became 100% vested upon completing five years of vesting service. Effective January 1, 2008, the Plan's vesting schedule was accelerated to provide that you will become 100% vested upon completing three years of vesting service, rather than five years of vesting service.

**Actuarial Adjustment**

Under the terms of the Plan document before January 1, 2009, if you were under age 65 and you remained employed after completing five years of vesting service (three years of vesting service, effective January 1, 2008), you were entitled to receive the greater of (i) your cash balance benefit accrued before July 1, 2003 with interest credits, or (ii) an actuarial adjustment for each month during the period of service after you became vested and before your benefits commenced.

Effective January 1, 2009, if you are under age 65 and you remain employed after becoming vested, you will not be entitled to receive an actuarial adjustment for each month during the period of service after you became vested and before your benefits commenced. Only those participants who attain normal retirement age (age 65) are entitled to receive an actuarial adjustment for the period of service completed after age 65.

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**This portion of the SMM affects participants who are actively participating in the Northrop Grumman Space & Mission Systems Corp. Salaried Pension Plan.**

**Plan**

Northrop Grumman Space & Mission Systems Corp. Salaried Pension Plan

**Freeze on Compensation Earned at AMSEC LLC**

If you voluntarily transfer to AMSEC LLC (“AMSEC”) on or after February 1, 2008, compensation earned at AMSEC will not be taken into account for purposes of determining final average earnings for your Part A and Part B benefit under the Plan.

If you voluntarily transferred to AMSEC before February 1, 2008, compensation earned at AMSEC on and after April 1, 2008 will no longer be taken into account for purposes of determining final average earnings for your Part A and Part B benefit under the Plan. This means the Plan will no longer recognize your compensation earned at AMSEC after March 31, 2008 for purposes of determining your Plan benefits.

**Freeze on Compensation Earned After Rehire**

If you terminate employment and are rehired on or after January 1, 2009, compensation earned on and after your rehire date will not be taken into account for purposes of determining final average earnings for your Part A and Part B benefit upon retirement.

**Special Layoff Early Retirement Benefit**

In general, you are eligible for a Part A early retirement benefit if you stop accruing service under the Plan on or after your 55<sup>th</sup> birthday and you have at least 10 years of early retirement eligibility service (10 years of benefit service before January 1, 2005, and 10 years of vesting service if you were accruing benefit service on January 1, 1989).

If you are laid off on or after January 1, 2008 before meeting the early retirement eligibility requirements described above, you are eligible for a Part A early retirement benefit under the Plan on or after attaining age 55 if you are on layoff status or you have terminated employment due to layoff when your benefit commences and you meet either of the following requirements:

- Your points (your age plus your years of benefit service on your layoff date) equal or exceed 75\*;  
or
- You are at least age 53 and you have 10 or more years of vesting service\* on your layoff date.

If you receive a layoff notice and you qualify for this special layoff provision, and you then transfer to another entity instead of being terminated, you are no longer eligible for the special layoff provision. If you are laid off and you qualify for the special layoff provision and you are then rehired, the special layoff provision no longer applies. If you are subsequently laid off and qualify, you would again be eligible for the special layoff provision.

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*\*If you go to work for an affiliated company that is not a participating employer, your service with that affiliated company will not count for purposes of meeting this service requirement. However, you may grow into the age-related requirement while you are employed by an affiliated company that is not a participating employer.*