

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (date of earliest event reported)

November 2, 2005

NORTHROP GRUMMAN CORPORATION

(Exact Name of Registrant as Specified in Charter)

DELAWARE
(State or Other Jurisdiction of
Incorporation)

1-16411
(Commission File Number)

No. 95-4840775
(IRS Employer
Identification No.)

1840 Century Park East, Los Angeles, California 90067
(Address of Principal Executive Offices)

(310) 553-6262
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 1 – Registrant’s Business and Operations

Item 1.01 Entry into a Material Definitive Agreement.

1. 2006 Bonus Targets

As part of its continuing oversight of the 2002 Incentive Compensation Plan (the “Plan”), on November 2, 2005, the Compensation and Management Development Committee (the “Committee”) of the Board of Directors of Northrop Grumman Corporation (the “Company”) approved new bonus targets for the Named Executive Officers of the Company who were so identified in the Proxy Statement issued in connection with its 2005 Annual Meeting of Stockholders and will be eligible for bonuses for calendar year 2006. The targets reflect market competitive bonus opportunities that link to company and individual performance. The individual targets represent a percentage of base salary and will be employed starting in 2006. At the same time, the Committee directed management to recommend for its final approval, revised financial goal challenges for 2006 that focus on increased company performance in shareholder value creation, cash from operations and operating margin in order to achieve target and maximum bonus opportunities under the Plan. The 2006 target percentages will be:

RONALD D. SUGAR	Chairman, Chief Executive Officer and President	120%
W. BURKS TERRY	Corporate Vice President and General Counsel	60%

2. Amendment of Agreement – J. Michael Hateley

On November 2, 2005, the Compensation and Management Development Committee of the Company’s Board of Directors approved amendments to the terms of the Long Term Incentive Stock Plan (“LTISP”) grants held by J. Michael Hateley, Corporate Vice President and Chief Human Resources and Administrative Officer, who is scheduled to retire from the Company on March 1, 2006. The amendments provide that Mr. Hateley’s 10,666 outstanding Restricted Performance Stock Rights subsequent to his retirement will be paid out at the conclusion of each performance period and on the same performance basis as if Mr. Hateley had continued employment rather than prorated as provided prior to the amendments. The amendments also provide that Mr. Hateley will continue to vest in 22,500 outstanding stock options as if he had continued employment, rather than in only the next tranche to vest as provided prior to the amendments, and in accordance with the terms of the LTISP, will be exercisable until the expiration of five years from the date of retirement.

3. Accelerated Share Repurchase Agreement

On November 4, 2005, the Company entered into a \$500 million accelerated share repurchase (“ASR”) agreement with Credit Suisse, New York Branch (“CSFB”). Under the ASR agreement, the Company will purchase 9,066,183 shares of its common stock at a price per share of \$55.15.

Under the ASR agreement, CSFB plans to purchase an equivalent number of shares of common stock in the open market from time to time until it has acquired that number. At the end of this period, the Company may receive or be required to remit a price adjustment based upon the volume weighted average price of its common shares during the period. The purchase price adjustment can be settled, at the option of the Company, in cash or in shares of its common stock.

The foregoing description of the ASR agreement does not purport to be complete. For an understanding of the terms and provisions, reference should be made to the ASR agreement, attached as Exhibit 10.1 to this Report.

Section 5 – Corporate Governance and Management

Item 5.03 Amendment to Articles of Incorporation or Bylaws; Change in Fiscal Year.

On November 2, 2005, the Board of Directors of the Company approved amendments to the Bylaws to increase the advance notice requirement for a stockholder who wishes to present a proposal at an annual meeting of stockholders or to nominate a candidate for election as director at an annual or special meeting of stockholders. Registrant’s Bylaws as amended through November 2, 2005 are attached as Exhibit 3.1 to this Report on Form 8-K.

Section 9 – Financial Statements and Exhibits

Item 9.1 Financial Statements and Exhibits.

(c) Exhibits

Exhibit 3.1 Bylaws of Northrop Grumman Corporation, as amended November 2, 2005

Exhibit 10.1 Accelerated Share Repurchase Agreement, dated November 4, 2005 between Northrop Grumman Corporation and Credit Suisse, New York Branch

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NORTHROP GRUMMAN CORPORATION
(Registrant)

By: _____ /s/ JOHN H. MULLAN
John H. Mullan
Corporate Vice President and Secretary

Date: November 7, 2005

EXHIBIT INDEX

Exhibit No.

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BYLAWS
OF
NORTHROP GRUMMAN CORPORATION
(A Delaware Corporation)

ARTICLE I

OFFICES

Section 1.01. Registered Office. The registered office of Northrop Grumman Corporation (the “Corporation”) in the State of Delaware shall be at Corporation Trust Center, 1209 Orange Street, City of Wilmington, County of New Castle, and the name of the registered agent at that address shall be The Corporation Trust Company.

Section 1.02. Principal Executive Office. The principal executive office of the Corporation shall be located at 1840 Century Park East, Los Angeles, California 90067. The Board of Directors of the Corporation (the “Board of Directors”) may change the location of said principal executive office.

Section 1.03. Other Offices. The Corporation may also have an office or offices at such other place or places, either within or without the State of Delaware, as the Board of Directors may from time to time determine or as the business of the Corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 2.01. Annual Meetings. The annual meeting of stockholders of the Corporation shall be held between May 1 and July 1 of each year on such date and at such time as the Board of Directors shall determine. At each annual meeting of stockholders, directors shall be elected in accordance with the provisions of Section 3.04 hereof and any other proper business may be transacted.

Section 2.02. Special Meetings. Special meetings of stockholders for any purpose or purposes may be called at any time by a majority of the Board of Directors, the Chairman of the Board, or by the President and Chief Executive Officer. Special meetings may not be called by any other person or persons. Each special meeting shall be held at such date and time as is requested by the person or persons calling the meeting, within the limits fixed by law.

Section 2.03. Place of Meetings. Each annual or special meeting of stockholders shall be held at such location as may be determined by the Board of Directors or, if no such determination is made, at such place as may be determined by the Chairman of the Board. If no location is so determined, any annual or special meeting shall be held at the principal executive office of the Corporation.

Section 2.04. Notice of Meetings. Written notice of each annual or special meeting of stockholders stating the date and time when, and the place where, it is to be held shall be delivered either personally or by mail to stockholders entitled to vote at such meeting not less than ten (10) nor more than sixty (60) days before the date of the meeting. The purpose or purposes for which the meeting is called may, in the case of an annual meeting, and shall, in the case of a special meeting, also be stated. If mailed, such notice shall be directed to a stockholder at his address as it shall appear on the stock books of the Corporation, unless he shall have filed with the Secretary of the Corporation a written request that notices intended for him be mailed to some other address, in which case such notice shall be mailed to the address designated in such request.

Section 2.05. Conduct of Meetings. All annual and special meetings of stockholders shall be conducted in accordance with such rules and procedures as the Board of Directors may determine subject to the requirements of applicable law and, as to matters not governed by such rules and procedures, as the chairman of such meeting shall determine. The chairman of any annual or special meeting of stockholders shall be the Chairman of the Board. The Secretary, or in the absence of the Secretary, a person designated by the Chairman of the Board, shall act as secretary of the meeting.

Section 2.06. Notice of Stockholder Business and Nominations. Nominations of persons for election to the Board and the proposal of business to be transacted by the stockholders may be made at an annual meeting of

stockholders (a) pursuant to the Corporation's notice with respect to such meeting, (b) by or at the direction of the Board or (c) by any stockholder of record of the Corporation who was a stockholder of record at the time of the giving of the notice provided for in the following paragraph, who is entitled to vote at the meeting and who has complied with the notice procedures set forth in this section.

For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (c) of the foregoing paragraph, (1) the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation, (2) such business must be a proper matter for stockholder action under the General Corporation Law of the State of Delaware, (3) if the stockholder, or the beneficial owner on whose behalf any such proposal or nomination is made, has provided the Corporation with a Solicitation Notice, as that term is defined in subclause (c)(iii) of this paragraph, such stockholder or beneficial owner must, in the case of a proposal, have delivered a proxy statement and form of proxy to holders of at least the percentage of the Corporation's voting shares required under applicable law to carry any such proposal, or, in the case of a nomination or nominations, have delivered a proxy statement and form of proxy to holders of a percentage of the Corporation's voting shares reasonably believed by such stockholder or beneficial holder to be sufficient to elect the nominee or nominees proposed to be nominated by such stockholder, and must, in either case, have included in such materials the Solicitation Notice and (4) if no Solicitation Notice relating thereto has been timely provided pursuant to this section, the stockholder or beneficial owner proposing such business or nomination must not have solicited a number of proxies sufficient to have required the delivery of such a Solicitation Notice under this section. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not less than 120 or more than 150 days prior to the first anniversary (the "Anniversary") of the date on which the Corporation first mailed its proxy materials for the preceding year's annual meeting of stockholders; provided, however, that if the date of the annual meeting is advanced more than 30 days prior to or delayed by more than 30 days after the anniversary of the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered not later than the close of business on the later of (i) the 165th day prior to such annual meeting or (ii) the 10th day following the day on which public announcement of the date of such meeting is first made. In no event shall the public announcement of an adjournment of an annual meeting commence a new time period for the filing of a stockholder's notice as described herein. Such stockholder's notice shall set forth (a) as to each person whom the stockholder proposes to nominate for election or reelection as a director all information relating to such person as would be required to be disclosed in solicitations of proxies for the election of such nominees as directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and such person's written consent to serve as a director if elected; (b) as to any other business that the stockholder proposes to bring before the meeting, a brief description of such business, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; (c) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, (ii) the class and number of shares of the Corporation that are owned beneficially and of record by such stockholder and such beneficial owner, and (iii) whether either such stockholder or beneficial owner intends to deliver a proxy statement and form of proxy to holders of, in the case of a proposal, at least the percentage of the Corporation's voting shares required under applicable law to carry the proposal or, in the case of a nomination or nominations, a sufficient number of holders of the Corporation's voting shares to elect such nominee or nominees (an affirmative statement of such intent, a "Solicitation Notice").

Notwithstanding anything in the second sentence of the second paragraph of this Section 2.06 to the contrary, in the event that the number of directors to be elected to the Board is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board made by the Corporation at least 130 days prior to the Anniversary, a stockholder's notice required by this Bylaw shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

Only persons nominated in accordance with the procedures set forth in this Section 2.06 shall be eligible to serve as directors and only such business shall be conducted at an annual meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this section. The chair of the meeting shall have the power and the duty to determine whether a nomination or any business proposed to be brought before the meeting has been made in accordance with the procedures set forth in these Bylaws and, if any proposed nomination

or business is not in compliance with these Bylaws, to declare that such defective proposed business or nomination shall not be presented for stockholder action at the meeting and shall be disregarded.

Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting (a) by or at the direction of the Board or (b) by any stockholder of record of the Corporation who is a stockholder of record at the time of giving of notice provided for in this paragraph, who shall be entitled to vote at the meeting and who complies with the notice procedures set forth in this Section 2.06. Nominations by stockholders of persons for election to the Board may be made at such a special meeting of stockholders if the stockholder's notice required by the second paragraph of this Section 2.06 shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the later of the 165th day prior to such special meeting or the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board to be elected at such meeting.

For purposes of this section, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or a comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

Notwithstanding the foregoing provisions of this Section 2.06, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to matters set forth in this Section 2.06. Nothing in this Section 2.06 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

Section 2.07. Quorum. At any meeting of stockholders, the presence, in person or by proxy, of the holders of record of a majority of shares then issued and outstanding and entitled to vote at the meeting shall constitute a quorum for the transaction of business; provided, however, that this Section 2.07 shall not affect any different requirement which may exist under statute, pursuant to the rights of any authorized class or series of stock, or under the Certificate of Incorporation of the Corporation (the "Certificate") for the vote necessary for the adoption of any measure governed thereby. In the absence of a quorum, the stockholders present in person or by proxy, by majority vote and without further notice, may adjourn the meeting from time to time until a quorum is attained. At any reconvened meeting following such an adjournment at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2.08. Votes Required. A majority of the votes cast at a duly called meeting of stockholders, at which a quorum is present, shall be sufficient to take or authorize action upon any matter which may properly come before the meeting, unless the vote of a greater or different number thereof is required by statute, by the rights of any authorized class of stock or by the Certificate. Unless the Certificate or a resolution of the Board of Directors adopted in connection with the issuance of shares of any class or series of stock provides for a greater or lesser number of votes per share, or limits or denies voting rights, each outstanding share of stock, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of stockholders.

Section 2.09. Proxies. A stockholder may vote the shares owned of record by him either in person or by proxy executed in writing (which shall include writings sent by telex, telegraph, cable or facsimile transmission) by the stockholder himself or by his duly authorized attorney-in-fact. No proxy shall be valid after three (3) years from its date, unless the proxy provides for a longer period. Each proxy shall be in writing, subscribed by the stockholder or his duly authorized attorney-in-fact, and dated, but it need not be sealed, witnessed or acknowledged.

Section 2.10. Stockholder Action. Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual meeting or special meeting of stockholders of the Corporation, unless such action requiring or permitting shareholder approval is approved by a majority of the Continuing Directors (as defined in the Certificate), in which case such action may be authorized or taken by the written consent of the holders of outstanding shares of stock having not less than the minimum voting power that would be necessary to authorize or take such action at a meeting of stockholders at which all shares entitled to vote thereon were present and voted, provided all other requirements of applicable law and the Certificate have been satisfied.

Section 2.11. List of Stockholders. The Secretary of the Corporation shall prepare and make (or cause to be prepared and made), at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order and showing the address of, and the number of shares registered in the name of, each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the duration thereof, and may be inspected by any stockholder who is present.

Section 2.12. Inspectors of Election. In advance of any meeting of stockholders, the Board of Directors may appoint Inspectors of Election to act at such meeting or at any adjournment or adjournments thereof. If such Inspectors are not so appointed or fail or refuse to act, the chairman of any such meeting may (and, upon the demand of any stockholder or stockholder's proxy, shall) make such an appointment. The number of Inspectors of Election shall be one (1) or three (3). If there are three (3) Inspectors of Election, the decision, act or certificate of a majority shall be effective and shall represent the decision, act or certificate of all. No such Inspector need be a stockholder of the Corporation.

The Inspectors of Election shall determine the number of shares outstanding, the voting power of each, the shares represented at the meeting, the existence of a quorum and the authenticity, validity and effect of proxies; they shall receive votes, ballots or consents, hear and determine all challenges and questions in any way arising in connection with the right to vote, count and tabulate all votes or consents, determine when the polls shall close and determine the result; and finally, they shall do such acts as may be proper to conduct the election or vote with fairness to all stockholders. On request, the Inspectors shall make a report in writing to the secretary of the meeting concerning any challenge, question or other matter as may have been determined by them and shall execute and deliver to such secretary a certificate of any fact found by them.

ARTICLE III

DIRECTORS

Section 3.01. Powers. The business and affairs of the Corporation shall be managed by and be under the direction of the Board of Directors. The Board of Directors shall exercise all the powers of the Corporation, except those that are conferred upon or reserved to the stockholders by statute, the Certificate or these Bylaws.

Section 3.02. Number. Except as otherwise fixed pursuant to the provisions of Section 2 of Article Fourth of the Certificate in connection with rights to elect additional directors under specified circumstances which may be granted to the holders of any class or series of Preferred Stock, par value One Dollar (\$1.00) per share of the Corporation ("Preferred Stock"), the number of directors shall be fixed from time to time by resolution of the Board of Directors but shall not be less than three (3). The Board of Directors, as of January 31, 2001, and thereafter, shall consist of fourteen (14) directors until changed as herein provided.

Section 3.03. Independent Directors. At least sixty percent (60%) of the members of the Board of Directors of the Corporation shall at all times be "Independent Directors", which term is hereby defined to mean:

1. A director who is an employee, or whose immediate family member (defined as a spouse, parent, child, sibling, father- and mother-in-law, son- and daughter-in-law, brother- and sister-in-law and anyone, other than a domestic employee, sharing the director's home) is an executive officer of the Company, would not be independent until three years after the end of such relationship.
2. A director who receives, or whose immediate family member receives as an executive officer of the Company, more than \$100,000 per year in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior services (provided such compensation is not contingent in any way on continued service) would not be independent until three years after ceasing to receive such amount.
3. A director who is affiliated with or employed by, or whose immediate family member is affiliated with or employed in a professional capacity by, a present or former internal or external auditor of the Company would not be independent until three years after the end of the affiliation or the employment or auditing relationship.

4. A director who is employed, or whose immediate family member is employed, as an executive officer of another company where any of the Company's present executives serve on the other company's compensation committee would not be independent until three years after the end of such service or employment relationship.
5. A director who is an executive officer or an employee, or whose immediate family member is an executive officer of a company that makes payments to, or receives payments from, the Company for property or services in an amount which, in any single fiscal year, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues, would not be independent until three years after falling below such threshold.
6. A director who has or has had within the prior three years, a relationship with the Company that the Board of Directors deems material.

Section 3.04. Election and Term of Office. Except as provided in Section 3.07 hereof and subject to the right to elect additional directors under specified circumstances which may be granted, pursuant to the provisions of Section 2 of Article Fourth of the Certificate, to the holders of any class or series of Preferred Stock, directors shall be elected by the stockholders of the Corporation. Until the 2008 annual meeting of stockholders, the Board of Directors shall be and is divided into three classes: Class I, Class II and Class III, as provided for in the Certificate. Each director shall serve until his successor is elected and qualified or until his death, resignation or removal; no decrease in the authorized number of directors shall shorten the term of any incumbent director; and additional directors, elected pursuant to Section 2 of Article Fourth of the Certificate in connection with rights to elect such additional directors under specified circumstances which may be granted to the holders of any class or series of Preferred Stock, shall not be included in any class, but shall serve for such term or terms and pursuant to such other provisions as are specified in the resolution of the Board of Directors establishing such class or series.

Section 3.05. Election of Chairman of the Board. At the organizational meeting immediately following the annual meeting of stockholders, the directors shall elect a Chairman of the Board from among the directors who shall hold office until the corresponding meeting of the Board of Directors in the next year and until his successor shall have been elected or until his earlier resignation or removal. Any vacancy in such office may be filled for the unexpired portion of the term in the same manner by the Board of Directors at any regular or special meeting.

Section 3.06. Removal. Subject to the right to elect directors under specified circumstances which may be granted pursuant to Section 2 of Article Fourth of the Certificate to the holders of any class or series of Preferred Stock, any director may be removed from office only as provided in Article Tenth of the Certificate.

Section 3.07. Vacancies and Additional Directorships. Except as otherwise provided pursuant to Section 2 of Article Fourth of the Certificate in connection with rights to elect additional directors under specified circumstances which may be granted to the holders of any class or series of Preferred Stock, newly created directorships resulting from any increase in the number of directors and any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other cause shall be filled solely by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum of the Board of Directors. Any director elected in accordance with the preceding sentence shall hold office until such director's successor shall have been elected and qualified. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

Section 3.08. Regular and Special Meetings. Promptly after, and on the same day as, each annual election of directors by the shareholders, the Board shall, if a quorum be present, meet in an organizational meeting to elect a chairman, appoint members of the standing committees of the Board, elect officers of the Corporation and conduct other business as appropriate. Additional notice of such meeting need not be given if such meeting is conducted promptly after the annual meeting to elect directors and if the meeting is held in the same location where the election of directors was conducted. Regular meetings of the Board shall be held at such times and places as the Board shall determine. Notice of regular meetings shall be mailed to each director at least five days before the meeting, addressed to the director's usual place of business or to his or her residence address or to an address specifically designated by the director.

Section 3.09. Quorum. At all meetings of the Board of Directors, a majority of the fixed number of directors shall constitute a quorum for the transaction of business, except that when the Board of Directors consists of one

director, then the one director shall constitute a quorum. In the absence of a quorum, the directors present, by majority vote and without notice other than by announcement, may adjourn the meeting from time to time until a quorum shall be present. At any reconvened meeting following such an adjournment at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 3.10. Votes Required. Except as otherwise provided by applicable law or by the Certificate, the vote of a majority of the directors present at a meeting duly held at which a quorum is present shall be sufficient to pass any measure.

Section 3.11. Place and Conduct of Meetings. Each regular meeting and special meeting of the Board of Directors shall be held at a location determined as follows: The Board of Directors may designate any place, within or without the State of Delaware, for the holding of any meeting. If no such designation is made: (i) any meeting called by a majority of the directors shall be held at such location, within the county of the Corporation's principal executive office, as the directors calling the meeting shall designate; and (ii) any other meeting shall be held at such location, within the county of the Corporation's principal executive office, as the Chairman of the Board may designate or, in the absence of such designation, at the Corporation's principal executive office. Subject to the requirements of applicable law, all regular and special meetings of the Board of Directors shall be conducted in accordance with such rules and procedures as the Board of Directors may approve and, as to matters not governed by such rules and procedures, as the chairman of such meeting shall determine. The chairman of any regular or special meeting shall be the Chairman of the Board, or in his absence a person designated by the Board of Directors. The Secretary, or in the absence of the Secretary a person designated by the chairman of the meeting, shall act as secretary of the meeting.

Section 3.12. Fees and Compensation. Directors shall be paid such compensation as may be fixed from time to time by resolutions of the Board of Directors (a) for their usual and contemplated services as directors, (b) for their services as members of committees appointed by the Board of Directors, including attendance at committee meetings as well as services which may be required when committee members must consult with management staff, and (c) for extraordinary services as directors or as members of committees appointed by the Board of Directors, over and above those services for which compensation is fixed pursuant to items (a) and (b) in this Section 3.12. Compensation may be in the form of an annual retainer fee or a fee for attendance at meetings, or both, or in such other form or on such basis as the resolutions of the Board of Directors shall fix. Directors shall be reimbursed for all reasonable expenses incurred by them in attending meetings of the Board of Directors and committees appointed by the Board of Directors and in performing compensable extraordinary services. Nothing contained herein shall be construed to preclude any director from serving the Corporation in any other capacity, such as an officer, agent, employee, consultant or otherwise, and receiving compensation therefore.

Section 3.13. Committees of the Board of Directors. Subject to the requirements of applicable law, the Board of Directors may from time to time establish committees, including standing or special committees, which shall have such duties and powers as are authorized by these Bylaws or by the Board of Directors. Committee members, and the chairman of each committee, shall be appointed by the Board of Directors. The Chairman of the Board, in conjunction with the several committee chairmen, shall make recommendations to the Board of Directors for its final action concerning members to be appointed to the several committees of the Board of Directors. Any member of any committee may be removed at any time with or without cause by the Board of Directors. Vacancies which occur in any committee shall be filled by a resolution of the Board of Directors. If any vacancy shall occur in any committee by reason of death, resignation, disqualification, removal or otherwise, the remaining members of such committee, so long as a quorum is present, may continue to act until such vacancy is filled by the Board of Directors. The Board of Directors may, by resolution, at any time deemed desirable, discontinue any standing or special committee. Members of standing committees, and their chairmen, shall be elected yearly at the organizational meeting of the Board of Directors which is held immediately following the annual meeting of stockholders.

Section 3.14. Audit Committee. There shall be an Audit Committee of the Board of Directors which shall serve at the pleasure of the Board of Directors and be subject to its control. The Committee shall have the following membership and powers:

1. The Committee shall have at least three (3) members. Each member of the Committee shall be an Independent Director, which term as used in these Bylaws is hereby defined to mean any director that is

“Independent” within the meaning of Section 10A(m) of the Securities Exchange Act of 1934 as added by Section 301 of the Sarbanes-Oxley Act of 2002, the rules and regulations adopted by the Securities and Exchange Commission pursuant thereto and any applicable rule of the New York Stock Exchange, as such law, rules and applications may be in effect from time to time.

2. The Board of Directors shall adopt an Audit Committee Charter that may be modified or amended from time to time, and the Audit Committee Charter may include, in addition to and not by way of limitation of or substitution for the powers and responsibilities set forth in the following subsections of this Section 3.14, such powers and responsibilities as the Board of Directors deems appropriate and in accordance with requirements of law, regulations and rules of the New York Stock Exchange, all as may be applicable from time to time.

3. The Committee shall appoint or discharge the Corporation’s independent auditors, based upon the Committee’s judgment of the independence of the auditors (taking into account the fees charged both for audit and non-audit services) and the quality of their audit work. The Committee shall determine and provide for the compensation of the independent auditors. Ratification by the stockholders of the Committee’s appointment of the Corporation’s independent auditors may be sought in conjunction with management’s solicitation of proxies for the annual meeting of stockholders, if so determined by the Committee. If the independent auditors must be discharged, the Committee shall appoint new independent auditors.

4. The Committee shall review and approve the scope and plan of the audit.

5. The Committee shall meet with the independent auditors at appropriate times to review, among other things, the results of the audit and any certification, report or opinion which the auditors propose to render in connection with the Corporation’s financial statements.

6. The Committee shall review and approve in advance each non-prohibited professional service of a non-audit nature to be provided by the independent auditors.

7. The Committee shall meet with the Corporation’s chief internal auditor quarterly to review the adequacy of the Corporation’s system of internal controls and such other matters as the Committee may deem appropriate.

8. The Committee shall have the power to direct the auditors and the internal audit staff to inquire into and report to it with respect to any of the Corporation’s contracts, transactions or procedures, or the conduct of the Corporate Office, or any division, profit center, subsidiary or other unit, or any other matter having to do with the Corporation’s business and affairs. The Committee may initiate special investigations and shall have the power to engage and compensate professional advisors to assist it in performing its functions.

9. The Committee shall have such other powers and responsibilities as may be lawfully delegated to it from time to time by the Board of Directors.

Section 3.15. Compensation And Management Development Committee. There shall be a Compensation and Management Development Committee of the Board of Directors which shall serve at the pleasure of the Board of Directors and be subject to its control. The Committee shall have the following membership and powers:

1. The Committee shall be composed of at least three (3) members. All members of the Committee shall be Independent Outside Directors. The principal Human Resources officer of the Corporation shall be a non-voting member of the Committee.

2. The Committee shall establish the Corporation’s annual performance objectives under the Corporation’s incentive compensation plans and shall review and approve the final performance against the approved goals.

3. The Committee shall make recommendations to the Board of Directors with respect to the base salary and incentive compensation of the Chief Executive Officer and Chief Operating Officer.

4. The Committee shall take final action with respect to the base salary and incentive compensation of the elected officers with the exception of the Chief Executive Officer and the Chief Operating Officer. All such actions on base salary and incentive compensation approved by the Committee shall be reported to the Board of Directors.

5. The Committee shall review management's recommendations and take final action with respect to all awards to be made to the elected officers under the Corporation's long-term incentive plans or other similar benefit plans which may be adopted by the Board of Directors or the stockholders and in which corporate officers or directors are eligible to participate, provided however that all such awards must be reported to the Board of Directors.

6. The Committee shall review on a continuing basis the Corporation's general compensation policies and practices, and benefits. The Committee shall also approve compensation plans in which elected officers are eligible to participate. However, the Board of Directors shall take action on those plans which will be submitted to the stockholders for final approval.

7. The Committee shall review from time to time and report to the Board of Directors actions taken by management concerning the Corporation's overall executive structure and the steps being taken to assure the succession of qualified management.

8. The Committee shall have such other duties as may be lawfully delegated to it from time to time by the Board of Directors.

Section 3.16. Compliance, Public Issues and Policy Committee. There shall be a Compliance, Public Issues and Policy Committee of the Board of Directors which shall serve at the pleasure of the Board of Directors and be subject to its control. The Committee shall have the following membership and powers:

1. The Committee shall have at least three (3) members. Each member shall be an Independent Director as defined in these By-laws.

2. The Committee shall receive reports from time to time on the Corporation's compliance with applicable laws and regulations to the extent not delegated to another Committee, on investigations of a legal compliance nature and as such other legal matters as the Committee may determine.

3. The Committee shall receive reports relating to the Corporation's code of ethics, which is set forth in the Corporation's Standards of Business Conduct and shall from time to time review such code and make recommendations to the Board of Directors for any revisions deemed warranted.

4. The Committee shall review, approve and monitor the policy, organization, charter and implementation of the Northrop Grumman Employees Political Action Committee.

5. The Committee shall review and approve the policy of the Corporation for engaging the services of Consultants and Commission Agents.

6. The Committee shall review on a continuing basis the Corporation's compliance with its various affirmative action plans and programs.

7. The Committee shall review on a continuing basis the Corporation's compliance with its various environmental, health and safety policies and procedures.

8. The Committee shall review and report to the Board of Directors from time to time concerning the Corporation's compliance with the Corporation's policies, practices and procedures with respect to consultants and commission agents.

9. The Committee shall review and make policy and budget recommendations to the Board of Directors for its actions concerning proposed charitable contributions and aid to higher education to be given by the Corporation each year.

10. The Committee shall have such other duties as lawfully may be delegated to it from time to time by the Board of Directors.

Section 3.17. Finance Committee. There shall be a Finance Committee of the Board of Directors which shall serve at the pleasure of the Board of Directors and be subject to its control. The Committee shall have the following membership and powers:

1. The Committee shall have at least five (5) members. At least fifty percent (50%) of the members of the Committee shall be Independent Directors. The chief financial officer of the Corporation shall be a non-voting member of the Committee.

2. The Committee shall review and give consideration to management requests for required specific new financing of a long-term nature, whether debt or equity, and make recommendations to the Board of Directors for its final action.

3. The Committee shall review the current financial condition of the Company and planned financial requirements.

4. The Committee shall review periodically the Corporation's dividend policy in connection with dividend declarations and make recommendations to the Board of Directors for its final action.

5. The Committee shall consider management's recommendations concerning acquisitions, mergers or divestments which management has determined to be of an unusual or material nature and shall make recommendations to the Board of Directors for its final action.

6. The Committee shall consider management's recommendations concerning contracts or programs which management has determined to be of an unusual or material nature and shall make recommendations to the Board of Directors for its final action.

7. The Committee shall periodically review the investment performance of the employee benefit plans, capital asset requirements and short-term investment policy when appropriate.

8. The Committee shall have such other duties as lawfully may be delegated to it from time to time by the Board of Directors.

Section 3.18. Nominating and Corporate Governance Committee. There shall be a Nominating and Corporate Governance Committee of the Board of Directors which shall serve at the pleasure of the Board of Directors and be subject to its control. The Committee shall have the following membership and powers:

1. The Committee shall have at least three (3) members. All members of the Committee shall be Independent Directors.

2. The Committee shall review candidates to serve as directors and shall recommend nominees to the Board of Directors for election at each annual meeting of stockholders or other special meetings where directors are to be elected and shall recommend persons to serve as proxies to vote proxies solicited by management in connection with such meetings.

3. The Committee shall cause the names of all director candidates that are approved by the Board of Directors to be listed in the Corporation's proxy materials and shall support the election of all candidates so nominated by the Board of Directors to the extent permitted by law.

4. The Committee shall review and make recommendations to the Board of Directors for its final action concerning the composition and size of the Board of Directors, its evaluation of the performance of incumbent directors, its recommendations concerning the compensation of the Directors, its recommendations concerning directors to fill vacancies and its evaluation and recommendations concerning potential candidates to serve in the future on the Board of Directors to assure the Board's continuity and succession and its evaluation and recommendations on matters of corporate governance as appropriate.

5. The Committee shall have such other duties as lawfully may be delegated to it from time to time by the Board of Directors.

Section 3.19. Meetings of Committees. Each committee of the Board of Directors shall fix its own rules of procedure consistent with the provisions of applicable law and of any resolutions of the Board of Directors governing such committee. Each committee shall meet as provided by such rules or such resolution of the Board of Directors, and shall also meet at the call of its chairman or any two (2) members of such committee. Unless otherwise provided by such rules or by such resolution, the provisions of these Bylaws under Article III entitled

“Directors” relating to the place of holding meetings and the notice required for meetings of the Board of Directors shall govern the place of meetings and notice of meetings for committees of the Board of Directors. A majority of the members of each committee shall constitute a quorum thereof, except that when a committee consists of one (1) member, then the one (1) member shall constitute a quorum. In the absence of a quorum, a majority of the members present at the time and place of any meeting may adjourn the meeting from time to time until a quorum shall be present and the meeting may be held as adjourned without further notice or waiver. Except in cases where it is otherwise provided by the rules of such committee or by a resolution of the Board of Directors, the vote of a majority of the members present at a duly constituted meeting at which a quorum is present shall be sufficient to pass any measure by the committee.

ARTICLE IV

OFFICERS

Section 4.01. Designation, Election and Term of Office. The Corporation shall have a Chairman of the Board and/or a President either of whom may be designated Chief Executive Officer by the Board of Directors, such Vice Presidents (each of whom may be assigned by the Board of Directors or the Chief Executive Officer an additional title descriptive of the functions assigned to him and one or more of whom may be designated Executive, Group or Senior Vice President) as the Board of Directors deems appropriate, a Secretary and a Treasurer. These officers shall be elected annually by the Board of Directors at the organizational meeting immediately following the annual meeting of stockholders, and each such officer shall hold office until the corresponding meeting of the Board of Directors in the next year or until his earlier resignation, death or removal. Any vacancy in any of the above offices may be filled for an unexpired portion of the term by the Board of Directors at any regular special meeting. The Chief Executive Officer may, by a writing filed with the Secretary, designate titles for employees and agents, as, from time to time, may appear necessary or advisable in the conduct of the affairs of the Corporation and, in the same manner, terminate or change such titles.

Section 4.02. Chairman of the Board. The Board of Directors shall designate the Chairman of the Board from among its members. The Chairman of the Board of Directors shall preside at all meetings of the Board and the Shareholders, and shall perform such other duties as shall be delegated to him by the Board or the officer designated as chief executive.

Section 4.03. President. The President shall perform such duties and have such responsibilities as may from time to time be delegated or assigned to him by the Board of Directors or the officer designated as chief executive.

Section 4.04. Chief Executive. The Board of Directors shall designate either the Chairman of the Board or the President to be the chief executive of the Corporation. The officer so designated shall be responsible for the general supervision, direction and control of the business and affairs of the Corporation.

Section 4.05. Chief Financial Officer. The Chief Financial Officer of the Corporation shall be responsible to the Chief Executive Officer for the management and supervision of all financial matters and to provide for the financial growth and stability of the Corporation. He shall attend all regular meetings of the Board of Directors and keep the Directors currently informed concerning all significant financial matters that could impact upon the business or affairs of the Corporation. He shall also perform such additional duties as may be assigned to him from time to time by the Board of Directors or the Chief Executive Officer.

Section 4.06. Executive Vice Presidents, Senior Vice Presidents and Vice Presidents. Executive vice presidents, senior vice presidents and vice presidents of the Corporation that are elected by the Board of Directors shall perform such duties as may be assigned to them from time to time by the Chief Executive Officer.

Section 4.07. Chief Legal Officer. The chief legal officer of the Corporation shall be the General Counsel who shall be responsible to the Chief Executive Officer for the management and supervision of all legal matters. The General Counsel shall attend all regular meetings of the Board of Directors and shall keep the Directors currently informed concerning all significant legal matters, particularly those involving important business, legal, moral or ethical issues that could impact upon the business or affairs of the Corporation.

Section 4.08. Secretary. The Secretary shall keep the minutes of the meetings of the stockholders, the Board of Directors and all committee meetings. The Secretary shall be the custodian of the corporate seal and shall affix it

to all documents which he is authorized by law or the Board of Directors to sign and seal. The Secretary also shall perform such other duties as may be assigned from time to time by the Chief Executive Officer.

Section 4.09. Treasurer. The Treasurer shall be accountable to the Senior Vice President, Finance, and shall perform such duties as may be assigned to the Treasurer from time to time by the Senior Vice President, Finance.

Section 4.10. Appointed Officers. The Chief Executive Officer may appoint one or more Corporate Staff Vice Presidents, officers of groups or divisions or assistant secretaries, assistant treasurers and such other assistant officers as the business of the Corporation may require, each of whom shall hold office for such period, have such authority and perform such duties as may be specified from time to time by the Chief Executive Officer.

Section 4.11. Absence or Disability of an Officer. In the case of the absence or disability of an officer of the Corporation the Board of Directors, or any officer designated by it, or the Chief Executive Officer may, for the time of the absence or disability, delegate such officer's duties and powers to any other officer of the Corporation.

Section 4.12. Officers Holding Two or More Offices. The same person may hold any two or more of the above-mentioned offices. However, no officer shall execute, acknowledge or verify any instrument in more than one capacity, if such instrument is required by law, by the Certificate or by these Bylaws, to be executed, acknowledged or verified by any two or more officers.

Section 4.13. Compensation. The Board of Directors shall have the power to fix the compensation of all officers and employees of the Corporation.

Section 4.14. Resignations. Any officer may resign at any time by giving written notice to the Board of Directors, to the Chief Executive Officer, or to the Secretary of the Corporation. Any such resignation shall take effect at the time specified therein unless otherwise determined by the Board of Directors. The acceptance of a resignation by the Corporation shall not be necessary to make it effective.

Section 4.15. Removal. Any officer of the Corporation may be removed, with or without cause, by the affirmative vote of a majority of the entire Board of Directors. Any assistant officer of the Corporation may be removed, with or without cause, by the Chief Executive Officer, or by the Board of Directors.

ARTICLE V

INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS

Section 5.01. Right to Indemnification. Each person who was or is made a party, or is threatened to be made a party, to any actual or threatened action, suit, or proceeding, whether civil, criminal, administrative, or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a director, officer, employee, or agent of the Corporation (hereinafter an "indemnitee") shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended, or by other applicable law as then in effect, against all expense, liability, and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties, and amounts paid in settlement) actually and reasonably incurred or suffered by such indemnitee in connection therewith. Any person who was or is made a party, or is threatened to be made a party, to any proceeding by reason of the fact that he or she is or was serving at the request of an executive officer of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan, shall also be considered an indemnitee for the purposes of this Article. The right to indemnification provided by this Article shall apply whether or not the basis of such proceeding is alleged action in an official capacity as such director, officer, employee or agent or in any other capacity while serving as such director, officer, employee or agent. Notwithstanding anything in this Section 5.01 to the contrary, except as provided in Section 5.03 of this Article with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Corporation.

Section 5.02. Advancement of Expenses. (a) The right to indemnification conferred in Section 5.01 shall include the right to have the expenses incurred in defending or preparing for any such proceeding in advance of its final disposition (hereinafter an "advancement of expenses") paid by the Corporation; provided, however, that an

advancement of expenses incurred by an indemnitee in his or her capacity as a director or officer (and not in any other capacity in which service was or is to be rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking containing such terms and conditions, including the requirement of security, as the Board of Directors deems appropriate (hereinafter an "undertaking"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal that such indemnitee is not entitled to be indemnified for such expenses under this Article or otherwise; and provided, further, that an advancement of expenses shall not be made if the Corporation's Board of Directors makes a good faith determination that such payment would violate any applicable law. The Corporation shall not be obligated to advance fees and expenses to a director, officer, employee or agent in connection with a proceeding instituted by the Corporation against such person. (b) Notwithstanding anything in Section 5.02(a) to the contrary, the right of employees or agents to advancement of expenses shall be at the discretion of the Board of Directors and on such terms and conditions, including the requirement of security, as the Board of Directors deems appropriate. The Corporation may, by action of its Board of Directors, authorize one or more executive officers to grant rights for the advancement of expenses to employees and agents of the Corporation on such terms and conditions as such officers deem appropriate.

Section 5.03. Right of Indemnitee to Bring Suit. If a claim under Section 5.01 is not paid in full by the Corporation within sixty (60) calendar days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses under Section 5.02 in which case the applicable period shall be thirty (30) calendar days, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If the indemnitee is successful in whole or in part in any such suit, the indemnitee shall also be entitled to be paid the expense of prosecuting or defending such suit.

Section 5.04. Nonexclusivity of Rights. (a) The rights to indemnification and to the advancement of expenses conferred in this Article shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provisions of the Certificate of Incorporation, Bylaw, agreement, vote of stockholders or disinterested directors, or otherwise. Notwithstanding any amendment to or repeal of this Article, any indemnitee shall be entitled to indemnification in accordance with the provisions hereof with respect to any acts or omissions of such indemnitee occurring prior to such amendment or repeal. (b) The Corporation may maintain insurance, at its expense, to protect itself and any past or present director, officer, employee, or agent of the Corporation or another corporation, partnership, joint venture, trust, or other enterprise against any expense, liability, or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability, or loss under the Delaware General Corporation Law. The Corporation may enter into contracts with any indemnitee in furtherance of the provisions of this Article and may create a trust fund, grant a security interest or use other means (including, without limitation, a letter of credit) to ensure the payment of such amounts as may be necessary to effect indemnification as provided in this Article. (c) The Corporation may without reference to Sections 5.01 through 5.04 (a) and (b) hereof, pay the expenses, including attorneys fees, incurred by any director, officer, employee or agent of the Corporation who is subpoenaed, interviewed or deposed as a witness or otherwise incurs expenses in connection with any civil, arbitration, criminal, or administrative proceeding or governmental or internal investigation to which the Corporation is a party, target, or potentially a party or target, or of any such individual who appears as a witness at any trial, proceeding or hearing to which the Corporation is a party, if the Corporation determines that such payments will benefit the Corporation and if, at the time such expenses are incurred by such individual and paid by the Corporation, such individual is not a party, and is not threatened to be made a party, to such proceeding or investigation.

ARTICLE VI

STOCK

Section 6.01. Certificates. Except as otherwise provided by law, each stockholder shall be entitled to a certificate or certificates which shall represent and certify the number and class (and series, if appropriate) of shares of stock owned by him in the Corporation. Each certificate shall be signed in the name of the Corporation by the Chairman of the Board, or the President, or a Vice President, together with the Secretary, or an Assistant Secretary, or the Treasurer or Assistant Treasurer. Any or all of the signatures on any certificate may be facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate

shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were an officer, transfer agent or registrar at the date of issue.

Section 6.02. Transfer of Shares. Shares of stock shall be transferable on the books of the Corporation only by the holder thereof, in person or by his duly authorized attorney, upon the surrender of the certificate representing the shares to be transferred, properly endorsed, to the Corporation's registrar if the Corporation has a registrar. The Board of Directors shall have power and authority to make such other rules and regulations concerning the issue, transfer and registration of certificates of the Corporation's stock as it may deem expedient.

Section 6.03. Transfer Agents and Registrars. The Corporation may have one or more transfer agents and one or more registrars of its stock whose respective duties the Board of Directors or the Secretary may, from time to time, define. No certificate of stock shall be valid until countersigned by a transfer agent, if the Corporation has a transfer agent, or until registered by a registrar, if the Corporation has a registrar. The duties of transfer agent and registrar may be combined.

Section 6.04. Stock Ledgers. Original or duplicate stock ledgers, containing the names and addresses of the stockholders of the Corporation and the number of shares of each class of stock held by them, shall be kept at the principal executive office of the Corporation or at the office of its transfer agent or registrar.

Section 6.05. Record Dates. The Board of Directors shall fix, in advance, a date as the record date for the purpose of determining stockholders entitled to notice of, or to vote at, any meeting of stockholders or any adjournment thereof, or stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock, or in order to make a determination of stockholders for any other proper purpose. Such date in any case shall be not more than sixty (60) days, and in case of a meeting of stockholders, not less than ten (10) days, prior to the date on which the particular action, requiring such determination of stockholders is to be taken. Only those stockholders of record on the date so fixed shall be entitled to any of the foregoing rights, notwithstanding the transfer of any such stock on the books of the Corporation after any such record date fixed by the Board of Directors.

Section 6.06. New Certificates. In case any certificate of stock is lost, stolen, mutilated or destroyed, the Board of Directors may authorize the issuance of a new certificate in place thereof upon such terms and conditions as it may deem advisable; or the Board of Directors may delegate such power to any officer or officers or agents of the Corporation; but the Board of Directors or such officer or officers or agents, in their discretion, may refuse to issue such a new certificate unless the Corporation is ordered to do so by a court of competent jurisdiction.

ARTICLE VII

RESTRICTIONS ON SECURITIES REPURCHASES

Section 7.01. Restrictions on Securities Repurchases.

1. **Vote Required for Certain Acquisition of Securities.** Except as set forth in Subsection 2 of this Section 7.01, in addition to any affirmative vote of stockholders required by any provision of law, the Certificate of Incorporation or Bylaws of this Corporation, or any policy adopted by the Board of Directors, neither the Corporation nor any Subsidiary shall knowingly effect any direct or indirect purchase or other acquisition of any equity security of a class of securities which is registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), issued by the Corporation at a price which is in excess of the highest Market Price of such equity security on the largest principal national securities exchange in the United States on which such security is listed for trading on the date that the understanding to effect such transaction is entered into by the Corporation (whether or not such transaction is concluded or a written agreement relating to such transaction is executed on such date, and such date to be conclusively established by determination of the Board of Directors), from any Interested Person, without the affirmative vote of the holders of the Voting Shares representing at least a majority of the aggregate voting power of all outstanding voting shares, excluding Voting Shares beneficially owned by such Interested Person, voting together as a single class. Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that a lesser percentage may be specified, by law or any agreement with any national securities exchange, or otherwise.

2. When a Vote is Not Required. The provisions of Subsection 1 of this Section 7.01 shall not be applicable with respect to:

- a. any purchase, acquisition, redemption or exchange of such equity securities, the purchase, acquisition, redemption or exchange of which is provided for in the Corporation's Certificate of Incorporation;
- b. any purchase or other acquisition of equity securities made as part of a tender or exchange offer by the Corporation to purchase securities of the same class made on the same terms to all holders of such securities and complying with the applicable requirements of the Exchange Act of 1934, as amended and the rules and regulations thereunder (or any successor provisions to such Act, rules or regulations);
- c. any purchase or acquisition of equity securities made pursuant to an open market purchase program which has been approved by the Board of Directors.

3. Certain Definitions. For the purpose of this Section:

- a. "Affiliate" and "Associate" shall have their respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Exchange Act, as in effect on January 1, 2001.
- b. "Beneficial Owner" and "Beneficial Ownership" shall have the meanings ascribed to such terms in Rule 13d-3 and Rule 13d-5 of the General Rules and Regulations under the Exchange Act, as in effect on January 1, 2001.
- c. "Interested person" shall mean any person (other than the Corporation or any subsidiary) that is the direct or indirect Beneficial Owner of five percent (5%) or more of the aggregate voting power of the Voting Shares, and any Affiliate or Associate of any such person. For the purpose of determining whether a person is an Interested Person, the outstanding Voting Shares include unissued shares of voting stock of the Corporation of which the Interested Person is the Beneficial Owner, but shall not include any other shares of voting stock of the Corporation which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise or conversion of rights, warrants or options, or otherwise to any person who is not the Interested Person.
- d. "Market Price" of shares of the class of equity security of the Corporation on any day shall mean the highest sale price (regular way) of shares of such class of such equity security on such day, or, if that day is not a trading day, on the trading day immediately preceding such day, on the largest principal national securities exchange on which such class of stock is then listed or admitted to trading, or if not listed or admitted to trading on any national securities exchange, then the highest reported sale price for such shares in the over-the-counter market as reported on the NASDAQ National Market System, or if such sale price shall not be reported thereon, the highest bid price so reported, or, if such price shall not be reported thereon, as the same shall be reported by the National Quotation Bureau, Incorporated, or if the price is not determinable as set forth above, as determined in good faith by the Board of Directors.
- e. "Person" shall mean any individual, partnership, firm, corporation, association, trust, unincorporated organization or other entity, as well as any syndicate or group deemed to be a person pursuant to Section 13(d)(3) of the Exchange Act, as in effect on January 1, 2001.
- f. "Subsidiary" shall mean any company or entity of which the Corporation owns, directly or indirectly, (i) a majority of the outstanding shares of equity securities, or (ii) shares having a majority of the voting power represented by all of the outstanding Voting Stock of such company entitled to vote generally in the election of directors. For the purpose of determining whether a company is a Subsidiary, the outstanding voting stock and shares of equity securities thereof shall include unissued shares of which The Corporation is the beneficial owner but, except for the purpose of determining whether a company is a Subsidiary for the purpose of Subsection 3(c) hereof shall not include any shares which may be issuable pursuant to any agreement, arrangement, or understanding, or upon the exercise of conversion rights, warrants or options, or otherwise to any Person who is not the Corporation.
- g. "Voting shares" shall mean the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors.

ARTICLE VIII

SUNDRY PROVISIONS

Section 8.01. Fiscal Year. The fiscal year of the Corporation shall end on the 31st day of December of each year.

Section 8.02. Seal. The seal of the Corporation shall bear the name of the Corporation and the words "Delaware" and "Incorporated January 16, 2001."

Section 8.03. Voting of Stock in Other Corporations. Any shares of stock in other corporations or associations, which may from time to time be held by the Corporation, may be represented and voted at any of the stockholders' meetings thereof by the Chief Executive Officer or his designee. The Board of Directors, however, may by resolution appoint some other person or persons to vote such shares, in which case such person or persons shall be entitled to vote such shares upon the production of a certified copy of such resolution.

Section 8.04. Amendments. These Bylaws may be adopted, repealed, rescinded, altered or amended only as provided in Articles Fifth and Sixth of the Certificate.

As amended, November 2, 2005

ACCELERATED SHARE REPURCHASE AGREEMENT

November 4, 2005

Northrop Grumman Corporation
1840 Century Park East
Los Angeles, CA 90067

Credit Suisse, New York Branch
Eleven Madison Avenue
New York, NY 10010

THIS AGREEMENT (this "**Agreement**") is made as of this 4th day of November, 2005, between CREDIT SUISSE, NEW YORK BRANCH ("**Seller**"), and Northrop Grumman Corporation, a Delaware corporation (Symbol: "**NOC**") ("**Buyer**").

WHEREAS, Buyer wishes to purchase, and Seller wishes to sell, shares of common stock, par value USD1.00 per share, of Buyer (including any security entitlements in respect thereof, "**Shares**") on the terms set forth herein (the "**Transaction**");

WHEREAS, certain terms used herein have the meanings set forth in Article 3;

NOW, THEREFORE, in consideration of their mutual covenants herein contained, the parties hereto, intending to be legally bound, hereby mutually covenant and agree as follows:

ARTICLE 1
SALE AND PURCHASE

Sale and Purchase: On the Closing Date, Seller will deliver to Buyer a number of Shares (the "**Purchased Shares**") equal to 9,066,183 (the "**Number of Shares**") and Buyer will pay Seller cash in immediately available funds in an amount equal to the sum of (i) USD \$500,000,000 (the product of USD55.15 per Share (the "**Initial Price**") and the Number of Shares) and (ii) the Structuring Fee, on a delivery-versus-payment basis. Buyer's payment shall be made pursuant to the wire instructions contained in Annex A hereto.

Structuring Fee: As set forth in Schedule I.

ARTICLE 2
PURCHASE PRICE ADJUSTMENT

Strike Price:	For the initial Valuation Date, the Initial Price. For each calendar day thereafter, the Strike Price in effect for the immediately preceding calendar day <i>multiplied by</i> the sum of (x) one (1) and (y) the Fed Funds Rate for such immediately preceding calendar day <i>divided by</i> 365; <i>minus</i> , in the case of a day that is a Strike Adjustment Date, the Strike Adjustment.
Fed Funds Rate:	For any day, (i) the annualized rate for such day on overnight federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as determined by the Calculation Agent (which may, in its discretion, refer to Bloomberg Page "FEDL01" or any other publishing or quotation system to determine the Fed Funds Rate), <i>minus</i> (ii) the Spread.
Spread:	As set forth in Schedule I.
Strike Adjustment:	As set forth in Schedule I.
Strike Adjustment Dates:	November 28, 2005, and February 27, 2006.
Buyer Payment:	If Buyer has not elected Net Share Settlement or Modified Net Share Settlement in accordance with the provisions opposite " Settlement Method " below, Buyer will pay to Seller on the Settlement Date an amount in U.S. dollars equal to the Final Settlement Amount if the Final Settlement Amount is positive.
Seller Payment:	Seller will pay to Buyer on the Settlement Date an amount in U.S. dollars equal to the absolute value of the Final Settlement Amount if the Final Settlement Amount is negative.
Settlement Method:	Buyer or Seller shall make Buyer Payment or Seller Payment, as the case may be, pursuant to Article 2 on the Settlement Date unless the Final Settlement Amount is positive and Buyer has either notified Seller (i) no later than the 3rd Business Day immediately following the Net Share Settlement Target Date that "Net Share Settlement" shall apply, in which case Buyer shall be deemed to have represented to Seller that Buyer is not aware of any material non-public information regarding Buyer or the Shares at the time of such notice, or (ii) no later than the 3rd Business Day immediately following the Modified Net Share Settlement Target Date that "Modified Net Share Settlement" shall apply, and, in either case, notice shall be irrevocable.
Net Share Settlement Target Date:	The date that the Calculation Agent notifies Buyer that the Remaining Share Number is equal to or less than 10% of the Number of Shares.
Remaining Share Number:	For any day, the Number of Shares minus the sum for all Valuation Dates occurring on or prior to such day of the Daily Reference Share Amounts.

Modified Net Share Settlement Target Date:	The date that the Calculation Agent notifies Buyer that the Remaining Amount is equal to or less than 20% of the product of the Number of Shares and the Initial Price.
Daily Purchase Price:	For any Valuation Date, the product of the Daily Reference Share Amount and the Daily Reference Price, or, for any other day, zero.
Remaining Amount:	On the Closing Date, (i) the product of the Number of Shares and the Initial Price <i>minus</i> (ii) the Daily Purchase Price for the Closing Date. For any subsequent calendar day (the “ relevant day ”), (i) the Remaining Amount for the immediately preceding calendar day <i>multiplied by</i> the sum of (x) one (1) and (y) the Fed Funds Rate for such immediately preceding calendar day <i>divided by</i> 365, <i>minus</i> (ii) the sum of (A) the Daily Purchase Price for such relevant day and (B) if such relevant day is a Strike Adjustment Date, the product of (I) the Strike Adjustment and (II) the Remaining Share Number for such immediately preceding calendar day.
Net Share Settlement or Modified Net Share Settlement:	If Buyer has validly elected Net Share Settlement or Modified Net Share Settlement in accordance with the provisions of “Settlement Method” above and the Final Settlement Amount is positive, the provisions of Article 4 shall apply.

ARTICLE 3
CERTAIN TERMS AND DEFINITIONS

Section 3.01. As used herein, the following words and phrases shall have the following meanings:

Trade Date:	November 4, 2005
Closing Date	November 9, 2005
Settlement Date:	If neither Net Share Settlement nor Modified Net Share Settlement applies, the date that immediately follows the last Valuation Date by 3 Business Days; if Net Share Settlement or Modified Net Share Settlement applies, the date that immediately follows the last Valuation Date by 3 Clearance System Business Days.
Business Day:	Any day that is not a Saturday, a Sunday or a day on which banking institutions or trust companies in The City of New York are authorized or obligated by law or executive order to close.
Clearance System Business Day:	Any day on which the Clearance System is open (or, but for an event beyond the control of the parties as a result of which the Clearance System cannot clear the transfer of the Shares, would have been open) for the acceptance and execution of settlement instructions.
Clearance System:	The Depository Trust Company, New York, New York, and any successor thereto.

Final Settlement Amount: The sum of all of the Daily Differences for all Valuation Dates.

Valuation Dates: Each of the Scheduled Trading Days commencing on the Closing Date to and including the first date on which the Remaining Share Number equals zero; *provided* that if Modified Net Share Settlement applies, the last Valuation Date shall be the Modified Net Share Valuation Date. Except during a Plan Period (as defined in Section 9.03), Buyer shall be deemed to have represented to Seller that Buyer is not aware of any material non-public information regarding Buyer or the Shares as of each Valuation Date. If, at any time, Buyer is unable to make such representation, Buyer shall immediately notify a member of the Legal and Compliance Department of Seller, and, notwithstanding the foregoing, (i) if Buyer so notifies a member of the Legal and Compliance Department of Seller prior to 9:30 AM, New York City time, on any day, then such day, or, (ii) if Buyer so notifies a member of the Legal and Compliance Department of Seller after 9:30 AM, New York City time, on any day, then the immediately following day, and, in either such case, each subsequent day until Buyer notifies Seller that it is able to make such representation, shall not be Valuation Dates. If Buyer so notifies a member of the Legal and Compliance Department of Seller that Buyer is unable to make such representation, Buyer shall not communicate this fact to any employee of Seller who is not a member of the Legal and Compliance Department of Seller.

Scheduled Trading Day: Any day on which the Exchange is scheduled to be open for its regular trading sessions.

Modified Net Share Valuation Date: The first Valuation Date on which the Remaining Amount equals zero.

Exchange: New York Stock Exchange

Daily Reference Share Amount: For each Valuation Date not during a Plan Period, the number specified by Buyer in a notice (which may be written or oral) delivered to Seller prior to 9:30 a.m., New York City time, on such Valuation Date and, for each Valuation Date occurring during a Plan Period, the number specified in the relevant Plan Commencement Notice (as defined in Section 9.03); *provided* that the maximum Daily Reference Share Amount for any Valuation Date shall be the number of Shares that Buyer could purchase in “Rule 10b-18 purchases”, as such term is defined in Rule 10b-18, on such Valuation Date in accordance with the requirements of the safe harbor provided by Rule 10b-18; and *provided further* that if as a result of a suspension of trading in the Shares on the Exchange for that entire Valuation Date, the Daily Reference Share Amount for such Valuation Date shall be zero. Other than during a Plan Period, the parties shall use commercially reasonable efforts to cause the last Valuation Date to occur no later than May 4, 2006, or such later date as Buyer may notify Seller from time to time other than during a Plan Period.

Daily Reference Price:	For any Valuation Date, (i) the Rule 10b-18(b)(3) volume-weighted average price per Share as displayed on the Bloomberg Page [NOC Equity AQR SEC] (or any successor thereto) for such Valuation Date, plus (ii) the Daily Reference Price Adjustment.
Daily Reference Price Adjustment:	As set forth in Schedule I.
Rule 10b5-1:	Rule 10b5-1 under the Exchange Act.
Daily Difference:	For any Valuation Date, the product of (i) (A) the Daily Reference Price for such Valuation Date minus (B) the Strike Price, multiplied by (ii) the Daily Reference Share Amount for such Valuation Date. For the avoidance of doubt, the Daily Difference may be a positive or negative amount.
Valuation Period:	The period starting on the first Valuation Date and ending on the last Valuation Date.
Calculation Agent:	Credit Suisse, New York Branch.
Exchange Act:	The Securities Exchange Act of 1934, as amended.
Rule 10b-18:	Rule 10b-18 under the Exchange Act.
Securities Act:	The Securities Act of 1933, as amended.
Exchange Business Day:	Any Scheduled Trading Day on which the Exchange is open for trading during its regular trading sessions, notwithstanding the Exchange closing prior to its scheduled weekday closing time on such Scheduled Trading Day (without regard to after hours or any other trading outside of the regular trading session hours).
Custodian:	A trustee or liquidator or other similar official.
Net Share Settlement:	A settlement method described in Article 4 pursuant to which Buyer may elect to settle its obligations under the Transaction, if any, with either registered or unregistered Shares at Buyer's election.
Modified Net Share Settlement:	A settlement method described in Article 4 pursuant to which Buyer may elect to settle its obligations under the Transaction, if any, with unregistered Shares.

ARTICLE 4
NET SHARE SETTLEMENT

Section 4.01. *Net Share Settlement.* If Buyer elects Net Share Settlement or Modified Net Share Settlement and such election is valid then: (a) the Calculation Agent shall determine the Final Net Share Settlement Amount (as such term is defined below); *provided* that in no case shall Buyer be required to deliver more than 20,000,000 Shares hereunder (subject to Section 8.01). For the avoidance of doubt, the limitation contained in the proviso to the immediately preceding sentence shall be absolute, and may not be overridden by Section 4.02 or any other provision of this Agreement.

(b) On the Settlement Date, Buyer shall deliver to Seller a number of Shares equal to the Final Net Share Settlement Amount, and, if Net Share Settlement (but not Modified Net Share Settlement) is applicable, such delivery shall be in compliance with the terms and conditions of Article 5.

Section 4.02. *Sale of Net Settlement Shares.* If Net Share Settlement (but not Modified Net Share Settlement) is applicable, then the provisions of this Section 4.02 shall apply.

(a) Seller, through the Selling Agent (as defined below) or any underwriter(s), will sell all, or such lesser portion as may be required hereunder, of the Shares comprising the Final Net Share Settlement Amount and any Additional Shares (as defined below) delivered by Buyer to Seller pursuant to Section 4.02(b) commencing on the Settlement Date and continuing until the date on which the aggregate Net Proceeds (as such term is defined below) of such sales, as determined by Seller, is equal to the Final Settlement Amount (such date, the “**Final Resale Date**”). If the proceeds of any sale(s) made by Seller, the Selling Agent or any underwriter(s), net of any fees and commissions (including, without limitation, underwriting or placement fees) customary for similar transactions under the circumstances at the time of the offering, together with carrying charges and expenses incurred in connection with the offer and sale of the Shares (including, but without limitation to, the covering of any over-allotment or short position (syndicate or otherwise)) (the “**Net Proceeds**”) exceed the Final Settlement Amount, Seller will refund, in U.S. Dollars, such excess to Buyer on the date that is three (3) Business Days following the Final Resale Date, and, if any portion of the Final Net Share Settlement Amount remains unsold, Seller shall return to Buyer on that date such unsold Shares.

(b) If the Calculation Agent determines that the Net Proceeds received from the sale of Final Net Share Settlement Amount or any Additional Shares (if any) pursuant to this Section 4.02 are less than the Final Settlement Amount (the amount in U.S. Dollars by which the Net Proceeds are less than the Final Settlement Amount being the “**Shortfall**” and the date on which such determination is made, the “**Deficiency Determination Date**”), Buyer shall on the Exchange Business Day next succeeding the Deficiency Determination Date (the “**Makewhole Notice Date**”) deliver to Seller a notice of Buyer’s election that Buyer shall either (i) pay an amount in cash equal to the Shortfall on the day that is one (1) Business Day after the Makewhole Notice Date, or (ii) deliver additional Shares. For the avoidance of doubt, if Buyer has delivered the maximum number of shares specified in the proviso to the first sentence of section 4.01, Buyer’s obligation is complete and there is no further obligation for Buyer to deliver cash or shares. If Buyer elects to deliver to Seller additional Shares, then Buyer shall deliver additional Shares in compliance with the terms and conditions of Article 5 (the “**Additional Shares**”) on the first Clearance System Business Day which is also an Exchange Business Day following the Makewhole Notice Date in such number as the Calculation Agent reasonably believes would have a market value on that Exchange Business Day equal to the Shortfall. Such Additional Shares shall be sold by Seller in accordance with the provisions above; *provided* that if the sum of the Net Proceeds from the sale of the originally delivered Shares and the Net Proceeds from the sale of any Additional Shares is less than the Final Settlement Amount then Buyer shall, at its election, either make such cash payment or deliver to Seller further Additional Shares until such Shortfall has been reduced to zero. If the sum of the Net Proceeds from the sale of the originally delivered Shares and the Net Proceeds from the sale of any Additional Shares exceeds the Final Settlement Amount, then Seller will refund, in U.S. Dollars, such excess to Buyer on the date that is three (3) Business Days following the relevant Final Resale Date and, if any portion of the Final Net Share Settlement Amount or the Additional Shares remains unsold, Seller shall return to Buyer on the date that is two (2) Business Days following the Final Resale Date such unsold Shares.

Section 4.03. *Additional Definitions.* For the purposes of the Transaction:

“**Final Net Share Settlement Amount**” means the number of Shares, rounded up to the nearest whole one hundred (100) Shares, determined by the Calculation Agent to be equal to (i) if Net Share Settlement is applicable, the quotient of (x) the Net Share Settlement Percentage of the Final Settlement Amount *divided by* (y) the Reference Price, or (ii) if Modified Net Share Settlement is

applicable, the Net Share Settlement Percentage of the Remaining Share Number for the final Valuation Date.

“**Net Share Settlement Percentage**” has the meaning set forth in Schedule I.

“**Reference Price**” means, for purposes of these Net Share Settlement Provisions, (i) in the case of a Registered Offering (defined below), the closing price of the Shares on the Exchange on the Exchange Business Day immediately preceding the Settlement Date, or (ii) in the case of an Exempt Offering, such closing price *minus* a discount for such Shares pursuant to such Exempt Offering determined by the Calculation Agent in a commercially reasonable manner.

ARTICLE 5 OFFERING METHOD

Section 5.01. *Offering Method.* If Buyer has selected Net Share Settlement (but not Modified Net Share Settlement), then Buyer shall determine whether the offering method (the “**Offering Method**”) by which Shares will be sold in respect of the Transaction will be pursuant to a registration statement filed pursuant to the Securities Act and in a manner which otherwise satisfies the terms and conditions of Appendix A hereto (a “**Registered Offering**”) or pursuant to an offering that is exempt from the registration requirements of the Securities Act (an “**Exempt Offering**”).

Section 5.02. *Condition Precedent to Electing Registered Offering.* It shall be a condition precedent to Buyer’s election of a Registered Offering that Buyer shall have filed a registration statement that has been declared effective by the Securities and Exchange Commission (the “**Commission**”) and that complies with Appendix A hereto. To the extent required to effect such Registered Offering, Seller will use its reasonable efforts, and shall use reasonable efforts to cause each Selling Agent engaged by Seller and any underwriter(s), to co-operate with Buyer in order to comply in all material respects with Appendix A hereto. A “**Selling Agent**” shall mean a broker dealer registered with the Commission under Section 15 of the Exchange Act; the Selling Agent may also be an underwriter for purposes of this Article 5.

Section 5.03. *Condition Precedent to Electing Exempt Offering.* If Buyer elects an Exempt Offering as the Offering Method, it agrees to comply with the reasonable requests of Seller, the Selling Agent, any placement agent, if any, and any purchaser of the Shares. If Buyer has elected an Exempt Offering as the Offering Method, Seller agrees to use commercially reasonable means to effect such Exempt Offering at commercially reasonable prices in light of the market conditions and the circumstances of Buyer at the time of the Exempt Offering. Buyer hereby acknowledges that any Shares sold pursuant to an Exempt Offering may be sold at prices that represent a discount to the prices that may otherwise be available if such Shares were to be sold pursuant to a registered public offering or at prices observed in the secondary market.

Section 5.04. *Seller’s Obligations with respect to a Net Share Settlement.* Neither Seller nor any Selling Agent shall have any obligation to commence any offer and sale of any Shares delivered by Buyer to Seller in a Net Share Settlement until,

(a) in the case of a Registered Offering,

(i) each condition set forth in Appendix A hereto has been satisfied, or

(ii) Seller, the Selling Agent and any underwriter(s) shall have completed any due diligence investigations, made such inquiries and executed and delivered an underwriting agreement containing customary representations, covenants, indemnities and contribution provisions and pursuant to which, *inter alia*, Seller, the Selling Agent and any underwriter(s) shall have received such letters, opinions, certificates or other documents, in form and substance satisfactory to Seller, the Selling Agent and any underwriter(s), as such person(s) may require in light of the applicable federal and state securities laws; or,

(b) in the case of an Exempt Offer, such conditions as any purchasers or the Selling Agent, or their respective counsel, may reasonably require.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES

Section 6.01. *Representations and Warranties of Buyer and Seller.* Each party hereto makes to the other party hereto the representations and warranties contained in Sections 3(a) and 3(c) of the 1992 ISDA Master Agreement (Multicurrency – Cross Border), as published by the International Swap Dealers Association, Inc., and each reference therein to “a Transaction” shall be deemed to be a reference to the Transaction, each reference therein to “this Agreement” shall be deemed to be a reference to this Agreement and any reference therein to any “Credit Support Document” shall be deemed to have been deleted with respect to Buyer and shall be deemed to be a reference to the Guarantee with respect to Seller.

Section 6.02. *Representations, Warranties and Agreements of Buyer.* Buyer represents and warrants to Seller that:

(a) No Termination Event (as such term is defined below) has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement.

(b) All reports and other documents filed by Buyer with the Commission pursuant to the Exchange Act, when considered as a whole (with the most recent such reports and documents deemed to amend inconsistent statements contained in any earlier such reports and documents), do not contain any untrue statement of a material fact or any omission of a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading.

(c) Buyer will publicly announce its entry into the Transaction upon execution by Buyer of this Agreement, and Buyer agrees to comply with all applicable disclosure requirements relating to the Transaction including, without limitation, Item 703 of Regulation S-K under the Securities Act.

(d) Any Shares, when issued and delivered by Buyer in accordance with the terms of the Transaction, will be duly authorized and validly issued, fully paid and nonassessable, and the issuance thereof will not be subject to any preemptive or similar rights.

(e) Buyer will reserve and keep available, free from preemptive rights, out of its authorized but unissued Shares, solely for the purpose of issuance upon settlement of the Transaction as herein provided, the full number of Shares as shall then be issuable upon settlement of the Transaction; subject to the limitation set forth in Article 2.

(f) Prior to the Settlement Date, any Shares to be delivered on the Settlement Date by Buyer shall have been approved for listing on the Exchange, subject to official notice of issuance (it being understood that nothing herein shall create any obligation of Buyer to register any Shares under the Securities Act).

(g) Buyer is not entering into this Agreement to create actual or apparent trading activity in the Shares (or any security convertible into or exchangeable for Shares), to raise or depress or otherwise manipulate the price of the Shares (or any security convertible into or exchangeable for Shares), to facilitate a distribution of the Shares (or any security convertible into or exchangeable for Shares) or in connection with a future issuance of securities.

(h) Before and after giving effect to the Transaction, Buyer has complied with all applicable law, rules and regulations in connection with disclosure of all material information with respect to its business, operations or condition (financial or otherwise).

(i) Buyer is entering into this Agreement in good faith and not as part of a plan or scheme to evade compliance with the federal securities laws including, without limitation, Rule 10b-5 of the Exchange Act. Buyer has not entered into or altered any hedging transaction relating to the Shares intended to correspond to or offset the Transaction.

(k) Buyer is not engaged in a “distribution”, as such term is used in Regulation M, that would preclude purchases by Buyer of Shares.

(l) Buyer is an “eligible contract participant” as such term is defined in Section 1(a)(12) of the Commodity Exchange Act, as amended.

(m) Buyer is not and, after giving effect to the Transaction, will not be an “investment company” as such term is defined in the Investment Company Act of 1940, as amended.

(n) Buyer is, and shall be as of the date of any payment or delivery by Buyer hereunder, solvent and able to pay its debts as they come due, with assets having a fair value greater than liabilities and with capital sufficient to carry on the businesses in which it engages.

(o) Buyer (i) has timely filed, caused to be timely filed or will timely file or cause to be timely filed all material tax returns that are required to be filed by it as of the date hereof and (ii) has paid all material taxes shown to be due and payable on said returns or on any assessment made against it or any of its property and all other material taxes, assessments, fees, liabilities or other charges imposed on it or any of its property by any governmental authority, unless in each case the same are being contested in good faith. For purposes of determining whether a tax return has been timely filed, any extensions shall be taken into account.

Section 6.03. *Representations and Warranties of Seller.* Seller represents and warrants to Buyer that:

(a) No Termination Event (as such term is defined below) has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement.

(b) Seller is not entering into this Agreement to raise or depress or otherwise manipulate the price of the Shares (or any security convertible into or exchangeable for Shares) in violation of Section 9(a) or Section 10 of the Exchange Act.

(c) Seller (or its agent or affiliate) shall make any purchase of Shares in connection with the Transaction in a manner that Seller reasonably believes, based on the representations and warranties set forth herein and any other information provided to Seller by Buyer, would meet the requirements of the safe harbor provided by Rule 10b-18, including without limitation the “one-broker rule” under Rule 10b-18(b)(1), as if such purchases were made by Buyer. For the avoidance of doubt, Seller shall not be responsible for any delays between the execution and reporting of a trade of Shares on the Exchange or any other circumstances beyond its reasonable control.

(d) It has implemented reasonable policies and procedures, taking into consideration the nature of its business, to ensure that individuals making investment decisions would not violate laws prohibiting trading on the basis of material nonpublic information. Such individuals shall not be in the possession of material non-public information at all relevant times beginning the date hereof through and including the last Valuation Date.

(e) Seller is not, and after giving effect to the Transaction, will not be an “investment company” as such term is defined in the Investment Company Act of 1940, as amended.

(f) Seller is, and shall be as of the date of any payment or delivery by Seller hereunder, solvent and able to pay its debts as they come due, with assets having a fair value greater than liabilities and with capital sufficient to carry on the businesses in which it engages.

ARTICLE 7
COVENANTS

Section 7.01. *Covenants of Buyer.* Buyer hereby agrees with Seller to the following:

(a) Without the prior written consent of Seller, Buyer shall not, and shall cause its affiliates or affiliated purchasers (as defined in Rule 10b-18) not to, directly or indirectly (including by means of a derivative instrument) enter into any transaction to purchase any Shares, other than purchases from employees of Buyer that are not “Rule 10b-18 purchases” as such term is defined in Rule 10b-18, until its obligations under the Transaction have been satisfied in full.

(b) Buyer shall, at least one day prior to the first day of the Valuation Period, notify Seller of the total number of Shares purchased in Rule 10b-18 purchases of blocks pursuant to the once-a-week block exception contained in Rule 10b-18(b)(4) by or for Buyer or any of its affiliated purchasers during each of the four calendar weeks preceding the first day of the Valuation Period and during the calendar week in which the first day of the Valuation Period occurs (“Rule 10b-18 purchase”, “blocks” and “affiliated purchaser” each being used as defined in Rule 10b-18), which notice shall be substantially in the form set forth as Annex A hereto.

(c) Neither Buyer nor any of its affiliates shall take any action that would cause any Seller Purchases not to meet the requirements of the safe harbor provided by Rule 10b-18 if such purchases were made by Buyer.

(d) On any day prior to the second Business Day immediately following the last day of the Valuation Period, neither Buyer nor any of its affiliates or agents shall make a distribution (as defined in Regulation M) of Shares, or any security for which the Shares are a reference security (as defined in Regulation M) that would, in the view of Seller, preclude Buyer from purchasing Shares or cause any such purchases to violate any law, rule or regulation, unless Buyer notifies Seller of such distribution one Business Day prior to the beginning of the restricted period applicable to such distribution under Regulation M. Buyer acknowledges that any such notice may cause the Daily Reference Share Amount for any Valuation Date to be reduced. Accordingly, if such notice is delivered during a Plan Period, if any, Buyer acknowledges that its actions in relation to any such notice must comply with the standards set forth in Section 7.01(f).

(e) Buyer shall not, at any time during a Plan Period, communicate, directly or indirectly, any material nonpublic information concerning itself or the Shares to any Relevant CSFB Personnel. “**Relevant CSFB Personnel**” means any employee of Seller or any affiliate, except employees that Seller has notified Buyer in writing are not “Relevant CSFB Personnel”.

(f) Buyer agrees that, during a Plan Period, Buyer shall not enter into or alter any hedging transaction relating to the Shares intended to correspond to or offset the Transaction. Buyer also acknowledges and agrees that any amendment, modification, waiver or termination of this Agreement must be effected in accordance with the requirements for the amendment or termination of a “**plan**” as defined in Rule 10b5-1(c). Without limiting the generality of the foregoing, any such amendment, modification, waiver or termination during a Plan Period shall be made in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5, and no such amendment, modification, waiver or termination shall be made during a Plan Period at any time at which Buyer or any officer, director, manager or similar person of Buyer is aware of any material non-public information regarding Buyer or the Shares.

(g) Buyer shall (i) notify Seller, subject to confidentiality, prior to the opening of trading in the Shares on any day on which Buyer makes, or expects to be made, any public announcement (as defined in Rule 165(f) under the Securities Act) of any merger, acquisition, or

similar transaction involving a recapitalization relating to Buyer (other than any such transaction in which the consideration consists solely of cash and there is no valuation period), (ii) promptly notify Seller following any such announcement that such announcement has been made, and (iii) promptly deliver to Seller following the making of any such announcement a certificate indicating (A) Buyer's average daily Rule 10b-18 purchases (as defined in Rule 10b-18) during the three full calendar months preceding the date of the announcement of such transaction and (B) Buyer's block purchases (as defined in Rule 10b-18) effected pursuant to paragraph (b)(4) of Rule 10b-18 during the three full calendar months preceding the date of the announcement of such transaction. In addition, Buyer shall promptly notify Seller of the earlier to occur of the completion of such transaction and the completion of the vote by target shareholders. Buyer acknowledges that any such public announcement may cause the Daily Reference Share Amount for any Valuation Date to be reduced. Accordingly, Buyer acknowledges that its actions in relation to any such announcement or transaction during a Plan Period must comply with the standards set forth in Section 7.01(f).

ARTICLE 8
ADJUSTMENT AND TERMINATION EVENTS

Section 8.01. *Calculation Agent Adjustments.* (a) In the event of any corporate event involving Buyer or the Shares (including, without limitation, a stock split, stock dividend, bankruptcy, insolvency, reorganization, merger, offer to tender Shares (whether such offer is made by the Company or a third party, and whether the consideration for such offer is cash or non-cash), rights offering, recapitalization, spin-off or issuance of any securities convertible or exchangeable into Shares) or the announcement of any such corporate event, the Calculation Agent may adjust the terms of the Transaction (including, without limitation, the number of Valuation Dates in the Valuation Period, any Daily Adjustment Price, any Daily Reference Share Amount and any Daily Difference) as it deems appropriate under the circumstances to account for the economic effect on the Transaction of such corporate event (including, without limitation, adjustments to account for changes in the price of the Shares or changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares as a result of any such corporate event).

(b) Notwithstanding the authority provided to the Calculation Agent in subsection (a) of this Section 8.01, in the event of a corporate event (such as certain reorganizations, mergers, or other similar events) in which all holders of Shares may receive consideration other than the common equity securities of the continuing or surviving entity, the adjustments referred to in such subsection shall permit Buyer or Seller to satisfy its settlement obligations hereunder by delivering the consideration received by holders of Shares upon such corporate event, in such proportions as in the exercise of its good faith judgment the Calculation Agent deems appropriate under the circumstances.

Section 8.02. *Termination Events.* If one or more of the following events (each, a "**Termination Event**") shall occur:

(a) any legal proceeding shall have been instituted or any other event shall have occurred or condition shall exist that is likely to have a material adverse effect on (i) the ability of Buyer or Seller to perform its obligations hereunder, or (ii) the validity or enforceability of any material agreement of Buyer or Seller, as the case may be, hereunder;

(b) Buyer or Seller is (i) dissolved (other than pursuant to a consolidation, amalgamation or merger); (ii) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (iii) makes a general assignment, arrangement or composition with, or for the benefit of, its creditors; (iv) institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law

or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition; (v) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation (other than any such proceeding or petition covered under clause (iv) immediately above), and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (A) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (B) is not dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof; (vi) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (vii) seeks or becomes subject to the appointment of a Custodian for it or for all or substantially all its assets; (viii) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter; (ix) is subject to any voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding as a result of which (A) all of the shares of Common Stock are required to be transferred to a Custodian or (B) holders of the shares of Common Stock become legally prohibited from transferring them; (x) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (i) to (ix) (inclusive); or (xi) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

(c) (i) any representation or warranty made by Buyer or Seller under this Agreement is incorrect or misleading in any material respect or (ii) any certificate delivered by Buyer or Seller pursuant to this Agreement is incorrect or misleading in any material respect;

(d) Buyer or Seller fails to fulfill or discharge when due any of its obligations, covenants or agreements under or relating to this Agreement (other than the obligations referred to in Section 8.01(j) hereof) and such failure remains unremedied for 10 days following notice from Seller or Buyer, as the case may be;

(e) all of the Shares or all or substantially all the assets of Buyer are nationalized, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof;

(f) the Exchange announces that pursuant to the rules of such Exchange, the Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer, as each such term is defined under the 2002 ISDA Equity Derivatives Definitions, as published by the International Swaps and Derivatives Association, Inc.) and will not be re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any member state of the European Union) within five Scheduled Trading Days of so ceasing to be so listed, traded or quoted;

(g) Seller is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk of entering into and performing its obligations with respect to the Transaction, or (B) realize, recover or remit the proceeds of any such transaction(s) or asset(s) (a "**Hedging Disruption**");

(h) due to the adoption of, or any change in, any applicable law or regulation after the date hereof, or due to the promulgation of, or any change in, the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation after the date hereof, (i) it becomes unlawful for Buyer or Seller to perform any absolute or

contingent obligation to make payment or delivery hereunder or to comply with any other material provision of this Agreement or (ii) Buyer or Seller determines in good faith that (A) it has become illegal to hold, acquire or dispose of Shares or (B) it would incur a materially increased cost in performing its obligations hereunder (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position); or

(i) Buyer declares or pays any dividend or distribution on the Shares in cash or other property (other than additional Shares) other than dividends of the Dividend Amount (as set forth in Schedule I) with record date of November 28, 2005, or February 27, 2006.

then, upon notice to Seller from Buyer or from Buyer to Seller, as the case may be, at any time following such event, a “**Termination Date**” shall occur, and Buyer or Seller, as the case may be, shall become obligated to make the payments or deliveries that would be made as if the final Valuation Date in the Valuation Period were the Termination Date, the Final Settlement Amount were the Termination Amount, and, if so elected by Buyer and if the Termination Amount is positive, Net Share Settlement applied.

The “**Termination Value**” means the Final Settlement Amount determined as if the Termination Date were the last Valuation Date, with a Daily Reference Share Amount equal to the Number of Shares minus the sum of the Daily Reference Share Amounts for all previous Valuation Dates (such difference, the “**Termination Share Number**”), and a Daily Reference Price equal to the average per Share price obtained by the Calculation Agent from at least three experienced third party market participants selected by the Calculation Agent as the price that each such participant would offer to sell a block of Shares equal to the Termination Share Number.

The “**Termination Amount**” means a number of Shares with a value, as determined by the Calculation Agent, as of the Termination Date equal the Termination Value.

ARTICLE 9 MISCELLANEOUS

Section 9.01. *U.S. Private Placement Representations.* Each party hereby represents and warrants to the other party as of the date hereof that:

(a) It is an “accredited investor” (as defined in Regulation D under the Securities Act) and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of the Transaction, and it is able to bear the economic risk of the Transaction.

(b) It is entering into the Transaction for its own account and not with a view to the distribution or resale of the Transaction or its rights thereunder except pursuant to a registration statement declared effective under, or an exemption from the registration requirements of, the Securities Act.

Section 9.02. *Bankruptcy of Buyer.* Seller agrees that in the event of the bankruptcy of Buyer, Seller shall not have rights or assert a claim that is senior in priority to the rights and claims available to the shareholders of the common stock of Buyer.

Section 9.03. *10b5-1.* Buyer may at any time deliver a notice (a “**Plan Commencement Notice**”) to Seller that Buyer desires that, from and after the date of such notice (the “**Plan Commencement Date**”) until the earlier of the Settlement Date or the next Plan Termination Date (as defined below), if any (such period, a “**Plan Period**”), the Transaction constitute a plan or agreement of the type contemplated in Rule 10b5-1(c) (a “**Plan**”). During any Plan Period, the parties intend for the Transaction to comply with the requirements of Rule 10b5-1(c)(1)(i)(B) under the Exchange Act and this Agreement to constitute a binding contract, instruction or plan satisfying the requirements of 10b5-1(c) and to be interpreted to comply with the requirements of Rule 10b5-1(c). Buyer may, by written notice, terminate or modify such 10b5-1 Plan in

accordance with provisions of Rule 10b5-1(c). During any Plan Period, Buyer may, subject to Section 7.01(f), deliver a notice (a “**Plan Termination Notice**”; the date of such notice, a “**Plan Termination Date**”) to Seller that Buyer no longer desires that the Transaction constitute a Plan.

Section 9.04. *Securities Contract.* The parties hereto acknowledge and agree that Seller is a financial institution within the meaning of Section 101(22) of Title 11 of the United States Code (the “**Bankruptcy Code**”). The parties hereto further recognize that the Transaction is a “securities contract”, as such term is defined in Section 741(7) of the Bankruptcy Code, entitled to the protection of, among other provisions, Sections 555 and 362(b)(6) of the Bankruptcy Code, and that each payment or delivery of cash, Shares or other property or assets hereunder is a “settlement payment” within the meaning of Section 741(8) of the Bankruptcy Code.

Section 9.05. *No Collateral.* The parties hereto acknowledge that the Transaction is not secured by any collateral that would otherwise secure the obligations of Buyer hereunder.

Section 9.06. *Agreements to Deliver Documents.* Seller and Buyer agree to deliver the following documents, as applicable:

Buyer will deliver to Seller, upon execution of this Agreement,

(i) evidence reasonably satisfactory to the other party as to the names, true signatures and authority of the officers or officials signing this Agreement on its behalf,

(ii) certified resolutions evidencing necessary corporate authority and approvals with respect to the execution, delivery and performance by Buyer of this Agreement,

(iii) a certified copy of each of the current Certificate of Incorporation and By-laws of Buyer, and

(iv) an opinion of counsel to Buyer (which opinion may be from internal counsel to Buyer) acceptable to Seller to the effect set forth in Annex C hereto.

Section 9.07. *Assignment.* The rights and duties under this Agreement may not be assigned or transferred by any party hereto without the prior written consent of the other parties hereto, such consent not to be unreasonably withheld; *provided* that Seller may assign or transfer any of its rights or duties hereunder to any of its affiliates without the prior written consent of Buyer.

Section 9.08. *Non-Confidentiality.* The parties hereby agree that (i) effective from the date of commencement of discussions concerning the Transaction, Buyer and each of its employees, representatives, or other agents may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the Transaction and all materials of any kind, including opinions or other tax analyses, provided by Seller and its affiliates to Buyer relating to such tax treatment and tax structure, and (ii) Seller does not assert any claim of proprietary ownership in respect of any description contained herein or therein relating to the use of any entities, plans or arrangements to give rise to a particular United States federal income tax treatment for Buyer.

Section 9.09. *Indemnification.* Buyer agrees to indemnify and hold harmless Seller, its affiliates, their respective directors, officers, employees, agents, advisors, brokers and representatives and each person who controls Seller or its affiliates within the meaning of either the Securities Act or the Exchange Act against, and Buyer agrees that no indemnified party shall have any liability to Buyer or any of its affiliates, officers, directors, or employees for, any losses, claims, damages, liabilities (whether direct or indirect, in contract, tort or otherwise) or expenses, joint or several, to which any indemnified party may become subject under the Securities Act, the Exchange Act or other federal or state statutory law or regulation, at common law or otherwise,

insofar as such losses, claims, damages, liabilities or expenses (or actions, claims, investigations or proceedings in respect thereof, whether commenced or threatened) (i) arise out of or relate to (A) actions or failures to act by Buyer or (B) actions or failures to act by an indemnified party with the consent of or upon the direction of Buyer or (ii) otherwise arise out of or relate to the Transaction or any related transactions, *provided* that this clause (ii) shall not apply to the extent, but only to the extent, that any losses, claims, damages, liabilities or expenses of an indemnified party have resulted primarily from the gross negligence or willful misconduct of such indemnified party in which case Seller shall indemnify Buyer for any losses, claims, damages, liabilities (whether direct or indirect, in contract, tort or otherwise) or expenses which Buyer may suffer as a result of such indemnified party's gross negligence or willful misconduct. Buyer agrees to reimburse promptly each such indemnified party for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damages, liability, expense or action. This indemnity agreement will be in addition to any liability which Buyer may otherwise have.

Section 9.10. *Legal Proceedings.* Buyer shall not, without the prior written consent of Seller, effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability arising from such proceeding.

Section 9.11. *Contribution.* If the indemnification provided for above is unavailable to an indemnified party in respect of any losses, claims, damages, liabilities or expenses referred to herein, then each applicable indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities or expenses, in such proportion as is appropriate to reflect not only the relative fault of Buyer on the one hand and of Seller on the other in connection with the statements or omissions which resulted in such losses, claims, damages, expenses or liabilities, but also any other relevant equitable considerations. The amount paid or payable by a party as a result of the losses, claims, damages, liabilities and expenses referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such party in connection with investigating or defending any action or claim. The parties agree that it would not be just and equitable if contribution pursuant to this paragraph were determined by a method of allocation that does not take account of the equitable considerations referred to in this paragraph. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

Section 9.12. *Notices.*

Notices to Seller shall be directed to its care of:

Address for notices or communications to Seller (other than by facsimile) (for all purposes):

Address: Credit Suisse, New York Branch
Eleven Madison Avenue
New York, NY 10010
Attn: Senior Legal Officer
Tel: (212) 538-4488
Fax: (212) 325-4585

For payments and deliveries:

Attn: DSG Settlements Manager
Tel: (212) 538-9810
Fax: (212) 325-0275

For all other communications:
Attn: DSG Equities Documentation Manager
Tel.: (212) 538-4437
Fax: (212) 325-8719

Notices to Buyer shall be directed to Buyer at:

Northrop Grumman Corporation
1840 Century Park East
Los Angeles, CA 90067
Attn: Assistant Treasurer
Tel: (310) 229-1364

Section 9.13. *Governing Law; Submission to Jurisdiction; Severability; Waiver of Jury Trial; Service of Process.* (a) This Agreement shall be governed by and construed in accordance with the laws of the State of New York without reference to choice of law doctrine and each party hereto submits to the jurisdiction of the Courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City.

(b) To the extent permitted by law, the unenforceability or invalidity of any provision or provisions of this Agreement shall not render any other provision or provisions herein contained unenforceable or invalid.

(c) **Seller and Buyer hereby irrevocably and unconditionally waive any and all right to trial by jury in any legal proceeding arising out of or related to this Agreement or the transactions contemplated hereby.** Each party (i) certifies that no representative, agent or attorney of the other party has represented, expressly or otherwise, that such other party would not, in the event of such a suit, action or proceeding, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other party have been induced to enter into this Agreement by, among other things, the mutual waivers and certifications in this Section.

(d) The parties irrevocably consent to service of process given in the manner provided for notices in Section 9.12. Nothing in this Agreement will affect the right of either party to serve process in any other manner permitted by law.

Section 9.14. *Entire Agreement.* This constitutes the entire agreement and understanding among the parties with respect to the subject matter hereof and supersedes all oral communications and prior writings with respect thereto.

Section 9.15. *Amendments, Waivers.* Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by Buyer and Seller or, in the case of a waiver, by the party against whom the waiver is to be effective. No failure or delay by either party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 9.16. *No Third Party Rights, Successors and Assigns.* This Agreement is not intended and shall not be construed to create any rights in any person other than Seller, Buyer and their respective successors and assigns and no other person shall assert any rights as third party beneficiary hereunder. Whenever any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party. All the covenants and agreements herein contained by or on behalf of Seller and Buyer shall bind, and inure to the benefit of, their respective successors and assigns, subject to Section 9.07, whether so expressed or not, and shall

be enforceable by and inure to the benefit of Buyer and its successors and assigns, subject to Section 9.07.

Section 9.17. *Calculation Agent.* The determinations and calculations of the Calculation Agent shall be made in good faith and in a commercially reasonable manner and, if the requirements of this Section 9.17 have been met, shall be binding in the absence of manifest error. The Calculation Agent will have no responsibility for good faith errors or omissions in any determination or calculation under this Agreement. The parties acknowledge that the foregoing does not preclude the parties from disputing that any determination or calculation of the Calculation Agent was made in good faith or in a commercially reasonable manner. The Calculation Agent shall, where reasonably practicable, make its determinations and calculations hereunder in consultation with the parties hereto, and in all cases the Calculation Agent shall provide the parties hereto with a schedule setting forth in reasonable detail the basis of each such determination or calculation.

Section 9.18. *Limitation of Setoff.* For purposes of the Transaction and for the avoidance of doubt, Seller waives any right of set-off, recoupment or close-out netting that it may be entitled to under any agreement relating to the Transaction or any applicable law.

Section 9.19. *Non-Reliance; Agreements and Acknowledgments Regarding Hedging Activities; Additional Acknowledgments.* Each party hereto makes to the other party hereto the representations, agreements and acknowledgments contained in Sections 13.1, 13.2 and 13.4 of the 2002 ISDA Equity Derivatives Definitions, as published by the International Swaps and Derivatives Association, Inc., and each reference therein to “the related Confirmation” shall be deemed to be a reference to this Agreement and each reference therein to “a Transaction”, “such Transaction” and “any Transaction” shall be deemed to be a reference to the Transaction; *provided* that such acknowledgments are not waivers of any obligation hereunder.

Section 9.20. *Counterparts.* This Agreement may be executed in any number of counterparts, and all such counterparts taken together shall be deemed to constitute one and the same agreement.

IN WITNESS WHEREOF, the parties have signed this Agreement as of the date and year first above written.

BUYER:

NORTHROP GRUMMAN CORPORATION

By: /s/ Wes Bush

Name: Wes Bush

Title: Corporate Vice President and
Chief Financial Officer

SELLER:

CREDIT SUISSE, NEW YORK BRANCH

By: /s/ Sean Brady

Name: Sean Brady

Title: Managing Director

By: /s/ John Ryan

Name: John Ryan

Title: A.V.P. Operations

APPENDIX A
to
ACCELERATED SHARE REPURCHASE AGREEMENT
Dated November 4, 2005
of the
TRANSACTION
between
CREDIT SUISSE, NEW YORK BRANCH
and
NORTHROP GRUMMAN CORPORATION

Conditions Precedent to Election of a Registered Offering

This Appendix A supplements, forms a part of and is subject to the Agreement specified above (the “**Agreement**”). Any capitalized term used but not defined herein shall have the meaning set forth in the Agreement.

Buyer may elect a Registered Offering as the Offering Method for the sale of Shares delivered by Buyer (including any Additional Shares) to Seller in a Net Share Settlement only upon satisfaction of the following conditions:

- (a) Buyer shall have filed with the Commission pursuant to the Securities Act a registration statement (the “**Registration Statement**”) or such other form as is acceptable to Seller, covering all Shares to be sold by Seller; such registration statement shall have been declared effective by the Commission with respect to such Shares on or prior to [] and no stop order suspending the effectiveness of the Registration Statement shall be in effect, and no proceedings for such purpose shall be pending before or threatened by the Commission.
- (b) As of [], Buyer shall have delivered an underwriting agreement reasonably acceptable to Seller, naming Seller or its designee, as underwriter, together with such other agreements, certificates and instruments as Seller may reasonably require either pursuant to such underwriting agreement or as are customarily provided together with such underwriting agreement.
- (c) Seller shall have registered or qualified such Shares under such securities or “blue sky” laws of such States and other jurisdictions in the United States of America and Puerto Rico as Seller or any underwriter shall have reasonably requested, and shall have done any and all other acts and things as may be reasonably necessary to be done by Buyer to enable Seller or any underwriter to consummate the disposition in such jurisdictions of the Shares covered by the Registration Statement; *provided* that Buyer shall not be required to make any filing or take any action as a result of this paragraph (d) that would require Buyer to qualify as a foreign corporation or file a general consent to service of process in any jurisdiction.
- (d) Buyer shall have caused such Shares and the issuance thereof to be registered with or approved by such other governmental agencies or authorities in the United States of America as may be reasonably necessary to be done by Buyer to enable Seller or any underwriter to consummate the disposition of such Shares.
- (e) Buyer shall have (i) given Seller and its underwriter(s), if any, and their respective counsel and accountants, the opportunity to participate in the preparation of all materials filed with the Commission pursuant to the Exchange Act or any other governmental agency (the “**Filed Materials**”) prior to [] [the first day on which any sale of Shares

is effected under the Registration Statement], (ii) furnished to each of them copies of all such Filed Materials (and all documents incorporated therein by reference) sufficiently in advance of filing to provide them with a reasonable opportunity to review such documents and comment thereon, (iii) given each of them such access to its books and records and such opportunities to discuss the business of Buyer with its officers and the independent public accountants who have issued a report on its financial statement as shall be reasonably necessary, in the opinion of Seller and such underwriter(s) or their respective counsel, to conduct a reasonable investigation (within the meaning of the Securities Act) with respect to such Filed Materials, (iv) delivered to Seller and its underwriter(s), if any, the financial statements of Buyer filed with the Commission, (v) included in such Filed Materials material, furnished to Buyer in writing, which in the reasonable judgment of Seller or its underwriter(s), if any, should be included with respect to Seller, Seller's underwriter(s) and the "Plan of Distribution", including, without limitation, language to the effect that the holding by Seller of the Shares is not to be construed as a recommendation by Seller of the investment quality thereof and (vi) if requested by Seller, deleted from such Filed Materials any reference to Seller by name or otherwise if in the written opinion of counsel to Seller, such reference to Seller by name or otherwise is not required by the Securities Act or any similar Federal statute or applicable law then in force.

- (f) Buyer shall have furnished to Seller and any underwriter, addressed to Seller and any such underwriter before [], (i) an opinion of counsel for Buyer (which opinion may be from internal counsel for Buyer) and (ii) a "cold comfort" letter signed by the independent public accountants who have issued a report on Buyer's financial statements included in such Registration Statement, each in form and substance satisfactory to Seller and any such underwriter and their respective counsel covering substantially the same matters with respect to such Shares and the offering, sale and issuance thereof and the financial statements of Buyer as are customarily covered in opinions of Buyer's counsel and in accountants' letters delivered to underwriter(s) in underwritten public offerings of securities and, in the case of the accountants' letter, such other financial matters as Seller may have reasonably requested.
- (g) Buyer shall have complied with all applicable provisions of the Securities Act and the Exchange Act, all applicable rules of the Commission and all other applicable laws, rules and regulations of any governmental or regulatory authority with respect to such Filing Materials and such Shares and the offering, sale and issuance thereof.
- (h) Buyer shall have listed all such Shares on the Exchange and on each securities exchange on which similar securities issued by Buyer are then listed.
- (i) Buyer shall have provided a transfer agent and registrar for such Shares.
- (j) Buyer shall have taken such other actions as Seller or any underwriter of such Shares shall have reasonably requested in order to expedite or facilitate the disposition of such Shares.
- (k) Buyer shall have provided Seller and its underwriter(s), if any, with indemnity and contribution in form and substance acceptable to Seller covering such matters relating to the Shares, the Filed Materials, and such other matters as Seller shall reasonably request.
- (l) Buyer shall have paid all customary reasonable costs and expenses reasonably incurred in connection with the foregoing, including, but without limitation, all reasonable underwriting fees relating to the sale of the Shares.
- (m) Buyer shall have agreed to deliver all such Shares to be sold in the Registered Offering through the Clearance System.