

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(X) ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1995

() TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from Commission file number
to 1-3229

NORTHROP GRUMMAN CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE 95-1055798
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

1840 Century Park East 90067
Los Angeles, California (Zip Code)
(Address of principal executive offices)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, \$1 par value	New York Stock Exchange Pacific Stock Exchange

Securities Registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark whether the Registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act
of 1934 during the preceding 12 months (or such shorter period that the
Registrant was required to file such reports), and (2) has been subject to
such filing requirements for the past 90 days.

Yes x

No

Indicate by check mark if disclosure of delinquent filers pursuant to Item
405 of Regulation S-K is not contained herein, and will not be contained,
to the best of Registrant's knowledge, in definitive proxy or information
statements incorporated by reference in Part III of this Form 10-K or any
amendment to this Form 10-K.

As of February 12, 1996, 49,559, 670 shares of Common Stock were
outstanding, and the aggregate market value of the Common Stock (based upon
the closing price of the stock on the New York Stock Exchange) of the
Registrant held by nonaffiliates was approximately \$3,270 million.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the 1995 Annual Meeting of Stockholders.
Part III

NORTHROP GRUMMAN CORPORATION

PART I

Item 1. Business

Northrop Corporation was incorporated in Delaware in 1985. Effective
May 18, 1994, Northrop Corporation was renamed Northrop Grumman
Corporation. Northrop Grumman is an advanced technology company operating
in the aerospace industry. The company designs, develops and manufactures
aircraft, aircraft subassemblies and electronic systems for military and
commercial use and designs and develops, operates and supports computer
systems for scientific and management information.

Additional information required by this Item is contained in Part II
Item 7 of this Annual Report on Form 10-K.

NORTHROP GRUMMAN CORPORATION

Item 2. Properties

The major locations, general status of the company's interest in the
property and identity of the industry segments which use the property
described, are indicated in the following table.

Location	Property Interest
Arlington, Virginia (1) (5) (a)	Leased
Benton, Pennsylvania (2) (b)	Leased
*Bethpage, New York (1) (2) (3) (5) (a) (b) (c) (d)	Owned, Leased
Bohemia, New York (3) (a)	Owned, Leased
Bridgeport, West Virginia (2) (a) (b)	Owned, Leased
Calverton, New York (2) (a) (b) (c) (d) (e)	Owned
Chandler, Arizona (1) (a) (b)	Owned
Compton, California (1) (b) (c)	Owned, Leased
El Segundo, California (1) (4) (a) (b) (c) (d)	Owned, Leased

Fairborn, Ohio (3) (a) (c)	Leased
Fort Tejon, California (1) (d)	Owned, Leased
Gardena, California (1) (c)	Owned
Glen Arm, Maryland (2) (b)	Owned
Grand Prairie, Texas (1) (a) (b) (c) (d)	Owned, Leased
Great River, New York (2) (a) (b)	Owned
Hawthorne, California (1) (2) (4) (5) (a) (b) (c) (d)	Owned, Leased
*Hicksville, New York (2) (a) (d) (e)	Owned
Hondo, Texas (3) (e)	Leased
Houston, Texas (3) (a)	Leased
Irvine, California (2) (d)	Leased
Kent, Washington (1) (c)	Leased
Lake Charles, Louisiana (1) (a) (b) (c)	Leased
Lawton, Oklahoma (3) (a) (c)	Owned, Leased
Lexington, South Carolina (1) (a) (c)	Owned, Leased
Los Angeles, California (1) (2) (5) (a)	Leased
Mayfield, Pennsylvania (1) (b)	Owned
Melbourne, Florida (2) (a) (b) (c) (e)	Owned, Leased
Milledgeville, Georgia (1) (b) (c) (e)	Owned, Leased
Mojave, California (1) (e)	Owned, Leased
Montebello, California (1) (c)	Leased
Montgomery, Pennsylvania (1) (b)	Owned

NORTHROP GRUMMAN CORPORATION

New Town, North Dakota (2) (b) (c)	Owned, Leased
Newbury Park, California (5) (a) (b) (c) (d)	Owned
Norwood, Massachusetts (5) (b) (c) (e)	Owned, Leased
Palatine, Illinois (2) (c)	Leased
Palmdale, California (1) (a) (b) (c) (d) (e)	Owned, Leased
Perry, Georgia (1) (4) (a) (b) (c)	Owned
Pico Rivera, California (1) (a) (b) (c) (d)	Owned, Leased
Portsmouth, Rhode Island (1) (b) (e)	Owned, Leased
Rolling Meadows, Illinois (2) (a)	Owned, Leased
Sherman, Texas (1) (b)	Owned
St. Augustine, Florida (1) (a) (b) (c) (e)	Owned, Leased
Stuart, Florida (1) (b) (c)	Leased
Sturgis, Michigan (1) (a) (b) (c)	Owned, Leased
Torrance, California (1) (b) (c)	Owned, Leased
Tulare, California (1) (b)	Owned
Warner Robins, Georgia (2) (3) (a)	Owned, Leased
Warren, Michigan (1) (b)	Leased

* Certain portions of the properties at each of these locations are leased or subleased to others. The company believes that in the aggregate the property covered by such leases or subleased to others is not material compared to the property actually utilized by the company in its business.

NORTHROP GRUMMAN CORPORATION

Following each described property are numbers indicating the industry segments utilizing the property:

- (1) Military and Commercial Aircraft
- (2) Electronics and Systems Integration
- (3) Data Systems and Other Services
- (4) Missiles and Unmanned Vehicle Systems
- (5) General Corporate Asset

Following each described property are letters indicating the types of facilities located at each location:

- (a) office
- (b) manufacturing
- (c) warehouse
- (d) research and testing
- (e) other

Government-owned facilities used or administered by the company consist of 10.2 million square feet at various locations across the United States.

The company believes its properties are well-maintained and in good operating condition. Under present business conditions and the company's volume of business, productive capacity is currently in excess of requirements.

NORTHROP GRUMMAN CORPORATION

Item 3. Legal Proceedings

False Claims Act Litigation

On June 9, 1987, a Complaint, entitled U.S. ex rel, David Peterson and Jeff Kroll v. Northrop Corporation, was filed in the U.S. District Court for the Central District of California alleging violations by the Company of the False Claims Act in connection with the operation of petty cash funds, inspection, testing, and pricing for the MX Peacekeeper Missile program. On September 1, 1989, the government intervened and reduced the scope of the lawsuit by filing an amended complaint. The amended complaint does not completely specify the total amount being sought but, rather, seeks damages in excess of \$1.2 million. On May 7, 1990, the Court ruled that the original plaintiffs may proceed with portions of the lawsuit that the government declined to include in the amended complaint. In 1994, the court granted summary judgment for the Company on the government's fraud allegations related to petty cash, integrated test stations, extended work week and experimental change orders. Trial on the remaining allegations is scheduled for March 1996.

In addition, the Company is a party to a number of civil actions brought by private parties alleging violation of the False Claims Act in which the government has declined to intervene. These actions, which have been previously reported, relate to the MX Peacekeeper Missile, the Air Launched Cruise Missile and the Advanced Technology Bomber (B-2) programs. In a number of these actions, plaintiffs also allege employment related claims including claims of wrongful termination. Damages sought include claims for compensatory and punitive damages. A number of these civil actions were initially reported when it was unclear what position, if any, the government would take in the litigation. In light of the government's decision not to intervene or otherwise pursue the litigation, as well as the amounts involved, the cases will not be individually reported. Further, the Company learns from time to time that it has been named as a defendant in lawsuits which are filed under seal pursuant to the False Claims Act. Since these matters remain under seal, the Company does not possess sufficient information to accurately report on the particular allegations.

Walsh, et al. v. Northrop Grumman Corporation

In November 1994, a class action complaint was filed against Northrop Grumman Corporation, Grumman Corporation, Renso Caporali, Howard J. Dunn, Jr., Robert Denien and Robert E. Foster in the U.S. District Court for the Eastern District of New York, Case No. CV 94-5105 (Platt C.J.). A first amended complaint was filed on November 29, 1994 alleging that Grumman Corporation's March 8 and April 4, 1994 Form 14D-9 filings with the Securities and Exchange Commission incorporated a statement concerning the Grumman Severance Plan which violated Sections 10(b) and 14(e) of the Securities and Exchange Act of 1934 (the "Act") and Rule 10b-5 of the Rules and Regulations under the Act. The complaint also contains a cause of action for equitable estoppel based upon the same statement and plaintiffs' alleged reliance thereon. The complaint also alleges that the trustees of Grumman's Investment Plan violated their fiduciary obligations by voting the Plan's shares in favor of the merger without consulting the class members. The complaint seeks an order enjoining the defendants from amending or discontinuing the Severance Plan for a period of thirty (30) months from the date of the merger and an order mandating that defendants permit class members who have accepted voluntary termination with severance pay to rescind their elections. On December 8, 1994 the court denied plaintiffs' application for a preliminary injunction but declined to dismiss the action. On April 7, 1995 the court granted plaintiffs' motion to amend their complaint to add a claim for damages based on post-acquisition changes to Grumman benefit plans. In July 1995, the court certified a class of plaintiffs consisting of all employees who, at the time of the tender offer, were Grumman employees, owned Grumman stock either directly or beneficially through the Employee Investment Plan, and were injured as a result of defendants' conduct. Absent dispositive motions, this matter will proceed to trial in late 1996 or early 1997. The defendants intend to vigorously defend this litigation and the Company does not expect this matter to have a material adverse effect on its financial condition.

U.S. Government Investigation

The Company, as a government contractor, is from time to time subject to U.S. Government investigations relating to its operations. Government contractors that are found to have violated the False Claims Act, or are indicted or convicted for violations of other Federal laws, or are considered not to be responsible contractors may be suspended or debarred from, government contracting for some period of time. Such convictions could also result in fines. Given the Company's dependence on government contracting, suspension or debarment could have a material adverse effect on the Company.

On May 3, 1995 federal agents executed search warrants at the Military Aircraft Division facilities in Hawthorne and El Segundo, California. Since that time, the Company has learned that the United States Attorney for the Central District of California is conducting a Grand Jury investigation of the F/A-18 and Targets Programs at the Military Aircraft Division. Although the Government has declined to inform the Company of the details of the investigation, it has confirmed that there are no issues regarding flight safety.

NORTHROP GRUMMAN CORPORATION

Executive Officers of the Registrant

The following individuals were the elected officers of the company as of February 1996:

Name	Age	Office Held	Since	Business Experience Last Five Years
Kent Kresa	57	Chairman, President & CEO	1990	President and Chief Executive Officer.
Herbert W. Anderson	56	Corporate Vice President and General Manager, Data Systems & Services	1995	Vice President and Deputy General Manager, Data Systems and Services Division Division; Prior to 1994, Vice President and Center General Manager of Northrop Information Services Center; Prior to 1991, Vice President Information Resource Management, B-2 Program
Ralph D. Crosby, Jr.	48	Corporate Vice President and Deputy General Manager, Military Aircraft Systems Division	1996	Corporate Vice President and General Manager, B-2 Division; Prior to 1994, Vice President Business and Advanced Systems Development at B-2 Division; Prior to 1992, Vice President Business Development and Administration; Prior to 1991, Vice President and Manager of Northrop Washington Office.
Marvin Elkin	59	Corporate Vice President and Chief Human Resources and Administrative Officer	1994	Corporate Vice President Administration and Services; prior to 1991 Vice President, Materiel and Services
Nelson F. Gibbs	58	Corporate Vice President and Contoller	1992	Vice President and Contoller; Prior to 1991, Partner, Deloitte & Touche LLP
John E. Harrison	60	Corporate Vice President and General Manager, Electronics and Systems Integration Division	1994	Senior Vice President and General Manager, Electronics Programs, Aerospace and Electronics Group, Grumman Corporation; Prior to 1992, President, Electronics Division, Grumman Corporation
Robert W. Helm	44	Corporate Vice President, Government Relations	1994	Vice President, Legislative Affairs
James C. Johnson	43	Corporate Vice President and Secretary	1995	Senior Corporate Counsel; Prior to 1992, Senior Counsel
Charles L. Jones, Jr.	54	Corporate Vice President, Quality Operations	1992	Vice President, Quality Operations; Prior to 1991 Vice President and Manager Operations, Electronics Division
Richard R. Mollieur	63	Corporate Vice President and General Counsel	1991	Senior Vice President and General Counsel; Prior to 1991, Partner, Winston & Strawn
Albert F. Myers	50	Corporate Vice President and Treasurer	1994	Vice President, Business Strategy; Prior to 1992, Vice President, Test Operations at B-2 Division
James G. Roche	56	Corporate Vice President and Chief Advanced Development, Planning, and Public Affairs Officer	1993	Corporate Vice President Advanced Development and Planning Officer; Prior to 1992 Vice President, Advanced Development and Planning; Prior to 1991, Vice President and Special Assistant to the Chairman, President and CEO
Wallace G. Solberg	64	Corporate Vice President and General Manager,	1996	Corporate Vice President and General Manager,

Military Aircraft Systems
Division

Military Aircraft Division;
Prior to 1994, Corporate
Vice President and General
Manager-Aircraft Division;
Prior to 1991, Vice
President and General
Manager, Electronics
Systems Division

Richard B. Waugh, Jr.	52	Corporate Vice President and Chief Financial Officer	1993	Vice President, Taxes, Risk Management and Business Analysis
Gordon L. Williams	63	Corporate Vice President and General Manager, Commercial Aircraft Division	1994	President & CEO, Vought Aircraft Company; Prior to 1992, President, Aircraft Division, LTV Aerospace & Defense

NORTHROP GRUMMAN CORPORATION

Item 4. Submission of Matters to a Vote of Security Holders
No information is required in response to this Item.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder
Matters

The information required by this Item is contained in Part II, Item 8
of this Annual Report on
Form 10-K.

Item 6. Selected Financial Data

The information required by this Item is contained in Part II, Item 7
of this Annual Report on
Form 10-K.

NORTHROP GRUMMAN CORPORATION

Item 7. Management's Discussion and Analysis of Financial Condition
and Results of Operations

Business Conditions

Northrop Grumman's industry segments - military and commercial aircraft, electronics and systems integration, data systems and other services, and missiles and unmanned vehicle systems (MUVS) - are each a factor in the broadly defined aerospace industry. While Northrop Grumman is subject to the usual vagaries of the marketplace, it is also affected by the unique characteristics of the aerospace industry and by certain elements peculiar to its own business mix.

In the second quarter of 1994 the company purchased the outstanding common stock of Grumman Corporation (Grumman) for \$2.1 billion. Northrop Corporation was renamed Northrop Grumman Corporation effective May 18, 1994. In August 1994 the company purchased the remaining 51 percent interest in Vought Aircraft Company (Vought) for \$130 million. The company had purchased a 49 percent interest in Vought in 1992. As a result of these acquisitions the company reorganized, effective January 1, 1995, into five operating divisions - B-2 Division, Military Aircraft Division, Commercial Aircraft Division (CAD), Electronics and Systems Integration Division (ESID) and the Data Systems and Services Division (DSSD). To further strengthen and streamline operations, the B-2 and Military Aircraft Divisions were combined, effective January 1, 1996. The combined division has been designated the Military Aircraft Systems Division (MASD).

Northrop Grumman is one of the major companies that compete for the relatively small number of large, long-term programs that characterize both the defense and commercial segments of the aerospace business. It is common in the aerospace industry for work on major programs to be shared between a number of companies. A company competing to be a prime contractor can turn out to be a subcontractor. It is not uncommon to compete with customers, and to simultaneously be both a supplier to and customer of a given competitor. Boeing, Lockheed Martin and McDonnell Douglas are the largest companies in the aerospace industry at this time. Northrop Grumman also competes against many other companies for a number of large and smaller programs, notably in the electronics and systems integration areas. Competition is intense, yet the nature of major aerospace programs, conducted under binding contracts, allows companies that perform well to benefit from a level of program continuity unknown in many industries. Thus, intense competition and long operating cycles are both characteristic of the industry's - and Northrop Grumman's - business.

The B-2 bomber, for which the company is the prime contractor, is Northrop Grumman's largest program. The MASD headquartered in El Segundo, California is responsible for final assembly of the B-2's airframe and systems integration (in Palmdale, California), and the manufacture of the fuselage and parts of the B-2's navigation and electronic warfare/situation awareness system. Major subcontractors include Boeing, which makes the aft center section, outboard wing sections, landing gear and fuel system, and GM Hughes, which produces the radar systems. The Air Force currently plans to operate two B-2 bomber squadrons of eight aircraft each with an additional four aircraft available to fill in for those in depot for periodic maintenance.

The MASD is also the principal subcontractor on the McDonnell Douglas F/A-18 program. The F/A-18 is a fighter/ground-attack aircraft that can carry either one or two crew members. It is principally deployed by the U.S. Navy on aircraft carriers, but several other nations have purchased the aircraft and use it as a land-based combat aircraft. The company builds approximately 40 percent of the aircraft including the center and aft fuselage sections and vertical tails. Of the versions of the F/A-18 currently in production, the C is a single-seat combat aircraft that was first delivered to the Navy in 1987 and the D is a two-seat version principally used for training. The F/A-18E/F is an enhanced version currently under development for the U.S. Navy as its next generation multi-mission aircraft.

MASD also produces aerial targets, principally the BQM-74/Chukar. The BQM-74 series has been in production since the 1960s. It is used by the Navy for air defense training, gunnery practice and weapon system evaluation. The company builds the airframe and the electronics that are used to guide the drone with the drone's engine being produced by Williams International.

The CAD manufactures portions of the Boeing 747, 757, 767 and 777 jetliners, the Gulfstream IV and V business jets, and the McDonnell Douglas C-17. Northrop Grumman has been a principal airframe subcontractor for the Boeing 747 jetliner since the program began in 1966. The company produces the fuselage and aft body section for the 747 as well as cargo and passenger doors, the vertical and horizontal body stabilizers, floor beams and smaller structural components. The majority of the Boeing jetliner work is performed at CAD's primary production sites in Hawthorne, California; Grand Prairie, Texas; and Stuart, Florida. CAD manufactures engine nacelles for the Gulfstream IV and other business jets and recently initiated production of the wings for Gulfstream's newest business jet, the Gulfstream V. CAD also produces the empennage, engine nacelles and control surfaces for the McDonnell Douglas C-17 program, the U.S. Air Force's most advanced airlifter, at various locations. The work performed on the C-17, Gulfstream IV and V, 757, 767, 777 and some of the components of the 747 were added as a result of the Grumman and Vought acquisitions.

The Northrop Grumman designed and built all-weather E-2C Hawkeye Airborne Early Warning Command and Control aircraft has been in active service with the U.S. Navy since 1973 and is also employed by the air forces of five other nations. The E-2C is produced by the company's ESID.

ECM denotes electronic countermeasures equipment manufactured by the ESID. The largest program in this business area is the AN/ALQ-135, which is an internally mounted radar jammer deployed on F-15 fighter aircraft as part of that aircraft's Tactical Electronic Warfare System. The AN/ALQ-162 Shadowbox is a jammer built specifically to counter continuous wave radars. The AN/ALQ-162 has been installed on the AV-8B and certain foreign F/A-18 aircraft. It is also being deployed on U.S. Army helicopters and special mission aircraft and it has been sold to the air forces of three other nations.

ESID also produces the E-8 Joint Surveillance Target Attack Radar System (Joint STARS). Joint STARS detects, locates, classifies, tracks and targets potentially hostile ground movement in all weather. It is designed to operate around the clock, in constant communication through secure data links with air force command posts, army mobile ground stations or centers of military analysis far from the point of conflict. The Joint STARS platform is a remanufactured Boeing 707-300 airframe. The 707 is remanufactured at Northrop Grumman's Lake Charles, Louisiana site. Final installation of electronics and testing are performed at the ESID integration and test facility in Melbourne, Florida.

NORTHROP GRUMMAN CORPORATION

The ESID, as the prime contractor to the U.S. Army, is developing a "brilliant" anti-armor submunition, designated as BAT, with production scheduled to commence in 1998. BAT is a three foot long, 44 pound, wide-area-attack submunition that will be used to disable and destroy armored vehicles and trucks. BATs are meant to be carried and dispensed by a larger missile. BATs are designed to be ejected over an armored vehicle column or attacking formation. Each BAT has an infrared sensor that can home in on the heat generated by a vehicle's engine, and an acoustic sensor that can home in on the noise created by the tank or truck's engine.

Northrop Grumman's DSSD designs, develops, operates and supports computer systems for scientific and management information. Services provided include systems integration, systems service, information conversion and training for federal, state and local governments and private industry. DSSD also provides military base support functions and aircraft maintenance at a number of U.S. Government facilities.

Tables of contract acquisitions, sales and funded order backlog by major program, follow and complement industry segment data. B-2, F/A-18, Boeing Jetliners (the 747, 757, 767 and 777) and C-17 are currently the major programs of the military and commercial aircraft industry segment. E-2C Hawkeye, ECM, E-8 Joint STARS and BAT are included in the electronics and systems integration industry segment. The Tri-Service Standoff Attack Missile (TSSAM), the segment's principal program in 1994 and prior years, and aerial targets are included in the company's MUVS industry segment. The "all other" category includes the data systems and other services as well as the balance of the company's numerous other contracts, classified and unclassified.

Individual companies prosper in the competitive aerospace/defense

environment according to their ability to develop and market innovative products. They must also have the ability to provide the people, facilities, equipment and financial capacity needed to deliver those products with maximum efficiency. It is necessary to maintain, as the company has, sources for raw materials, fabricated parts, electronic components and major subassemblies. In this manufacturing and systems integration environment, effective oversight of subcontractors and suppliers is as vital to success as managing internal operations. Northrop Grumman's operating policies are designed to enhance these capabilities. The company also believes that it maintains good relations with its employees, a relatively small number of whom are covered by collective bargaining agreements.

U.S. Government programs in which Northrop Grumman either participates, or strives to participate, must compete with other programs for consideration during our nation's budget formulation and appropriation processes. As a consequence of the end of the Cold War and pressure to reduce the federal budget deficit, the U.S. defense budget is not expected to increase substantially in the near term. Budget decisions made in this environment will have long-term consequences for the size and structure of Northrop Grumman and the entire defense industry. An important factor in determining Northrop Grumman's ability to successfully compete for future contracts will be its cost structure vis-a-vis other bidders.

NORTHROP GRUMMAN CORPORATION

Although the ultimate size of future defense budgets remains uncertain, the defense needs of the nation are expected to provide substantial research and development (R&D) and other business for the company to pursue well into the future.

Northrop Grumman has historically concentrated its efforts in such high technology areas as stealth, airborne surveillance, battle management, precision weapons and systems integration. Even though a high priority has been assigned by the Department of Defense to the company's major programs, there remains the possibility that one or more of them may be reduced, stretched or terminated.

In the commercial aircraft market, many airlines have recently deferred deliveries and purchases of new aircraft. This has caused The Boeing Company to reduce scheduled production of various jetliners, including the 747. As a result, Northrop Grumman's subcontract workload for the 747, the company's largest commercial program, was stretched out beginning in late 1993, with deliveries declining 43 percent in 1994, with a further 23 percent decline in 1995. Business conditions in the commercial aircraft industry appear to be on the upswing. The three major producers of jetliners recorded more than twice the number of new aircraft orders in 1995 than in 1994. This positive trend is expected to continue in 1996, potentially signifying a new commercial airplane buying cycle. Northrop Grumman, with its involvement on various Boeing jetliners, remains optimistic about the long-term prospects for its commercial structures business.

Northrop Grumman pursues new business opportunities when justified by acceptable financial returns and technological risks. The company examines opportunities to acquire or invest in new businesses and technologies to strengthen its traditional business areas. Northrop Grumman continues to capitalize on its technologies and skills by entering into joint ventures, partnerships or associations with other companies.

NORTHROP GRUMMAN CORPORATION

Results Of Operations By Industry Segment And Major Customer

Year ended December 31, \$ in millions	1995	1994	1993	1992	1991
Revenue:					
Military and Commercial Aircraft					
United States Government	\$ 3,371	\$ 3,896	\$ 3,570	\$ 3,864	\$ 3,728
Other customers	826	687	543	560	553
Intersegment sales	187	52	1	1	1
	4,384	4,635	4,114	4,425	4,282
Electronics and Systems Integration					
United States Government	1,831	1,135	582	677	738
Other customers	228	306	15	9	18
Intersegment sales	103	106	114	120	118
	2,162	1,547	711	806	874
Data Systems and Other Services					
United States Government	363	309	79	88	95
Other customers	52	30			
Intersegment sales	11	22			
	426	361	79	88	95
Missiles and Unmanned Vehicle Systems					
United States Government	138	332	250	329	541
Other customers	9	16	24	23	21
	147	348	274	352	562
Intersegment eliminations	(301)	(180)	(115)	(121)	(119)
Total revenue	\$ 6,818	\$ 6,711	\$ 5,063	\$ 5,550	\$ 5,694
Operating Profit(Loss)					
Military and Commercial Aircraft	\$ 437	\$ 463	\$ 387	\$ 357	\$ 384
Electronics and Systems Integration	179	122	56	63	54
Data Systems and Other Services	15	14	4	3	4
Missiles and Unmanned Vehicle Systems	1	(18)	(185)	(135)	33

Total operating profit	632	581	262	288	475
Adjustments to reconcile operating profit to operating margin:					
Other(income)deductions included above		(6)	(3)	(2)	10
State and local income taxes	(37)	(28)	(18)	(12)	(30)
General corporate expenses	(109)	(113)	(96)	(105)	(107)
Retiree benefit cost included in contract costs	114	80	9	7	22
Retiree benefit income(cost)	(64)	(33)	39	42	(24)
Special termination benefits		(282)			
Operating margin	\$ 536	\$ 199	\$ 193	\$ 218	\$ 346

NORTHROP GRUMMAN CORPORATION

Year ended December 31, \$ in millions

	1995	1994	1993	1992	1991
Contract Acquisitions					
Military and Commercial Aircraft	\$ 1,906	\$ 8,122	\$ 3,764	\$ 3,072	\$ 6,297
Electronics and Systems Integration	2,408	3,121	616	568	722
Data Systems and Other Services	419	526	75	89	83
Missiles and Unmanned Vehicle Systems	(141)	196	352	435	450
Total acquisitions	\$ 4,592	\$11,965	\$ 4,807	\$ 4,164	\$ 7,552

Funded Order Backlog					
Military and Commercial Aircraft	\$ 6,898	\$ 9,189	\$ 5,650	\$ 5,999	\$ 7,351
Electronics and Systems Integration	2,728	2,379	699	680	798
Data Systems and Other Services	234	230	43	47	46
Missiles and Unmanned Vehicle Systems	87	375	527	449	366
Total backlog	\$ 9,947	\$12,173	\$ 6,919	\$ 7,175	\$ 8,561

Identifiable Assets					
Military and Commercial Aircraft	\$ 2,369	\$ 2,974	\$ 1,793	\$ 1,849	\$ 1,913
Electronics and Systems Integration	1,948	1,754	325	360	445
Data Systems and Other Services	497	485	104	115	109
Missiles and Unmanned Vehicle Systems	90	190	175	272	280
Operating assets	4,904	5,403	2,397	2,596	2,747
General corporate	551	644	542	566	381
Total assets	\$ 5,455	\$ 6,047	\$ 2,939	\$ 3,162	\$ 3,128

Capital Expenditures					
Military and Commercial Aircraft	\$ 80	\$ 75	\$ 71	\$ 46	\$ 57
Electronics and Systems Integration	36	33	30	34	22
Data Systems and Other Services	11	14	25	34	31
Missiles and Unmanned Vehicle Systems	3	11	8	7	7
General corporate	3	1	1	2	1
Total expenditures	\$ 133	\$ 134	\$ 135	\$ 123	\$ 118

Depreciation and Amortization					
Military and Commercial Aircraft	\$ 165	\$ 155	\$ 142	\$ 85	\$ 96
Electronics and Systems Integration	84	76	40	39	42
Data Systems and Other Services	27	27	24	25	21
Missiles and Unmanned Vehicle Systems	6	11	7	10	10
General Corporate	1		1	1	2
Total depreciation and amortization	\$ 283	\$ 269	\$ 214	\$ 160	\$ 171

NORTHROP GRUMMAN CORPORATION

Northrop Grumman, as well as many other companies in the defense industry, suffered the effects of the Department of Defense's practice in the 1980s of structuring new, high-risk research and development contracts, such as TSSAM, as fixed-price or capped cost-reimbursement type contracts. Although Northrop Grumman has stopped accepting these types of contracts, it has experienced financial losses on TSSAM and other similar programs acquired under them in the past. The company received a termination for convenience notice on the TSSAM program in February 1995. In the event of termination for convenience, contractors are normally protected by provisions covering reimbursement for all costs incurred subsequent to termination. The company does not expect that the TSSAM termination will have a material financial effect on the company's financial position.

Prime contracts with various agencies of the U.S. Government and subcontracts with other prime contractors are subject to a profusion of procurement regulations, with noncompliance found by any one agency possibly resulting in fines, penalties, debarment or suspension from receiving additional contracts with all agencies. Given the company's dependence on U. S. Government business, suspension or debarment could have a material adverse affect on the company's future. Moreover, these contracts may be terminated at the Government's convenience as was done with the TSSAM program. While Northrop Grumman conducts most of its business with the U.S. Government, principally the Department of Defense, commercial sales still represent a significant portion of total revenue.

Federal, state and local laws relating to the protection of the environment affect the company's manufacturing operations. The company has provided for the estimated cost to complete remediation where it is probable that the company will incur such costs in the future, including those for which it has been named a Potentially Responsible Party (PRP) by the Environmental Protection Agency or similarly designated by other environmental agencies. The company has been designated a PRP under

federal Superfund laws at 11 hazardous waste sites and under state Superfund laws at seven sites. It is difficult to estimate the timing and ultimate amount of environmental cleanup costs to be incurred in the future due to the uncertainties, regarding the extent of the required cleanup and the status of the law, regulations and their interpretations. Nonetheless, to assess the potential impact on the company's financial statements, management estimates the total reasonably possible remediation costs that could be incurred by the company. Such estimates take into consideration the professional judgment of the company's environmental engineers and, when necessary, consultation with outside environmental specialists. In most instances, only a range of reasonably possible costs can be estimated. However, in the determination of accruals the most probable amount is used when determinable and the minimum is used when no single amount is more probable. The company records accruals for environmental cleanup costs in the accounting period in which the company's responsibility is established and the costs can be reasonably estimated. Management estimates that at December 31, 1995, the reasonable range of future costs for environmental remediation, including Superfund sites, is \$39 million to \$63 million, of which \$41 million has been accrued. The amount accrued has not been offset by potential recoveries from insurance carriers or other PRPs. Should other PRPs not pay their allocable share of remediation costs the company may have to incur costs in addition to those already estimated and accrued. The company is making the necessary investments to comply with environmental laws; the amounts, while not insignificant, are not considered material to the company's financial position or results of its operations.

NORTHROP GRUMMAN CORPORATION

Measures of Volume

Contract acquisitions tend to fluctuate and are determined by the size and timing of new and add-on orders. The effects of multi-year orders and/or funding can be seen in the highs and lows shown in the following table. The funded order backlog of Grumman and Vought on the date the companies were acquired are reflected as acquisitions in 1994. The 757, 767, 777 (included in Boeing Jetliners category), E-2, E-8 Joint STARS, and C-17 programs were acquired as part of Grumman and Vought.

B-2 acquisitions in 1995 include incremental funding for ongoing development work, spares and other customer support for the 20 operational aircraft program. In 1994 \$2.4 billion of funding to complete the last five B-2 production aircraft was received as well as incremental funding for ongoing development work, spares and other customer support. The company still stands to gain future new post-production business, such as airframe depot maintenance, repair of components, operational software changes and product improvement modifications. The debate over the future of the B-2, which is built in the nation's only active bomber producing facility, is now taking place. Without future production orders the nation's multi-billion dollar investment in this capability will be disassembled and become retrievable only at a large additional cost.

Contract Acquisitions

\$ in millions	1995	1994	1993	1992	1991
B-2	\$ 475	\$ 3,646	\$ 2,632	\$ 2,235	\$ 4,794
E-8 Joint STARS	608	1,151			
Boeing Jetliners	464	1,177	242	76	870
E-2	475	1,136			
F/A-18C/D	650	211	89	576	564
F/A-18E/F	238	249	743	131	10
ECM	590	323	445	361	431
C-17	208	434			
BAT	87	88	90	147	82
TSSAM	(153)	157	248	349	369
All other	950	3,393	318	289	432
	\$ 4,592	\$11,965	\$ 4,807	\$ 4,164	\$ 7,552

Orders for 128 F/A-18C/D shipsets were finalized in 1995.

Acquisitions in 1994 and 1993 included long-lead funding received from the McDonnell Douglas Corporation for new F/A-18C/D shipsets.

Advance funding for the next phase of the 747 jetliner programs was received from the Boeing Company in 1995. In 1993, additional contract value was received for, among other things, extending the delivery schedule of the current phase of the 747 into 1996.

ECM acquisitions for 1995 included an award of \$279 million from the United Kingdom Ministry of Defence to develop and produce directed infrared countermeasures systems.

NORTHROP GRUMMAN CORPORATION

The balance of Grumman and Vought funded order backlog at the dates of acquisition, for those programs not listed in the table, is included in the "all other" category and accounts for the major increase in 1994 over 1993.

Year-to-year sales vary less than contract acquisitions and reflect performance under new and ongoing contracts. The 1994 results of operations include Grumman and Vought since the acquisitions in April and August 1994, respectively. Comparative results for 1993 and prior do not include Grumman and Vought data.

Sales for 1995 were the highest in the company's history and were 2 percent higher than in 1994. Without the Grumman and Vought acquisitions, sales for 1994 would have declined 10 percent from the 1993 level.

Net Sales \$ in millions	1995	1994	1993	1992	1991
B-2	\$1,914	\$2,392	\$2,881	\$3,212	\$3,100
E-8 Joint STARS	613	345			
Boeing Jetliners	569	483	531	549	540
E-2	566	409			
F/A-18C/D	418	309	362	492	562
F/A-18E/F	404	508	279	118	10
ECM	351	357	372	378	415
C-17	244	121			
BAT	90	88	100	135	71
TSSAM	81	276	179	265	390
All other	1,568	1,423	359	401	606
	\$6,818	\$6,711	\$5,063	\$5,550	\$5,694

The decreasing trend in the B-2 revenues from both EMD and production work continued in 1995. The level of EMD effort, included in amounts reported as contract R&D, constituted 30 percent of the total B-2 revenue, up from 26 percent in 1994 and 28 percent in 1993. Current planning data indicate that the level of overall B-2 revenue will decline roughly 20 percent per year for the remainder of the decade.

Sales increased in 1995 for the C/D version of the F/A-18 program with an increase of deliveries to 56, as compared to 42 shipsets delivered in 1994 and the 52 delivered in 1993. In 1996 and 1997, the company currently plans to deliver 68 and 36 F/A-18C/D shipsets respectively. A total of seven shipsets were delivered under the F/A-18E/F EMD contract in 1995. F/A-18E/F revenue is expected to drop below \$300 million in 1996 with the final three shipsets for the EMD phase of the program scheduled for delivery. The Low Rate Initial Production phase of the F/A-18E/F program is expected to begin in 1996.

Deliveries of 747 center fuselages were 24 in 1995, 31 in 1994 and 54 in 1993. Twenty-eight fuselages are expected to be delivered in 1996.

The electronics and systems integration segment revenues increased 40 percent in 1995 as a result of higher revenues on the E-2 Hawkeye and E-8 Joint STARS programs. The increase in 1994 was due to the acquisition of Grumman which more than offset the decrease from lower BAT development revenue and lower ECM sales. Reduced electronics segment revenues in 1993 stemmed from lower BAT development revenue, lower MX Peacekeeper sales and lower sales in the sensor product area.

NORTHROP GRUMMAN CORPORATION

The year-end funded order backlog is the sum of the previous year-end backlog plus the year's contract acquisitions minus the year's sales. Backlog is converted into the following years' sales as costs are incurred or deliveries are made. It is expected that approximately 50 percent of the 1995 year-end backlog will be converted into sales in 1996.

Funded Order Backlog \$ in millions	1995	1994	1993	1992	1991
B-2	\$ 3,736	\$ 5,175	\$ 3,921	\$ 4,170	\$ 5,147
E-8 Joint STARS	801	806			
Boeing Jetliners	1,312	1,417	723	1,012	1,485
E-2	637	727			
F/A-18C/D	577	345	443	716	632
F/A-18E/F	54	220	477	13	
ECM	747	506	540	467	484
C-17	277	313			
BAT	17	20	20	30	18
TSSAM	14	248	367	298	214
All other	1,775	2,396	428	469	581
	\$ 9,947	\$12,173	\$ 6,919	\$ 7,175	\$ 8,561

Total U.S. Government orders, including those made on behalf of foreign governments (FMS), comprised 77 percent of the backlog at the end of 1995 compared with 80 percent at the end of 1994 and 89 percent at the end of 1993. Total foreign customer orders, including FMS, accounted for 10 percent of the backlog at the end of 1995 compared with nine percent in 1994 and three percent in 1993. Domestic commercial business in backlog at the end of 1995 was 16 percent, 14 percent at the end of 1994 and 11 percent at the end of 1993.

Measures of Performance

The company's operating profit for 1995 was a record high and has improved in its electronics and systems integration segment for the last two years. These improvements stem from both increased revenue and improved operating margin rates in that segment. Company-wide efforts to reduce costs, install tighter business controls, improve cash management, dispose of excess assets and more effectively utilize productive assets, are all goals aimed at contributing to the future success of Northrop Grumman. This financial report demonstrates the degree to which the accomplishment of these goals is being achieved.

Operating profit in the military and commercial aircraft segment decreased in 1995 primarily as a result of lower overall sales volume and \$31 million in expenditures for company sponsored research and development for commercial aerostructures. The rate and amount of operating margin on the F/A-18E/F increased in 1995 due to an increase in the rate of operating margin being recorded on the EMD contract, which was made during the third quarter. This resulted from the continuing evaluation of the overall operating margin to be earned on this phase of the program. The increase on the F/A-18E/F more than offset reduced operating margin earned, on higher sales volume, for the F/A-18C/D.

The military and commercial aircraft industry segment operating profit increased to its highest level ever in 1994, exceeding the previous high reached in 1993, as margin rates improved on the B-2 and F/A-18 programs. The rate and amount of operating margin recorded on the F/A-18E/F increased in 1994 due to an approximately one and one half percent increase in the rate of operating margin being recorded on the EMD contract. The F/A-18 program operating margin improved in 1994 and 1993 despite reduced F/A-18C/D shipset deliveries in each of these years versus the previous year.

The rate and amount of operating margin recorded on the B-2 production contract increased in 1995 as a result of negotiated contract adjustments and a revised estimate of the overall operating margin expected to be earned. This increase was offset by lower operating margin recorded on decreased revenue on the other phases of the B-2 program.

B-2 operating margin improved in 1994 as the amount of margin recorded on the delivery of four aircraft more than offset reduced operating margin from lower production and EMD sales. Following the award of the last increment of production funding for the B-2, the company began recording future operating margin increases on all production aircraft as these units are delivered and accepted by the customer. At the time each unit is delivered an assessment is made of the status of the production contract so as to estimate the amount of any probable additional margin available beyond that previously recognized. That unit's proportionate share of any such unrecognized remaining balance will then be recorded. In this fashion it is believed that margin improvements will be recognized on a more demonstrable basis. The current 15 production units are scheduled for their initial delivery over a five year period, which began in December 1993. All but two units (four equivalent units for this purpose) will be returned for scheduled retrofitting with final deliveries beginning in 1997 and ending in 2000. It is anticipated that the total of 30 equivalent units will be delivered at a rate of from three to five per year.

Fewer deliveries and cost increases related to a stretch-out of the current production contract for the Boeing 747 jetliner resulted in a lower rate and amount of operating margin in 1995. The current phase of the program is now expected to be completed in the fall of 1996. A reduction in the rate of operating margin due to increased costs allocated, as a result of establishing a separate commercial aircraft operating element and fewer deliveries than in 1993, caused decreased operating profit on the 747 program in 1994.

Operating profit in the electronics and systems integration segment reached a record level in 1995. This was a result of an increased rate of operating margin and higher sales volume on the E-2 Hawkeye and increased sales volume on the E-8 Joint STARS program. The electronics and systems integration segment operating profit increased in 1994 due primarily to the addition of the E-2 Hawkeye, E-8 Joint STARS and various other military electronics programs associated with the Grumman acquisition and an increased rate of margin recorded in the company's electronic countermeasures business, which more than offset the \$8 million in provisions recorded by the ESID-Norwood operation for unrecoverable costs incurred.

The 13 percent sales decline in the electronics and systems integration segment for 1993 from the level achieved in 1992 was accompanied by an 11 percent decline in operating profit. Lower margins in the sensor product area and on the BAT program more than offset the increase in ECM operating margin.

A loss provision of \$20 million was made during 1994 on the TSSAM development contract and followed a similar provision of \$201 million in 1993. The recording of the expected loss from the performance of this long-term fixed-price R&D contract caused major losses in the MUVS segment during three of the last five years. Production delays caused increased amounts of sustaining labor to be absorbed by the development phase of the program in which the company has invested over \$600 million. The ultimate loss on this contract will depend on the resolution of pending claims against the U.S. Government. The company is unable to predict whether it will realize some or all of its claims against the U.S. Government from the TSSAM contract. The company does not expect the termination of the program to have a material adverse financial impact on the company.

NORTHROP GRUMMAN CORPORATION

Operating margin in 1995 included \$23 million of pension income compared with \$36 million in 1994, and \$71 million in 1993. Also contributing to the change from net retiree benefit income in 1993 to a net retiree benefit cost in 1994 and 1995 was the increase in the cost of providing retiree health care and life insurance benefits - \$87 million in 1995 versus \$69 million in 1994 and \$32 million in 1993. A major contributor to the net retiree benefit cost was the addition of the Grumman and Vought retiree plans in 1994. Operating margin in 1994 was reduced by \$282 million to record the effect of an early retirement incentive program.

The Financial Accounting Standards Board's (FASB) accounting standard No. 106 - Employers' Accounting for Postretirement Benefits Other Than Pensions - was adopted by the company in 1991. The liability representing previously unrecognized costs of \$145 million for all years prior to 1991 was recorded as of January 1, 1991, with an after-tax effect on earnings of \$88 million or \$1.86 per share.

In 1994 the company recorded a \$42 million pretax charge for the planned disposal of excess real estate and other assets. This was a result of the company's continuing efforts to reduce operating costs and dispose of assets which have become excess due to changes in the company's business strategy. This charge is reported in Other Deductions in the Consolidated Statements of Income.

Interest expense increased \$28 million in 1995, following a \$71

million increase in 1994 after declining \$9 million in 1993. The increases in 1995 and 1994 came primarily from the issuance of debt to finance the acquisition of Grumman. Total debt at December 31, 1995 stood at \$1.4 billion compared to \$1.9 billion at the end of 1994 and \$160 million at the end of 1993.

In 1991 the company adopted FASB standard No. 109 - Accounting for Income Taxes - and recorded, as of January 1, 1991, a benefit of \$21 million, or 43 cents per share. As described in the accounting policy footnote to the financial statements, any future change in the tax rate would result in the immediate recognition in current earnings of the cumulative effect on deferred tax assets and liabilities.

The company's effective federal income tax rate was 38.4 percent in 1995, 46.2 percent in 1994 and 43.5 percent in 1993. The decrease in the 1995 rate was due to a reduction in the ratio of expenses not deductible for income taxes to the tax provision at the statutory rate of 35 percent. The change in the 1994 rate was caused by an increase in the amount of expenses not deductible for income taxes, primarily the amortization of goodwill. The rate for 1993 would have been 31.8 percent but for the effects of the retroactive application of The Revenue Reconciliation Act of 1993. The one percentage point increase in the federal statutory income tax rate, now 35 percent, required the redetermination of the December 31, 1992 deferred tax asset and liability balances. This redetermination added \$18 million to 1993's tax provision thereby reducing earnings per share by 38 cents. During 1989, final regulations were issued concerning the research tax credit. The company had taken a conservative approach in calculating its tax provisions since 1981 pursuant to uncertain proposed regulations. An exhaustive study was undertaken throughout the company to redetermine qualifying expenditures in compliance with the final regulations so as to recalculate prior years' tax credits and amend its tax returns as appropriate. The benefit resulting from the conclusion of that study was the \$90 million in additional research credits recognized in the determination of the 1991 effective tax rate of 3.2 percent.

NORTHROP GRUMMAN CORPORATION

Measures of Liquidity and Capital Resources

The improvement of the company's financial condition and liquidity continued in 1995. Over the last three years operating cash flows have averaged over \$500 million annually. The \$744 million of cash flow from operations in 1995 was an increase of \$303 million over 1994 which was an increase of \$61 million over 1993 which in turn was a \$96 million increase over that of 1992.

The trend and relationship of sales volume with accounts receivable and inventoried cost balances, before and after the benefit of progress payments, is a useful measure in assessing liquidity. In 1993 the company's net investment in these balances represented 27 percent of sales. It rose to 33 percent at the end of 1994 with the acquisition of Grumman and Vought before decreasing to 29 percent at year-end 1995.

The following table is a condensed summary of the detailed cash flow information contained in the Consolidated Statements of Cash Flows.

Year ended December 31	1995	1994	1993	1992	1991
Cash came from					
Customers	96%	71%	99%	98%	100%
Lenders	2%	29%	1%	2%	
Buyers of assets/other	2%				
	100%	100%	100%	100%	100%
Cash went to					
Employees and suppliers of services and materials	83%	65%	89%	93%	88%
Sellers of assets	2%	18%		1%	
Lenders	12%	15%	8%	3%	9%
Suppliers of facilities/other	2%	1%	2%	2%	2%
Shareholders	1%	1%	1%	1%	1%
	100%	100%	100%	100%	100%

The increased cash received from lenders in 1994 resulted from the acquisition of Grumman, which was financed mainly through new borrowings. Other important indicators of short-term liquidity are the trend in working capital, the current ratio, and the ratio of long-term debt to shareholders' equity. This information is reported in the table captioned Selected Financial Data.

In connection with the financing of the Grumman acquisition the company, in April 1994, replaced the \$400 million credit agreement with a new \$2.8 billion Credit Agreement. The new facility provided for \$600 million, available on a revolving credit basis through March 1999 and a \$2.2 billion term loan payable through March 1999. The Credit Agreement was amended in May 1994 to increase the revolving credit line to \$800 million and reduce the term loan to \$2 billion. In October 1994, the company issued \$350 million of notes due in 2004 and \$250 million of debentures due in 2024 pursuant to a public offering. The net proceeds from the offering, along with other available funds, were used to prepay \$900 million in addition to paying the \$100 million September quarterly installment due under the term loan facility. In December 1994, the company amended the Credit Agreement to provide for the repayment of the remaining \$1 billion balance of the term loan in 14 quarterly installments of \$62.5 million plus interest beginning in September 1995, with a final installment of \$125 million due in March 1999. Cash flow from operations during 1994 enabled the company to prepay the \$160 million of notes payable to institutional investors due in 1995 and acquire, in the open market, \$58 million of notes due in 1999, while paying a net premium of \$5 million for the early payments of these notes. The charge for the premium is included in Other Deductions in the Consolidated Statements of Income. Cash

flow from operations in 1995 was sufficient to allow the company to make the \$125 million required term loan payment as well as \$312 million in voluntary payments for amounts which were due through March 1997.

During 1995 the company entered into an agreement with a financial institution to sell designated pools of its commercial accounts receivable, in amounts up to \$75 million. The company acts as an agent for the purchaser by performing record keeping and collections functions. At December 31, 1995, \$34 million of accounts receivable had been sold.

On January 3, 1996 the company entered into a definitive agreement to acquire the defense and electronics systems business of Westinghouse Electric Corporation for \$3 billion in cash. The company has obtained bank commitments totaling \$4.8 billion to finance the transaction and replace its current credit agreement. The sale, which is expected to close in March 1996, is subject to normal governmental and regulatory reviews. Any future near-term borrowing needs will be met through the use of short-term credit lines and the company's revolving credit agreement.

To provide for long-term liquidity the company believes it can obtain additional capital from such sources as: the public or private capital markets, the further sale of assets, sale and leaseback of operating assets, and leasing rather than purchasing new assets.

The cash improvement program underway throughout the company has produced favorable results, with the expectation that further efforts will result in minimizing, the need to incur additional borrowings during 1996. Cash generated from operations is expected to be sufficient in 1996 to service debt, finance capital expansion projects and continue paying dividends to the shareholders.

Capital expenditure commitments at December 31, 1995, were approximately \$110 million including \$2 million for environmental control and compliance purposes.

The company will continue to provide the productive capacity to perform its existing contracts, dispose of assets no longer needed to fulfill operating requirements, prepare for future contracts and conduct R&D in the pursuit of developing opportunities. While these expenditures tend to limit short-term liquidity, they are made with the intention of improving the long-term growth and profitability of the company.

New Accounting Standards

During 1995 the company adopted the new FASB No. 121 - Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of. The adoption thereof had no material effect on the company's financial position or operating results.

In October 1995, the Financial Accounting Standards Board issued FASB No. 123 - Accounting for Stock-Based Compensation. This standard changes the manner in which compensation for employee stock options is measured and reported. The company's management is presently evaluating the impact of this standard on the company's financial statements to determine if it will adopt this standard. The company must decide whether or not to adopt this new standard by the end of the first quarter of 1996.

NORTHROP GRUMMAN CORPORATION

Selected Financial Data

Year ended December 31, \$ in millions, except per share	1995	1994	1993	1992	1991
Net sales to					
United States Government	\$5,703	\$5,672	\$4,481	\$4,958	\$5,102
The Boeing Company	569	483	531	549	540
Other customers	546	556	51	43	52
Total net sales	6,818	6,711	5,063	5,550	5,694
Net income	252	35	96	121	201
Earnings per share	5.11	.72	1.99	2.56	4.26
Cash dividends per share	1.60	1.60	1.60	1.20	1.20
Net working capital	357	467	481	354	611
Current ratio	1.21 to 1	1.24 to 1	1.45 to 1	1.25 to 1	1.51 to 1
Total assets	\$5,455	\$6,047	\$2,939	\$3,162	\$3,128
Long-term debt	1,163	1,633	160	160	470
Total long-term obligations	2,234	2,757	468	426	688
Long-term debt as a percentage of shareholders' equity	79.7%	126.6%	12.1%	12.8%	39.8%
Operating margin as a percentage of					
Net sales	7.9	3.0	3.8	3.9	6.1
Average operating assets	10.4	5.2	7.7	8.2	12.4
Net income as a percentage of					
Net sales	3.7	.5	1.9	2.2	3.5
Average assets	4.4	.8	3.1	3.8	6.5
Average shareholders' equity	18.3	2.7	7.5	9.9	18.1
Research and development expenses					
Contract	\$1,175	\$1,477	\$1,603	\$1,693	\$1,601
Noncontract	164	121	97	93	102
Payroll and employee benefits	2,656	2,661	1,906	2,001	2,109
Number of employees at year-end	37,300	42,400	29,800	33,600	36,200

Number of shareholders at year-end	10,834	11,241	11,618	12,599	13,607
Depreciation	\$ 226	\$ 227	\$ 214	\$ 160	\$ 171
Amortization of					
Goodwill	36	27			
Other purchased intangibles	21	15			
Maintenance and repairs	80	105	87	106	97
Rent expense	89	84	47	52	51
Floor area (millions of square feet)					
Owned	20.1	21.3	12.9	12.6	12.2
Commercially leased	7.0	7.5	3.2	4.2	4.5
Leased from United States Government	10.2	9.7	2.1	1.9	1.7

NORTHROP GRUMMAN CORPORATION
Item 8. Financial Statements and Supplementary Data

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, \$ in millions	1995	1994	1993	1992	1991
Assets:					
Current assets					
Cash and cash equivalents	\$ 18	\$ 17	\$ 100	\$ 230	\$ 203
Accounts receivable	1,197	1,202	820	791	860
Inventoried costs	771	1,043	569	670	693
Deferred income taxes	25	38	46	38	28
Prepaid expenses	61	47	25	31	23
Refundable federal income taxes		84			
Total current assets	2,072	2,431	1,560	1,760	1,807
Property, plant and equipment at cost					
Land and land improvements	192	203	118	117	117
Buildings	780	857	744	719	703
Machinery and other equipment	1,864	2,024	1,898	1,982	1,990
Leasehold improvements	64	62	29	59	65
	2,900	3,146	2,789	2,877	2,875
Accumulated depreciation	(1,724)	(1,768)	(1,773)	(1,753)	(1,698)
	1,176	1,378	1,016	1,124	1,177
Other assets					
Goodwill, net of amortization of \$63 in 1995 and \$27 in 1994	1,403	1,359			
Other purchased intangibles, net of amortization of \$36 in 1995 and \$15 in 1994	356	376			
Prepaid pension cost, intangible pension asset and benefit trust fund	99	222	278	190	98
Deferred income taxes	255	203	7	7	12
Investments in and advances to affiliates and sundry assets	94	78	78	81	34
	2,207	2,238	363	278	144
	\$ 5,455	\$ 6,047	\$ 2,939	\$ 3,162	\$ 3,128

NORTHROP GRUMMAN CORPORATION

December 31, \$ in millions	1995	1994	1993	1992	1991
Liabilities and Shareholders' Equity:					
Current liabilities					
Notes payable to banks	\$ 65	\$ 171	\$	\$ 100	\$
Current portion of long-term debt	144	130		250	80
Trade accounts payable	360	396	324	363	407
Accrued employees' compensation	203	228	146	144	157
Advances on contracts	98	184	40	39	28
Income taxes payable	57	55	12		25
Deferred income taxes	471	413	426	389	353
Other current liabilities	317	387	131	121	146
Total current liabilities	1,715	1,964	1,079	1,406	1,196
Long-term debt					
Long-term debt	1,163	1,633	160	160	470
Accrued retiree benefits	1,048	1,070	308	266	218
Other long-term obligations	23	54			
Deferred gain on sale/leaseback	16	20	23	26	29
Deferred income taxes	31	16	47	50	33
Shareholders' equity					
Paid-in capital					
Preferred stock, 10,000,000 shares authorized; and none issued					
Common stock, 200,000,000 shares authorized; issued and outstanding					

1995 - 49,462,615; 1994 - 49,241,642;
 1993 - 48,913,403; 1992 - 47,398,303;
 1991 - 47,090,248

	272	265	256	207	199
Retained earnings	1,199	1,026	1,070	1,051	987
Unvested employee restricted award shares		(1)	(2)	(2)	(4)
Unfunded pension losses, net of taxes	(12)		(2)	(2)	
	1,459	1,290	1,322	1,254	1,182
	\$ 5,455	\$ 6,047	\$ 2,939	\$ 3,162	\$ 3,128

The accompanying notes are an integral part of these consolidated financial statements.

NORTHROP GRUMMAN CORPORATION

CONSOLIDATED STATEMENTS OF INCOME

Year ended December 31, \$ in millions, except per share	1995	1994	1993	1992	1991
Net sales	\$ 6,818	\$ 6,711	\$ 5,063	\$ 5,550	\$ 5,694
Cost of sales					
Operating costs	5,319	5,477	4,385	4,877	4,817
Administrative and general expenses	963	753	485	455	531
Special termination benefits		282			
Operating margin	536	199	193	218	346
Other income(deductions)					
Interest income	1	6	2	4	11
Other, net	9	(31)	13	5	
Interest expense	(137)	(109)	(38)	(47)	(80)
Income before income taxes and cumulative effect of accounting principle changes	409	65	170	180	277
Federal and foreign income taxes	157	30	74	59	9
Income before cumulative effect of accounting principle changes	252	35	96	121	268
Cumulative effect on prior years of changes in accounting principles for income taxes					21
Retiree health care and life insurance benefits					(88)
Net income	\$ 252	\$ 35	\$ 96	\$ 121	\$ 201
Weighted average common shares outstanding, in millions	49.4	49.2	48.1	47.2	47.1
Earnings per share before cumulative effect of accounting principle changes	\$ 5.11	\$.72	\$ 1.99	\$ 2.56	\$ 5.69
Cumulative effect on prior years of changes in accounting principles, per share, for income taxes					.43
Retiree health care and life insurance benefits					(1.86)
Earnings per share	\$ 5.11	\$.72	\$ 1.99	\$ 2.56	\$ 4.26

The accompanying notes are an integral part of these consolidated financial statements

NORTHROP GRUMMAN CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Year ended December 31, \$ in millions, except per share	1995	1994	1993	1992	1991
Paid-in Capital					
At beginning of year	\$ 265	\$ 256	\$ 207	\$ 199	\$ 196
Employee stock awards and options exercised, net of forfeitures	7	9	49	8	3
At end of year	272	265	256	207	199
Retained Earnings					
At beginning of year	1,026	1,070	1,051	987	843
Net income	252	35	96	121	201
Cash dividends	(79)	(79)	(77)	(57)	(57)
At end of year	1,199	1,026	1,070	1,051	987
Unvested Employee Restricted Award Shares					
At beginning of year	(1)	(2)	(2)	(4)	(6)
Forfeitures, net of grants				1	
Amortization	1	1		1	2
At end of year		(1)	(2)	(2)	(4)
Unfunded Pension Losses, Net of Taxes					
At beginning of year		(2)	(2)		

Change in excess of additional minimum liability over unrecognized prior service costs	(12)	2		(2)	
At end of year	(12)		(2)	(2)	
Total shareholders' equity	\$ 1,459	\$ 1,290	\$ 1,322	\$ 1,254	\$ 1,182
Book value per share	\$ 29.50	\$ 26.20	\$ 27.04	\$ 26.46	\$ 25.11
Cash dividends per share	1.60	1.60	1.60	1.20	1.20

The accompanying notes are an integral part of these consolidated financial statements.

NORTHROP GRUMMAN CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended December 31, \$ in millions	1995	1994	1993	1992	1991
Operating Activities					
Sources of Cash					
Cash received from customers					
Progress payments	\$ 2,289	\$ 2,616	\$ 2,028	\$ 2,647	\$ 2,647
Other collections	4,355	4,767	2,924	2,914	3,050
Interest received	1	6	2	4	11
Income tax refunds received	48	11	3		3
Other cash receipts	7	13	6	5	13
Cash provided by operating activities	6,700	7,413	4,963	5,570	5,724
Uses of Cash					
Cash paid to suppliers and employees	5,750	6,786	4,484	5,186	4,986
Interest paid	144	94	42	47	85
Income taxes paid	59	90	52	48	32
Other cash payments	3	2	5	5	12
Cash used in operating activities	5,956	6,972	4,583	5,286	5,115
Net cash provided by operating activities	744	441	380	284	609
Investing Activities					
Payment for purchase, net of cash acquired, of Grumman Corporation		(1,842)			
Vought Aircraft Company		(12)			
Additions to property, plant and equipment	(133)	(134)	(135)	(123)	(118)
Proceeds from sale of property, plant and equipment	33	17	2	5	3
Proceeds from sale of affiliates	5		8		
Proceeds from sale of marketable securities		28			
Funding of retiree benefit trust		(31)			
Dividends from affiliates, net of investments		5	2	(47)	
Other investing activities	(21)	6			(8)
Net cash used in investing activities	(116)	(1,963)	(123)	(165)	(123)
Financing Activities					
Borrowings under lines of credit	153	2,371	55	100	
Repayment of borrowings under lines of credit	(259)	(1,200)	(155)		
Proceeds from issuance of long-term debt		600			
Principal payments of long-term debt/capital leases	(446)	(251)	(251)	(140)	(400)
Proceeds from issuance of stock	4	7	41	5	1
Dividends paid	(79)	(79)	(77)	(57)	(57)
Other financing activities		(9)			
Net cash provided by (used in) financing activities	(627)	1,439	(387)	(92)	(456)
Increase(decrease) in cash and cash equivalents	1	(83)	(130)	27	30
Cash and cash equivalents balance at beginning of year	17	100	230	203	173
Cash and cash equivalents balance at end of year	\$ 18	\$ 17	\$ 100	\$ 230	\$ 203

NORTHROP GRUMMAN CORPORATION

Year ended December 31, \$ in millions	1995	1994	1993	1992	1991
Reconciliation of Net Income to Net Cash Provided by Operating Activities:					
Net income	\$ 252	\$ 35	\$ 96	\$ 121	\$ 201
Adjustments to reconcile net income to net cash provided					
Depreciation	226	227	214	160	171
Amortization of intangible assets	57	42			

Common stock issued to employees		1	3	3	4
Amortization of restricted award shares	1	1		1	2
Loss on disposals of property, plant and equipment	34	33	26	11	6
Cumulative effect on prior years of changes in accounting principles for Income taxes					(21)
Retiree health care and life insurance benefits					88
Noncash retiree pension cost(income)	(50)	(47)	(40)	(43)	14
Special termination benefits		282			
Amortization of deferred gain on sale/leaseback	(4)	(3)	(3)	(3)	(3)
Decrease(increase) in					
Accounts receivable	197	209	(4)	339	1,058
Inventoried costs	426	(368)	142	63	123
Prepaid expenses	108	(41)	(10)	(17)	(8)
Refundable income taxes	84	(84)			
Increase(decrease) in					
Progress payments	(282)	407	(90)	(340)	(1,054)
Accounts payable and accruals	(234)	(268)	(29)	(44)	114
Provisions for contract losses	(143)	(84)	36	9	(100)
Provisions for disposal of real estate and other assets	(8)	42	1	1	2
Deferred income taxes	84	78	26	48	
Income taxes payable	2	(25)	12	(25)	13
Other noncash transactions	(6)	4			(1)
Net cash provided by operating activities	\$ 744	\$ 441	\$ 380	\$ 284	\$ 609

Noncash Investing and Financing Activities:

Purchase of Grumman Corporation					
Fair value of assets acquired		\$ 3,495			
Cash paid		(2,129)			
Liabilities assumed		\$ 1,366			
Purchase of Vought Aircraft Company					
Fair value of assets acquired		\$ 722			
Cash paid		(130)			
Liabilities assumed		\$ 592			

The accompanying notes are an integral part of these consolidated financial statements

NORTHROP GRUMMAN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of the corporation and its subsidiaries. All material intercompany accounts, transactions and profits are eliminated in consolidation.

The company's financial statements are in conformity with generally accepted accounting principles. The preparation thereof requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Estimates have been prepared on the basis of the most current and best available information and actual results could differ from those estimates.

Nature of Operations

Northrop Grumman is a major producer of military and commercial aircraft sub-assemblies and defense electronics and is the prime contractor on the U.S. Air Force B-2 Stealth Bomber. The company operates in the military and commercial aircraft, electronics and systems integration, data systems and other services, and missiles and unmanned vehicle systems industry segments within the broadly defined aerospace industry. The majority of the company's products and services are sold to the U.S. Government and the company is therefore affected by the federal budget process and the competition in the aerospace and defense environment.

Sales to the U.S. Government (including foreign military sales) are reported within each industry segment and in total in the Selected Financial Data. The company does not conduct a significant volume of activity through foreign operations or in foreign currencies.

Descriptions of the company's principal products and services along with industry segment data, which is considered to be an integral part of these financial statements, can be found in the Management's Discussion and Analysis section of this report. Intersegment sales are transacted at cost incurred with no profit added. Operating profit is defined to include the Other Income earned by each industry segment, but to exclude costs allocated to segments for General Corporate Expenses and State and Local Income Taxes. For segment reporting, the amount of the costs of retiree benefit plans (pension and nonpension) allocable to contracts as determined by government cost accounting standards captioned Retiree Benefit Cost Included in Contract Costs and the income(cost) of retiree benefit plans (pension and nonpension) as calculated in conformity with financial accounting standards captioned Retiree Benefit Income(Cost) are shown separately from general corporate expenses so as not to distort operating profit as reported by industry segment. General corporate assets include cash and cash equivalents, corporate office furnishings and equipment, other unallocable property, investments in affiliates, prepaid pension

cost, intangible pension asset, benefit trust fund assets and certain assets held for sale.

NORTHROP GRUMMAN CORPORATION

Sales
Sales under cost-reimbursement, service, research and development, and construction-type contracts are recorded as costs are incurred and include estimated earned fees or profits calculated on the basis of the relationship between costs incurred and total estimated costs (cost-to-cost type of percentage-of-completion method of accounting). Construction-type contracts embrace those fixed-price type contracts that provide for the delivery at a low volume per year or a small number of units after a lengthy period of time over which a significant amount of costs have been incurred. Sales under other types of contracts are recorded as deliveries are made and are computed on the basis of the estimated final average unit cost plus profit (units-of-delivery type of percentage-of-completion method of accounting).

Certain contracts contain provisions for price redetermination or for cost and/or performance incentives. Such redetermined amounts or incentives are included in sales when the amounts can reasonably be determined. In the case of the B-2 bomber production contract, future changes in operating margin will be recognized on a units-of-delivery basis and recorded as each equivalent production unit is delivered. Amounts representing contract change orders, claims or limitations in funding are included in sales only when they can be reliably estimated and realization is probable. In the period in which it is determined that a loss will result from the performance of a contract, the entire amount of the estimated ultimate loss is charged against income. Loss provisions are first offset against costs that are included in assets, with any remaining amount reflected in Other Current Liabilities. Other changes in estimates of sales, costs, and profits are recognized using the cumulative catch-up method of accounting. This method recognizes in the current period the cumulative effect of the changes on current and prior periods. Hence, the effect of the changes on future periods of contract performance is recognized as if the revised estimates had been the original estimates.

Contract Research and Development
Customer-sponsored research and development costs (direct and indirect costs incurred pursuant to contractual arrangements) are accounted for like other contracts.

Noncontract Research and Development
This category includes independent research and development costs and company-sponsored research and development costs (direct and indirect costs not recoverable under contractual arrangements). Independent research and development (IR&D) costs are included in administrative and general expenses (indirect costs allocable to U.S. Government contracts) while company-sponsored research and development costs are charged against income as incurred.

NORTHROP GRUMMAN CORPORATION

Environmental Costs
Environmental liabilities are accrued when the company determines its responsibility for cleanup costs and such amounts are reasonably estimable. When only a range of amounts is established and no amount within the range is better than another, the minimum amount in the range is recorded. The company does not anticipate and record insurance recoveries before collection is probable.

Interest Rate Swap Agreements
The company may enter into interest rate swap agreements to offset the variable rate characteristic of certain variable rate term loans outstanding under the company's Credit Agreement. Interest on these interest rate swap agreements is recognized as an adjustment to interest expense in the period incurred.

Income Taxes
Provisions for federal, state and local income taxes are calculated on reported financial statement pretax income based on current tax law and also include, in the current period, the cumulative effect of any changes in tax rates from those used previously in determining deferred tax assets and liabilities. Such provisions differ from the amounts currently payable because certain items of income and expense are recognized in different time periods for financial reporting purposes than for income tax purposes. The company accounts for certain contracts in process using different methods of accounting for financial statements and tax reporting and thus provides deferred taxes on the difference between the financial and taxable income reported during the performance of such contracts.

State and local income and franchise tax provisions are included in administrative and general expenses.

Earnings per Share
Earnings per share are based on the weighted average number of shares of common stock outstanding during each period, after giving recognition to stock splits and stock dividends. The dilutive effect of common stock equivalents, shares under stock options, was insignificant.

Cash and Cash Equivalents
Cash and cash equivalents include interest-earning debt instruments that

mature in three months or less from the date purchased.

Accounts Receivable

Accounts receivable include amounts billed and currently due from customers under all types of contracts; amounts currently due but unbilled (primarily related to contracts accounted for under the cost-to-cost type of percentage-of-completion method of accounting), certain estimated contract changes, claims in negotiation and amounts retained by the customer pending contract completion.

NORTHROP GRUMMAN CORPORATION

Inventoried Costs

Inventoried costs primarily relate to work in process under fixed-price type contracts (excluding those included in unbilled accounts receivable as previously described). They represent accumulated contract costs less the portion of such costs allocated to delivered items. Accumulated contract costs include direct production costs, factory and engineering overhead, production tooling costs, and allowable administrative and general expenses (except for general corporate expenses and IR&D allocable to commercial contracts, which are charged against income as incurred).

In accordance with industry practice, inventoried costs are classified as a current asset and include amounts related to contracts having production cycles longer than one year.

Depreciable Properties

Property, plant and equipment owned by the company are depreciated over the estimated useful lives of individual assets. Capital leases providing for the transfer of ownership upon their expiration or containing bargain purchase options are amortized over the estimated useful lives of individual assets. Most of these assets are depreciated using declining-balance methods, with the remainder using the straight-line method, with the following lives:

	Years
Land improvements	4-25
Buildings	4-45
Machinery and other equipment	2-20
Leasehold improvements	Length of lease

Goodwill and Other Purchased Intangible Assets

Goodwill and other purchased intangible assets are amortized on a straight-line basis over periods of 40 years and a weighted average 23 years, respectively. Goodwill and other purchased intangibles balances are included in the identifiable assets of the industry segment to which they have been assigned and amortization is charged against the respective industry segment operating profit. The future profitability and cash flow of the operations to which they relate are evaluated annually. These factors, along with management's plans with respect to the operations are considered in assessing the recoverability of goodwill and other purchased intangibles.

NORTHROP GRUMMAN CORPORATION

Acquisitions

In April 1994, the company purchased the outstanding stock of Grumman Corporation (Grumman) at a cost of \$2.1 billion and financed the transaction mainly with new borrowings. The operations of Grumman since acquisition are included in the industry segments to which products are associated.

In August 1994 the company purchased the remaining 51 percent interest in Vought Aircraft Company (Vought) for \$130 million cash. The company had previously purchased a 49 percent interest in Vought for \$45 million in September 1992. The operations of Vought since August 1994 are included in the military and commercial aircraft industry segment.

The purchase method of accounting was used to record both acquisitions with estimated fair values being assigned to assets and liabilities. The excess of the purchase price over the net tangible assets acquired was assigned to identifiable intangible assets and the balance to goodwill.

The following unaudited proforma financial information combines Northrop's, Grumman's and Vought's results of operations as if the acquisitions had taken place on January 1, 1993, and is not necessarily indicative of future operating results for Northrop Grumman.

\$ in millions, except per share	1994	1993
Sales	\$7,770	\$8,653
Net income	57	112
Earnings per share	1.16	2.33

ACCOUNTS RECEIVABLE

Unbilled amounts represent sales for which billings have not been presented to customers at year end, including differences between actual and estimated overhead and margin rates. These amounts are usually billed and collected within one year, progress payments are however received on a number of fixed-price contracts accounted for using the cost-to-cost type percentage-of-completion method.

Amounts due upon contract completion are retained by customers until work is completed and customer acceptance is obtained.

The company entered into an agreement in 1995 with a financial institution to sell designated pools of its commercial accounts receivables, with limited recourse, in amounts up to \$75 million. Under the agreement, new receivables are sold as previously sold amounts are collected. The accounts receivable are sold at a loss which is included in

cost of sales in the period incurred. The company acts as an agent for the purchaser by performing record keeping and collection function. At December 31, 1995, \$34 million of accounts receivable had been sold.

Accounts receivable at December 31, 1995, are expected to be collected in 1996 except for approximately \$93 million due in 1997 and \$29 million due in 1998 and later. These amounts principally relate to long-term contracts with the U.S. Government.

Allowances for doubtful amounts represent mainly estimates of overhead type costs which may not be successfully negotiated and collected.

NORTHROP GRUMMAN CORPORATION

Accounts receivable were comprised of the following:

\$ in millions	1995	1994	1993	1992	1991
Due from U.S. Government, long-term contracts					
Current accounts					
Billed	\$ 261	\$ 420	\$ 65	\$ 82	\$ 70
Unbilled	3,235	3,140	3,050	3,100	3,518
Progress payments received	(2,426)	(2,532)	(2,410)	(2,467)	(2,777)
Net current accounts	1,070	1,028	705	715	811
Due upon contract completion	9	55	14	19	4
	1,079	1,083	719	734	815
Due from other customers, long-term contracts					
Current accounts					
Billed	14	74	66	31	37
Unbilled	50	41	43	48	15
	64	115	109	79	52
Total due, long-term contracts	1,143	1,198	828	813	867
Trade and other accounts receivable					
Due from U.S. Government	61	34	36	28	38
Due from other customers	61	34	13	7	7
Total due, trade and other	122	68	49	35	45
	1,265	1,266	877	848	912
Allowances for doubtful amounts	(68)	(64)	(57)	(57)	(52)
	\$ 1,197	\$ 1,202	\$ 820	\$ 791	\$ 860

INVENTORIED COSTS

Inventoried costs were comprised of the following:

\$ in millions	1995	1994	1993	1992	1991
Production costs of contracts in process	\$ 1,033	\$ 1,384	\$ 800	\$ 920	\$ 976
Administrative and general expenses	166	270	95	109	106
	1,199	1,654	895	1,029	1,082
Progress payments received	(428)	(611)	(326)	(359)	(389)
	\$ 771	\$ 1,043	\$ 569	\$ 670	\$ 693

Inventoried costs relate to long-term contracts in process and include expenditures for raw materials and work in process beyond what is required for recorded orders. These expenditures are incurred to help maintain stable and efficient production schedules. However, no material amount representing claims, learning curve, unamortized tooling or other deferred costs is included in inventoried costs.

The ratio of inventoried administrative and general expenses to total inventoried costs is assumed to be the same as the ratio of total administrative and general expenses to total contract costs.

According to the provisions of U.S. Government contracts, the customer has title to, or a security interest in, substantially all inventories related to such contracts.

NORTHROP GRUMMAN CORPORATION

INCOME TAXES

Income tax expense, both federal and foreign (which arises primarily from work performed abroad by domestic operations), was comprised of the following:

\$ in millions	1995	1994	1993	1992	1991
Currently payable					
Federal income taxes	\$ 76	\$ 61	\$ 41	\$ 7	\$ 11
Foreign income taxes	1	1	1	1	11
	77	62	42	8	11
Change in deferred federal income taxes	80	(32)	32	51	(2)
	\$ 157	\$ 30	\$ 74	\$ 59	\$ 9

Income tax expense differs from the amount computed by multiplying the statutory federal income tax rate times the income before income taxes due to the following:

\$ in millions	1995	1994	1993	1992	1991
Income tax expense at statutory rate	\$ 143	\$ 23	\$ 59	\$ 61	\$ 94
Goodwill amortization	13	9			
Provision for nondeductible expenses	4	4	1	1	8
Benefit from ESOP dividends	(3)	(4)	(4)	(3)	(3)
Dividend exclusion		(2)			
Retroactive effect of statutory rate increase			18		
Research and experimentation tax credit					(90)
	\$ 157	\$ 30	\$ 74	\$ 59	\$ 9

The research and experimentation tax credit shown for 1991 was the result of an internal company study that determined the amount earned over the years 1981 through 1990 in excess of the amount previously recognized for those years pending final government regulations which were not issued until 1989.

Deferred income taxes arise because of differences in the treatment of income and expense items for financial reporting and income tax purposes. The principal type of temporary difference stems from the recognition of income on contracts being reported under different methods for tax purposes than for financial reporting. Effective January, 1991, the company adopted FASB Statement No. 109 - Accounting for Income Taxes.

The tax effects of significant temporary differences and carryforwards that gave rise to year-end deferred federal and state tax balances, as categorized in the Consolidated Statements of Financial Position, were as follows:

NORTHROP GRUMMAN CORPORATION

\$ in millions	1995	1994	1993	1992	1991
Deferred tax assets					
Deductible temporary differences					
Retiree benefit plan expense	\$ 421	\$ 409	\$ 21	\$ 21	\$ 16
Provision for estimated expenses	25	39	28	27	26
Income on contracts	14	17	21	13	8
Other	35	52	2	2	3
	495	517	72	63	53
Taxable temporary differences					
Purchased intangibles	(124)	(133)			
Excess tax over book depreciation	(71)	(94)			
Retiree benefit plan income	(18)	(48)	(19)	(15)	(7)
Administrative and general expenses period costed for tax purposes	(2)	(1)		(3)	(6)
	(215)	(276)	(19)	(18)	(13)
	\$ 280	\$ 241	\$ 53	\$ 45	\$ 40
Deferred tax liabilities					
Taxable temporary differences					
Income on contracts	\$ 795	\$ 744	\$ 811	\$ 789	\$ 772
Administrative and general expenses period costed for tax purposes	1	18	18	18	19
Retiree benefit plan income			94	64	33
Excess tax over book depreciation	2		70	89	93
Other	15	9			
	813	771	993	960	917
Deductible temporary differences					
Provision for estimated expenses	(117)	(145)	(135)	(120)	(116)
Retiree benefit plan expense	(2)	(2)	(106)	(93)	(76)
Other			(9)	(11)	(17)
	(119)	(147)	(250)	(224)	(209)
Tax carryforwards					
Tax credits	(102)	(105)	(129)	(140)	(150)
Alternative minimum tax credit	(90)	(90)	(87)	(40)	(21)
Operating losses			(54)	(117)	(151)
	(192)	(195)	(270)	(297)	(322)
	\$ 502	\$ 429	\$ 473	\$ 439	\$ 386
Net deferred tax liability					
Total deferred tax liabilities (taxable temporary differences above)	\$ 1,028	\$ 1,047	\$ 1,012	\$ 978	\$ 930
Less total deferred tax assets (deductible temporary differences and tax carryforwards above)	806	859	592	584	584
	\$ 222	\$ 188	\$ 420	\$ 394	\$ 346

The tax carryforward benefits are expected to be used in the periods that net deferred tax liabilities mature. The expiration dates for these tax credit carryforwards are in various amounts over the years 1996 through 2007. The alternative minimum tax credit can be carried forward indefinitely.

NORTHROP GRUMMAN CORPORATION

NOTES PAYABLE TO BANKS AND LONG-TERM DEBT

The company has available short-term credit lines in the form of money market facilities with several banks. The amount and conditions for borrowing under these credit lines depend on the availability and terms prevailing in the marketplace. No fees or compensating balances are required for these credit facilities. At December 31, 1995, \$65 million was outstanding at a weighted average interest rate of 6.15 percent. At December 31, 1994, \$171 million was outstanding at a weighted average interest rate of 7 percent.

Additionally, the company has a credit agreement with a group of domestic and foreign banks. The Credit Agreement provides for two credit facilities: \$800 million available on a revolving credit basis through March 1999 and a floating interest rate term loan payable quarterly through March 1999.

In December 1994 the company amended the Credit Agreement to provide for repayment of the \$1 billion balance of the term loan in 14 quarterly installments of \$62.5 million plus interest beginning in September 1995, with a final installment of \$125 million due in March 1999. During 1995 the company made the \$125 million required term loan payments as well as \$312 in voluntary prepayments for amounts which were due through March 1997. The borrowings under the term loans bear interest at various rates generally equal to the London Interbank Offered Rate (LIBOR) plus .43 percent. At December 31, 1995, \$563 million was outstanding at a weighted average interest rate of 6.31 percent. Principal payments permanently reduce the amount available under this agreement as well as the debt outstanding.

In 1995 there were no borrowings under the company's revolving credit facility. The company paid an average facility fee in 1995 of .18 percent per annum on the total amount of the revolving credit facility. Under these agreements, in the event of a "change in control," the banks are relieved of their commitments. Compensating balances are not required under these agreements.

The company's credit agreements contain restrictions relating to the payment of dividends, acquisition of the company's stock, aggregate indebtedness for borrowed money and the maintenance of shareholders' equity. At December 31, 1995, \$413 million of retained earnings were unrestricted as to the payment of dividends. Total indebtedness for all types of borrowed money is limited under the company's credit agreement covenants. At December 31, 1995, indebtedness was limited to \$3.1 billion.

NORTHROP GRUMMAN CORPORATION

Long-term debt consisted of the following:

\$ in millions	1995	1994	1993	1992	1991
Notes due 1999, 8.4%	\$ 143	\$ 153	\$	\$	\$
Notes due 2004, 8.625%	350	350			
Debentures due 2024, 9.375%	250	250			
Notes payable to institutional investors			160	370	370
Mortgages and notes payable at rates from 9.5% to 12.5% with maturities through 2001	1	10			
Term loans payable to banks due in quarterly installments through 1999 at floating rates	563	1,000			
Term loans payable to banks at floating rates				40	180
	1,307	1,763	160	410	550
Less current portion	144	130		250	80
	\$ 1,163	\$ 1,633	\$ 160	\$ 160	\$ 470

In November 1995 the notes due in 1999 were called for redemption at face value, on January 2, 1996. The December 31, 1995 balance of \$143 million was classified as current. The debentures due in 2024 are callable after October 15, 2004 at a premium of 4 percent declining to par after 2013.

The principal amount of long-term debt outstanding at December 31, 1995, is due in: 1997 - \$188 million, 1998 - \$250 million, 1999 - \$125 million and after five years \$600 million.

NORTHROP GRUMMAN CORPORATION

FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the company in estimating its fair value disclosures for financial instruments:

The carrying amount reported in the consolidated Statements of Financial Position for Cash and Cash Equivalents, Accounts Receivable

and amounts borrowed under the company's short-term credit lines approximate their fair value.

The fair value of the long-term debt was calculated based on interest rates available for debt with terms and due dates similar to the company's existing debt arrangements.

The company has limited involvement with financial instruments and does not use them for trading purposes. To mitigate the variable rate characteristic of the term loans, the company entered into interest rate swap agreements through May 1997 with several banks resulting in a fixed interest rate of 6.47 percent on a notional amount of \$300 million at December 31, 1995 and \$200 million at December 31, 1994. Unrealized gain(loss) on interest rate swap agreements are calculated based upon the amounts at which they could be settled at current interest rates. The unrealized market gain(loss) on interest rate swaps was \$(7) million and \$7 million at December 31, 1995 and 1994 respectively. The institutions have options to extend \$200 million of the swaps through May 1998. The company anticipates that the banks will fully satisfy their obligations under the arrangements.

Carrying amounts and the related estimated fair values of the company's financial instruments at December 31 of each year are as follows:

\$ in millions	1995	1994	1993	1992
Cash and Cash Equivalents				
Carrying amount	\$ 18	\$ 17	\$ 100	\$ 230
Fair value	18	17	100	230
Accounts Receivable				
Carrying amount	1,197	1,202	820	791
Fair value	1,197	1,202	820	791
Notes payable				
Carrying amount	65	171		100
Fair value	65	171		100
Long-term debt				
Carrying amount	1,307	1,763	160	410
Fair value	1,405	1,758	160	443
Interest rate swap agreements				
Notional amount	300	200		
Unrealized gains(losses)	(7)	7		

NORTHROP GRUMMAN CORPORATION

RETIREMENT BENEFITS

The company sponsors several defined-benefit pension plans covering substantially all employees. Pension benefits for most employees are based on the employee's years of service and compensation during the last ten years before retirement. It is the policy of the company to fund at least the minimum amount required for all qualified plans, using actuarial cost methods and assumptions acceptable under U.S. Government regulations, by making payments into a trust separate from the company. Four of the company's seven qualified plans which cover over 80 percent of all employees, were in a legally defined full-funding limitation status at December 31, 1995. To protect the assets in the master trust from a "change in control" the trust agreement and the Northrop Grumman Pension Plan were appropriately amended during 1991.

The company and subsidiaries also sponsor defined-contribution plans in which most employees are eligible to participate. Company contributions, up to 4 percent of compensation, are based on a matching of employee contributions.

In addition, the company and its subsidiaries provide certain health care and life insurance benefits for retired employees. Employees achieve eligibility to participate in these contributory plans upon retirement from active service and if they meet specified age and years of service requirements. Election to participate must be made at the date of retirement. Qualifying dependents are also eligible for medical coverage. Approximately 85 percent of the company's current retirees participate in the medical plans. The cost and funded status for the medical and life benefits are combined in the tables that follow because (1) life benefits constitute an insignificant amount of the combined cost, and (2) for those plans with assets, the assets in trust for each plan can be used to pay benefits under either plan. Plan documents reserve the company's right to amend or terminate the plans at any time. Premiums charged retirees for medical coverage are based on years of service and are adjusted annually for changes in the cost of the plans as determined by an independent actuary. In addition to this medical inflation cost-sharing feature, the plans also have provisions for deductibles, copayments, coinsurance percentages, out-of-pocket limits, schedule of reasonable fees, managed care providers, maintenance of benefits with other plans, Medicare carve-out and a maximum lifetime benefit of from \$250,000 to \$1,000,000 per covered individual. It is the policy of the company to fund the maximum amount deductible for income taxes into the VEBA trust established for the Northrop Retiree Health Care Plan for Retired Employees for payment of benefits. The company elected to implement the accounting standard, FASB Statement No. 106 - Employer's Accounting for Postretirement Benefits Other Than Pensions, for 1991 by immediately recognizing the January 1, 1991, accumulated postretirement benefit obligation of \$437 million. This amount was offset by \$292 million, the fair value of plan assets held in trust outside the company, in recording a net obligation and pretax charge to operations of \$145 million.

The cost to the company of these plans in each of the last five years is shown in the following table.

\$ in millions	1995	1994	1993	1992	1991
Defined benefit pension plans					
Actual return on assets	\$(1,856)	\$ 25	\$ (449)	\$ (298)	\$ (825)
Deferral of actual return on assets	1,233	(541)	153	38	604
Expected return on assets	(623)	(516)	(296)	(260)	(221)
Service cost	125	176	104	99	88
Interest cost	520	372	190	175	158
Amortization of unrecognized items					
Transition asset, net	(42)	(42)	(42)	(42)	(42)
Prior service costs	31	14	15	13	14
Net gain from previous years	(34)	(40)	(42)	(68)	(20)
Net periodic pension income	\$ (23)	\$ (36)	\$ (71)	\$ (83)	\$ (23)
Defined contribution plans	\$ 54	\$ 59	\$ 47	\$ 48	\$ 45
Retiree health care and life insurance benefit plans					
Actual return on assets	\$ (95)	\$ 22	\$ (19)	\$ (10)	\$ (85)
Deferral of actual return on assets	76	(42)	(1)	(10)	69
Expected return on assets	(19)	(20)	(20)	(20)	(16)
Service cost	20	28	21	25	24
Interest cost	89	61	37	39	39
Amortization of unrecognized gain from previous years	(3)	(2)	(6)	(3)	
Excess dependent cost		2			
Net periodic postretirement benefit cost	\$ 87	\$ 69	\$ 32	\$ 41	\$ 47

In addition to the net periodic pension income and postretirement benefit cost, in 1994 the company recognized the effect of an early retirement incentive program of \$250 million for pension and \$32 million for postretirement benefits. The total \$282 million effect on the company's 1994 operating margin is shown in the Consolidated Statements of Income under the caption Special Termination Benefits.

NORTHROP GRUMMAN CORPORATION

Major assumptions as of each year-end used in the accounting for the defined-benefit plans are shown in the following table. Pension cost is determined using all three factors as of the end of the preceeding year, whereas the funded status of the plans, shown later, uses only the first two factors, as of the end of each year.

	1995	1994	1993	1992	1991
Discount rate for obligations	7.00%	8.25%	7.00%	8.00%	8.00%
Rate of increase for compensation	5.00	5.25	5.50	5.50	5.50
Expected long term rate of return on plan assets	9.00	8.75	8.25	8.25	8.25

These assumptions were also used in retiree health care and life insurance benefit calculations with one modification. Since, unlike the pension trust, the earnings of the VEBA trust are taxable, the above 9 percent expected rate of return on plan assets was reduced accordingly to 5.25 percent after taxes. A significant factor used in estimating future per capita cost, for the company and its retirees, of covered health care benefits is the health care cost trend rate assumption. The rate used was 8 percent for 1995 and is assumed to decrease gradually to 6 percent for 2006 and remain at that level thereafter. An additional one-percentage-point of increase each year in that rate would result in an \$11 million annual increase in the aggregate of the service and interest cost components of net periodic postretirement benefit cost, and a \$113 million increase in the accumulated postretirement benefit obligation at December 31, 1995.

The following tables set forth the funded status and amounts recognized in the Consolidated Statements of Financial Position at each year-end for the company's defined-benefit pension and retiree health care and life insurance benefit plans. The summary showing pension plans whose accumulated benefits are in excess of assets at December 31, 1995, is comprised of two qualified plans along with thirteen unfunded nonqualified plans for benefits provided to directors, officers and employees either beyond those provided by, or payable under, the company's main plans.

The company changed the discount rate for obligations and rate of increase for compensation assumptions in calculating the funded status of the plans at December 31, 1995. The changes resulted in a \$922 million increase in the projected benefit obligation for pension plans and a \$167 million increase in the accumulated postretirement benefit obligation.

NORTHROP GRUMMAN CORPORATION

\$ in millions	1995	1994	1993	1992	1991
----------------	------	------	------	------	------

Pension plans whose assets exceed accumulated benefits					
Actuarial present value of benefit obligations					
Vested benefits	\$ 6,572	\$ 2,487	\$ 2,059	\$ 1,690	\$ 1,538
Nonvested benefits	320	228	175	153	147
Accumulated benefit obligations	6,892	2,715	2,234	1,843	1,685
Effect of assumed salary rate increases	469	409	453	421	387
Projected benefit obligations	7,361	3,124	2,687	2,264	2,072
Less market value of plan assets	8,319	4,210	3,970	3,642	3,458
Excess of assets over projected benefit obligations	(958)	(1,086)	(1,283)	(1,378)	(1,386)
Unrecognized items					
Net transition asset	289	332	374	415	458
Prior service costs	(286)	(307)	(114)	(133)	(135)
Net gain	921	897	764	916	972
Accrued retiree benefits pension asset included in Consolidated Statements of Financial Position					
	\$ (34)	\$ (164)	\$ (259)	\$ (180)	\$ (91)
Pension plans whose accumulated benefits exceed assets					
Actuarial present value of benefit obligations					
Vested benefits	\$ 311	\$ 2,865	\$ 57	\$ 33	\$ 32
Nonvested benefits	8	252	3		
Accumulated benefit obligations	319	3,117	60	33	32
Effect of assumed salary rate increases	15	16	19	3	3
Projected benefit obligations	334	3,133	79	36	35
Less market value of plan assets	177	2,872	16		
Excess of projected benefit obligations over assets	157	261	63	36	35
Unrecognized items					
Net transition obligation	(3)	(4)	(5)	(4)	(5)
Prior service costs	(5)	(8)	(14)	5	(7)
Net gain(loss)	(31)	1	(7)	(3)	9
Additional minimum liability	29	6	12	7	3
Accrued retiree benefits liability included in Consolidated Statements of Financial Position					
	\$ 147	\$ 256	\$ 49	\$ 41	\$ 35

NORTHROP GRUMMAN CORPORATION

Pension plan assets at December 31, 1995, were comprised of 50 percent domestic equity type investments in listed companies (including four percent in Northrop Grumman common stock), 13 percent equity investments listed on international exchanges, eight percent in cash and venture capital real estate and 29 percent in fixed income type investments, principally U.S. Government securities. The investment in Northrop Grumman represents 5,974,826 shares, or 12 percent of the company's total shares outstanding.

Effective January 1, 1995, the company adopted amendments to two of the company's retirement plans to cap the maximum years of service credit that an employee can earn and adjusted the amount of service credit earned each year. The effect of these changes was to increase the projected benefit obligation at December 31, 1994 by \$210 million.

\$ in millions	1995	1994	1993	1992	1991
Retiree health care and life insurance benefit plans					
Accumulated postretirement benefit obligation (APBO)					
Retirees	\$ 960	\$ 575	\$ 274	\$ 243	\$ 240
Fully eligible active employees	88	172	86	82	97
Active employees not yet eligible	288	258	192	194	172
	1,336	1,005	552	519	509
Less market value of plan assets	433	353	373	369	372
Excess of APBO over assets	903	652	179	150	137
Unrecognized items					
Prior service cost	(1)				
Net gain(loss)	(15)	156	74	72	45
Accrued retiree benefits liability included in Consolidated Statements of Financial Position					
	\$ 887	\$ 808	\$ 253	\$ 222	\$ 182

Retiree health care and life insurance plan assets at December 31, 1995, were almost entirely comprised of equity type investments in listed companies.

CONTINGENCIES

The corporation and its subsidiaries have been named as defendants in various legal actions. Based upon available information, it is the company's expectation that those actions are either without merit or will have no material adverse effect on the company's results of operations or financial position. Minimum rental commitments under long-term noncancellable operating leases total \$158 million which is payable as follows; 1996 - \$47 million, 1997 - \$35 million, 1998 - \$24 million, 1999 - \$19 million, and 2000 - \$11 million, and 2001 and thereafter - \$22 million.

STOCK RIGHTS

On September 21, 1988, the company adopted a Common Stock Purchase Rights plan. One right for each outstanding share of common stock was issued to shareholders of record on October 5, 1988. The rights will become exercisable on the tenth business day after a person or group has acquired 15 percent or more of the general voting power of the company, or announces an intention to make a tender offer for 30 percent or more of such voting power, without the prior consent of the Board of Directors. If the rights become exercisable, a holder will be entitled to purchase one share of common stock from the company at an initial exercise price of \$105.

If a person acquires more than 15 percent of the then outstanding voting power of the company or if the company is combined with an acquiror, each right will entitle its holder to receive, upon exercise, shares of the company's or the acquiror's (depending upon which is the surviving company) common stock having a value equal to two times the exercise price of the right.

The company will be entitled to redeem the rights at \$.02 per right at any time prior to the earlier of the date that a person has acquired or obtained the right to acquire 15 percent of the general voting power of the company or the expiration of the rights in October 1998. The rights are not exercisable until after the date on which the company's prerogative to redeem the rights has expired. The rights do not have voting or dividend privilege and cannot be traded independently from the company's common stock until such time as they become exercisable.

LONG-TERM INCENTIVE STOCK PLAN

The company's 1993 Long-Term Incentive Stock Plan(LTISP) provides for stock options, stock appreciation rights (SARs) and stock awards to key employees. This plan added 2,300,000 shares, of which up to one-half may be in the form of stock awards, to the pool available for future grants. The 1993 LTISP was amended in 1995, adding 1,800,000 shares, along with 300,000 shares added from the adoption of a stock option plan for non-employee directors, to the pool available for grants. The number of shares reserved for future grants shown in the following table reflects both stock options and stock awards.

Stock awards, in the form of restricted performance stock rights, are granted to key employees without payment to the company. Recipients of the rights earn shares of stock based on a total shareholder return measure of performance over a five year period with interim distributions beginning three years after grant. If at the end of the five year period the performance objectives have not been met, 70 percent of the original grant will be forfeited. Compensation expense is estimated and accrued over the vesting period.

Each grant of a stock option is made at the closing market price on the date of the grant. When stock options are exercised, the amount of the cash proceeds to the company is added to paid-in capital. Under current accounting standards there are no additions to or deductions from income in connection with these options.

Termination of employment can result in forfeiture of some or all of the benefits extended under the plans.

NORTHROP GRUMMAN CORPORATION

Stock option activity for the last five years is summarized below:

	Shares Under Option	Shares Exercisable	Shares Reserved for Future Grants
Outstanding at January 1, 1991, nonstatutory options with 1,800,000 SARs, at \$15 to \$47 per share	2,846,320	1,491,420	1,161,149
Granted	67,000		
Cancelled	(54,420)		
Exercised or surrendered, at \$17 to \$19 per share	(35,030)		
Outstanding at December 31, 1991, nonstatutory options with 1,800,000 SARs, at \$15 to \$47 per share	2,823,870	1,841,070	1,152,902
Granted	635,700		
Cancelled	(43,380)		
Exercised or surrendered, at \$16 to \$29 per share	(281,660)		
Outstanding at December 31, 1992, nonstatutory options at \$15 to \$47 per share	3,134,530	1,798,550	413,780
Granted	515,300		
Cancelled	(96,640)		
Exercised or surrendered, at \$15 to \$30 per share	(1,405,330)		
Outstanding at December 31, 1993, nonstatutory options at \$15 to \$36 per share	2,147,860	738,300	1,618,640
Granted	708,700		
Cancelled	(61,215)		
Exercised or surrendered, at \$15 to \$36 per share	(265,430)		
Outstanding at December 31, 1994, nonstatutory			

options at \$15 to \$43 per share	2,529,915	817,660	816,485
Granted	762,500		
Cancelled	(130,885)		
Exercised or surrendered, at \$15 to \$43 per share	(170,810)		
Outstanding at December 31, 1995, nonstatutory options at \$15 to \$62 per share	2,990,720	1,064,925	2,297,775

NORTHROP GRUMMAN CORPORATION

SUBSEQUENT EVENT

On January 3, 1996 the company entered into a definitive agreement to acquire the defense and electronics systems business of Westinghouse Electric Corporation for \$3 billion in cash. The company has obtained bank commitments totaling \$4.8 billion to finance the transaction and replace its current credit agreement. The transaction is subject to normal governmental and regulation reviews and is expected to close in March 1996.

UNAUDITED SELECTED QUARTERLY DATA

Quarterly financial results, previously reported are set forth in the following tables together with dividend and common stock price data.

1995 Quarters, \$ in millions, except per share	4	3	2	1
Net sales	\$1,812	\$1,630	\$1,759	\$1,617
Operating margin	121	131	167	117
Net income	58	61	79	54
Earnings per share	1.17	1.25	1.59	1.10
Dividend per share	.40	.40	.40	.40
Stock price:				
High	64 1/4	62 5/8	54	49 3/4
Low	56	51 7/8	47	39 3/4

The operating margin in the second quarter of 1995 benefited from a net \$34 million in cumulative operating margin adjustments. Positive adjustments on the B-2 stealth bomber and C-17 military transport programs were partially offset by a downward adjustment on the Boeing 747 jetliner program. The 747 adjustment reflected cost increases related to the stretch-out of the current production contract, which is now scheduled to conclude in the fall of 1996. The B-2 adjustment was made as a result of negotiated contract adjustments and a revised estimate of the overall operating margin expected to be earned on the B-2 production contract. The positive adjustment on the C-17 reflected improved operating performance on this program.

1994 Quarters, \$ in millions, except per share	4	3	2	1
Net sales	\$1,880	\$1,927	\$1,686	\$1,218
Operating margin(loss)	(107)	99	126	81
Net income(loss)	(121)	39	65	52
Earnings(loss) per share	(2.45)	.79	1.33	1.05
Dividend per share	.40	.40	.40	.40
Stock price:				
High	47 3/8	45 3/8	39 3/4	45 7/8
Low	40 1/4	35 3/4	34 1/2	36 7/8

Operating margin(loss) for the first three quarters of 1994 has been restated to reflect the reclassification of losses on disposals of machinery and other equipment previously included in the "Other, net" classification in the Consolidated Statements of Income. The operating loss in the fourth quarter of 1994 resulted from a \$282 million charge for a voluntary early retirement incentive program offered in 1994 and a \$42 million provision for the planned disposal of real estate and other assets.

The corporation's common stock is traded on the New York and Pacific Stock Exchanges (trading symbol NOC). The approximate number of holders of record of the corporation's common stock at January 31, 1996, was 10,858.

NORTHROP GRUMMAN CORPORATION

INDEPENDENT AUDITORS' REPORT

Board of Directors and Shareholders
Northrop Grumman Corporation
Los Angeles, California

We have audited the accompanying consolidated statements of financial position of Northrop Grumman Corporation and Subsidiaries as of December 31 for each of the years 1991 through 1995, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended. Our audits also included the financial statement schedule listed in the Index at Item 14. These financial statements and financial statement schedule are the responsibility of the company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial

statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Northrop Grumman Corporation and Subsidiaries at December 31 for each of the years 1991 through 1995, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in the footnotes to the consolidated financial statements, in 1991 the company changed its method of computing income taxes by adopting Financial Accounting Standards Board Statement No. 109 - Accounting for Income Taxes and its accounting for nonpension benefit plans by adopting Financial Accounting Standards Board Statement No. 106 - Employers' Accounting for Postretirement Benefits Other Than Pensions.

Deloitte & Touche LLP
Los Angeles, California
February 7, 1996
NORTHROP GRUMMAN CORPORATION

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure
No information is required in response to this Item.

PART III

Item 10. Directors and Executive Officers of the Registrant
The information as to Directors will be incorporated herein by reference to the Proxy Statement for the 1996 Annual Meeting of Stockholders to be filed within 120 days after the end of the company's fiscal year.

The information as to Executive Officers is contained in Part I of this report as permitted by General Instruction G(3).

Item 11. Executive Compensation
The information required by this Item will be incorporated herein by reference to the Proxy Statement for the 1996 Annual Meeting of Stockholders to be filed within 120 days after the end of the company's fiscal year.

Item 12. Security Ownership of Certain Beneficial Owners and Management
The information required by this Item will be incorporated herein by reference to the Proxy Statement for the 1996 Annual Meeting of Stockholders to be filed within 120 days after the end of the company's fiscal year.

Item 13. Certain Relationships and Related Transactions
The information required by this Item will be incorporated herein by reference to the Proxy Statement for the 1996 Annual Meeting of Stockholders to be filed within 120 days after the end of the company's fiscal year.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K
(a) 1. Financial Statements
Consolidated Statements of Financial Position
Consolidated Statements of Income
Consolidated Statements of Changes in Shareholders' Equity
Consolidated Statements of Cash Flows
Notes to Consolidated Financial Statements
Independent Auditors' Report
2. Financial Statement Schedule
Schedule II - Valuation and Qualifying Accounts

All other schedules are omitted either because they are not applicable or not required or because the required information is included in the financial statements or notes thereto.

Separate financial statements of the parent company are omitted since it is primarily an operating company and minority equity interests in and/or nonguaranteed long-term debt of subsidiaries held by others than the company are in amounts which together do not exceed 5 percent of the total consolidated assets at December 31, 1995.

NORTHROP GRUMMAN CORPORATION

Exhibits:

- 3(a) Certificate of Incorporation, as amended (incorporated by reference to Form S-3 Registration Statement, filed August 18, 1994)
- 3(b) Northrop Grumman Corporation Bylaws, amended as of May 18, 1994 (incorporated by reference to Form S-3 Registration Statement, filed August 18, 1994) and amended as of August 17, 1994

- 4(a) Common Stock Purchase Rights Agreement (incorporated by reference to Form 8-A filed September 22, 1988, amended on August 2, 1991 (incorporated by reference to Form 8 filed August 2, 1991) and amended on September 28, 1994 (incorporated by reference to Form 8/A-A filed October 7, 1994)
- 4(b) Indenture Agreement dated as of October 15, 1994 (incorporated by reference to Form 8-K filed October 25, 1994)
- 10(a) Northrop Grumman Corporation Amended and Restated Credit Agreement dated as of April 15, 1994, as amended and restated as of April 18, 1994 (incorporated by reference to Report on Form 10-Q filed May 9, 1994), amended as of May 11, 1994, and amended as of December 9, 1994 (incorporated by reference to Form 10-K filed March 21, 1995)
- 10(b) Uncommitted Credit Facility dated October 10, 1994, between Northrop Grumman Corporation and Wachovia Bank of Georgia, N.A., which is substantially identical to facilities between Northrop Grumman Corporation and certain banks some of which are parties to the Credit Agreement filed as Exhibit 10(a) hereto
- *10(c) 1973 Incentive Compensation Plan (incorporated by reference to Form 8-B filed June 21, 1985)
- *10(d) 1973 Performance Achievement Plan (incorporated by reference to Form 8-B filed June 21, 1985)
- *10(e) Northrop Supplemental Plan 2
- *10(f) Northrop Grumman Corporation ERISA Supplemental Plan 1 (incorporated by reference to Form 10-K filed February 28, 1994).
- *10(g) Retirement Plan for Independent Outside Directors (incorporated by reference to Form SE filed March 29, 1991), amended September 21, 1994 (incorporated by reference to Form 10-K filed March 21, 1995)
- *10(h) 1987 Long-Term Incentive Plan, as amended (incorporated by reference to Form SE filed March 30, 1989)
- *10(i) Executive Life Insurance Policy
- *10(j) Executive Accidental Death, Dismemberment and Plegia Insurance Policy
- *10(k) Executive Long-Term Disability Insurance Policy
- *10(l) Key Executive Medical Plan Benefit Matrix
- NORTHROP GRUMMAN CORPORATION
- *10(m) Executive Dental Insurance Policy Group Numbers 5134 and 5135
- *10(n) Group Excess Liability Policy
- *10(o) Northrop Grumman 1993 Long-Term Incentive Stock Plan, as amended (incorporated by reference to Northrop Grumman Corporation Proxy Statement filed March 30, 1995)
- *10(p) Northrop Corporation 1993 Stock Plan for Non-Employee Directors (incorporated by reference to Northrop Corporation 1993 Proxy Statement filed March 30, 1993), amended as of September 21, 1994 (incorporated by reference to Form 10-K filed March 21, 1995)
- *10(q) Northrop Grumman Corporation 1995 Stock Option Plan for Non-Employee Directors (incorporated by reference to 1995 Proxy Statement filed March 30, 1995)
- *10(r) Northrop Corporation Special Severance Pay Agreement (incorporated by reference to Northrop Corporation Report on Form 10-K filed February 28, 1994), amended and restated as of July 13, 1995
- *10(s) Employment Agreement effective January 1, 1996 between Northrop Grumman Corporation and Gordon L. Williams
- *10(t) Executive Deferred Compensation Plan (effective December 29, 1994)
- *10(u) Northrop Grumman Transition Project Incentive Plan (incorporated by reference to Form 10-K filed March 21, 1995)
- 10(v) Agreement and Plan of Merger dated April 3, 1994 (incorporated by reference to Form 8-K filed May 2, 1994)
- 11 Statement Re Computation of Per Share Earnings
- 21 Significant subsidiaries of registrant
- 23 Independent Auditors' Consent
- 24 Power of Attorney
- 27 Financial Data Schedule

(b) No reports on Form 8-K were filed during the last quarter of the period covered by this report.

NORTHROP GRUMMAN CORPORATION

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 23rd day of February 1996.

Northrop Grumman Corporation

By: Nelson F. Gibbs
Nelson F. Gibbs
Corporate Vice President and Controller
(Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed on behalf of the registrant this 23rd day of February 1996, by the following persons and in the capacities indicated.

Signature	Title
Kent Kresa*	Chairman of the Board, President and Chief Executive Officer and Director (Principal Executive Officer)
Jack R. Borsting*	Director
John T. Chain, Jr.*	Director
Jack Edwards*	Director
Aulana L. Peters*	Director
John E. Robson*	Director
Richard R. Rosenberg*	Director
Brent Scowcroft*	Director
John Brooks Slaughter*	Director
Wallace C. Solberg*	Director
Richard J. Stegemeier*	Director
Richard B. Waugh, Jr.*	Corporate Vice President and Chief Financial Officer

*By James C. Johnson
James C. Johnson, Attorney-in-Fact
pursuant to a power of attorney

NORTHROP GRUMMAN CORPORATION

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
(Dollars in Thousands)

COL. A Classification	COL. B Balance at Beginning of Period	COL. C Additions At Cost	COL. D Other Changes-- Add (Deduct)(1)	COL. E Balance at End of Period
Description:				
Year ended December 31, 1991				
Reserves and allowances deducted from asset accounts:				
Allowances for doubtful amounts	\$82,081	\$ 8,900	\$(38,980)	\$52,001
Year ended December 31, 1992				
Reserves and allowances deducted from asset accounts:				
Allowances for doubtful amounts	\$52,001	\$ 7,571	\$(2,412)	\$57,160
Year ended December 31, 1993				
Reserves and allowances deducted from asset accounts:				
Allowances for doubtful amounts	\$57,160	\$ 9,304	\$(9,759)	\$56,705
Year ended December 31, 1994				
Reserves and allowances deducted from asset accounts:				
Allowances for doubtful amounts	\$56,705	\$25,283(2)	\$(18,262)	\$63,726
Year ended December 31, 1995				
Reserves and allowances deducted from asset accounts:				
Allowances for doubtful amounts	\$63,726	\$ 6,357	\$(2,129)	\$67,954

- (1) Uncollectible amounts written off, net of recoveries.
(2) Additions include \$15,625 of allowance for bad debts from acquired company.

NORTHROP GRUMMAN CORPORATION

EXHIBIT 11

STATEMENT RE COMPUTATION OF PER SHARE EARNINGS
(in thousands, except per share)

	1995	1994	1993	1992	1991
Primary:					
Average shares outstanding	49,364	49,139	48,085	47,179	47,075
Net effect of the assumed exercise of stock options - based on the treasury stock method	1,111	758	792	251	187
Totals	50,475	49,897	48,877	47,430	47,262
Income before cumulative effect of accounting principle changes	\$252,159	\$35,264	\$95,755	\$120,922	\$268,256
Cumulative effect on prior years of changes in accounting principles:					
Income Taxes					20,282
Retiree healthcare and life insurance benefits					(87,717)
Net Income	\$252,159	\$35,264	\$95,755	\$120,922	\$200,821
Earnings per share before cumulative effect of accounting principle changes	\$ 5.00	\$.71	\$ 1.96	\$ 2.55	\$ 5.68
Cumulative effect on prior years of change in accounting principles, per share:					
Income Taxes					.43
Retiree healthcare and life insurance benefits					(1.86)
Earnings per share(1)	\$ 5.00	\$.71	\$ 1.96	\$ 2.55	\$ 4.25
Fully diluted:					
Average shares outstanding	49,364	49,139	48,085	47,179	47,075
Net effect of the assumed exercise of stock options - based on the treasury stock method	1,356	837	872	805	225
Totals	50,720	49,976	48,957	47,984	47,300
Income before cumulative effect of accounting principle changes	\$252,159	\$35,264	\$95,755	\$120,922	\$268,256
Cumulative effect on prior years of changes in accounting principles:					
Income Taxes					20,282
Retiree healthcare and life insurance benefits					(87,717)
Net Income	\$252,159	\$35,264	\$95,755	\$120,922	\$200,821
Earnings per share before cumulative effect of accounting principle changes	\$ 4.97	\$.71	\$ 1.96	\$ 2.52	\$ 5.67
Cumulative effect on prior years of change in accounting principles, per share:					
Income Taxes					.43
Retiree healthcare and life insurance benefits					(1.85)
Earnings per share(1)	\$ 4.97	\$.71	\$ 1.96	\$ 2.52	\$ 4.25

- (1) This calculation was made in compliance with Item 601 of Regulation S-K. Earnings per share presented elsewhere in this report exclude from their calculation shares issuable under employee stock options, since their dilutive effect is less than 3%.

NORTHROP GRUMMAN CORPORATION

EXHIBIT 23

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statements Nos. 2-73293, 2-98614, 33-15764, 33-49667, 33-55141, 33-55146, 33-59815 and 33-59853 of Northrop Grumman Corporation on Form S-8 of our report dated February 7, 1996, appearing in this Annual Report on Form 10-K of Northrop Grumman Corporation for the year ended December 31, 1995.

DELOITTE & TOUCHE LLP

Los Angeles, California
February 22, 1996

NORTHROP SUPPLEMENTAL PLAN 2

EFFECTIVE DECEMBER 1, 1993
TABLE OF CONTENTS

Definitions	1
1.01 Affiliated Companies	1
1.02 Board of Directors	1
1.03 Code	1
1.04 Company	1
1.05 ERISA	1
1.06 Participant	1
1.07 Pension Plan	1
1.08 Plan	1
1.09 Program	1
1.10 Termination of Employment	1
General Provisions	3
2.01 In General	3
2.02 Forms and Times of Benefit Payments	3
2.03 Beneficiaries and Spouses	3
2.04 Amendment and Plan Termination	4
2.05 Not an Employment Agreement	5
2.06 Assignment of Benefits	6
2.07 Nonduplication of Benefits	6
2.08 Funding	6
2.09 Construction	7
2.10 Governing Law	7
2.11 Actions By Company	7
2.12 Plan Representatives	7
2.13 Number	7
Lump Sum Election	8
3.01 In General	8
3.02 Retirees Election	8
3.03 Retirees Lump Sum	9
3.04 Actives Election	11
3.05 Actives Lump Sum-Retirement Eligible	12
3.06 Actives Lump Sum-Not Retirement Eligible	14
3.07 Calculation of Lump Sum	14
3.08 Spousal consent	16
Northrop Supplemental Retirement Income Program For Senior Executives	17
A.01 Purpose	17
A.02 Eligibility	17
A.03 Retirement Benefit	17
A.04 Amount of Retirement Benefit	17
A.05 Post-55 Preretirement Surviving Spouse Benefit	18
A.06 Amount of Post-55 Spouse's Benefit	19
A.07 Payment of Post-55 Spouse's Benefit	19
A.08 Pre-55 Preretirement Surviving Spouse Benefit	19
A.09 Amount of Pre-55 Spouse's Benefit	20
A.10 Payment of Pre-55 Spouse's Benefit	20
A.11 Waiver of Requirements	21
A.12 Effective Date	21
A.13 Vesting Service	21
ERISA Supplemental Program 2	22
B.01 Purpose	22
B.02 Eligibility	22
B.03 Amount of Benefit	22
B.04 Preretirement Surviving Spouse Benefit	23
B.05 Plan Termination	23
B.06 Pension Plan Benefits	23
Arthur F. Dauer Program	25
C.01 In General	25
C.02 Forfeiture of Benefits	25
C.03 Purpose	25
C.04 Amount of Life Benefit	25
C.05 Preretirement Surviving Spouse Benefit	26
C.06 No Other Supplemental Pensions	26

John Harrison Program	27
D.01 In General	27
D.02 Purpose	27
D.03 Conditions for Eligibility	27
D.04 Amount of Retirement Benefit	28
D.05 Benefit Limitation	28
D.06 Form and Duration of Benefits	28
D.07 Preretirement Survivor Benefit	28
D.08 Forfeiture	28

ARTICLE I

Definitions

For purposes of the Plan, the following terms, when capitalized, will have the following meanings:

- 1.01 **Affiliated Companies.** The Company and any other entity related to the Company under the rules of section 414 of the Code. The Affiliated Companies include Northrop Corporation and its 80%-owned subsidiaries and may include other entities as well.
- 1.02 **Board of Directors.** The Board of Directors of the Company.
- 1.03 **Code.** The Internal Revenue Code of 1986, as amended.
- 1.04 **Company.** Northrop Corporation.
- 1.05 **ERISA.** The Employee Retirement Income Security Act of 1974, as amended.
- 1.06 **Participant.** Any employee of the Company who is eligible for benefits under a particular Program and has not received full payment under the Program.
- 1.07 **Pension Plan and Pension Plans.** The Northrop Retirement Plan and/or the Retirement Plan of Northrop Corporation, Electronic Systems Division_Rolling Meadows Site.
- 1.08 **Plan.** The Northrop Supplemental Plan 2.
- 1.09 **Program.** One of the eligibility and benefit structures described in the Appendices.
- 1.10 **Termination of Employment.** Complete termination of employment with the Affiliated Companies.
 - (a) If a Participant leaves one Affiliated Company to go to work for another, he or she will not have a Termination of Employment.
 - (b) A Participant will have a Termination of Employment if he or she leaves the Affiliated Companies because the affiliate he or she works for ceases to be an Affiliated Company because it is sold or spunoff.

ARTICLE II

General Provisions

- 2.01 **In General.** The Plan contains a number of different benefit Programs which are set forth in the Appendices. The Appendices describe the eligibility conditions and the amount of benefits payable under the Programs.
- 2.02 **Forms and Times of Benefit Payments.** Unless particular rules regarding the form and timing of benefit payments are set forth in a Program, the Company will determine the form and timing of benefit payments in its sole discretion, except where a lump sum election under Article III is applicable.

For payments made to supplement those of a particular tax-qualified retirement or savings plan, the Company will only select among the options available under that plan, using the same actuarial adjustments used in that plan, except in cases of lump sums.

Whenever the present value of the amount payable under the Plan does not exceed \$10,000, it will be paid in the form of a single lump sum as of the first of the month following Termination of Employment. The lump sum will be calculated using the factors and methodology described in Section 3.07 below.

No payments will commence under this Plan until a Participant has a Termination of Employment, even in cases where benefits have commenced under a Pension Plan for Participants over age 70-1/2.

- 2.03 Beneficiaries and Spouses. If the Company selects a form of payment which includes a survivor benefit, the Participant may make a beneficiary designation, which may be changed at any time prior to commencement of benefits. A beneficiary designation must be in writing and will be effective only when received by the Company.

If a Participant is married on the date his or her benefits are scheduled to commence, his or her beneficiary will be his or her spouse unless some other beneficiary is named with spousal consent. Spousal consent, to be effective, must be submitted in writing before benefits commence and must be witnessed by a Plan representative or notary public. No spousal consent is necessary if the Company determines that there is no spouse or that the spouse cannot be found.

With respect to Programs designed to supplement tax-qualified retirement or savings plans, the Participant's spouse will be the spouse as determined under the underlying tax-qualified plan. Otherwise, the Participant's spouse will be determined by the Company in its sole discretion.

- 2.04 Amendment and Plan Termination. The Company may, in its sole discretion, by written resolution adopted by the Board of Directors or its delegate, terminate, suspend or amend this Plan at any time or from time to time, in whole or in part.

- (a) Except as provided in (f) and Section 2.08, no amendment, suspension or termination of the Plan may, without the consent of a Participant, affect the Participant's right or the right of the surviving spouse to receive benefits in accordance with this Plan as in effect on the date the employee becomes a Participant.
- (b) The Participant's rights to benefits following any amendment which are preserved by (a) will be determined as if he or she terminated employment immediately prior to the adoption of the amendment (or its effective date, if later). The determination in the preceding sentence will be based on the relevant factors at that time, such as the Participant's compensation history, service credits and Code limitations on benefits.
- (c) However, the determination in (b) will be adjusted to take into account any post-amendment increases in benefits provided by the Company's tax-qualified retirement and savings plans, to the extent such benefits are also a factor in the benefits due under this Plan.

Example: Assume an amendment eliminates all future benefits under a particular Program. Assume that the Program provides a level of benefits reduced by benefits paid under a tax-qualified plan. Assume further that as of the date of the amendment, a Participant's level of benefits under the Program is \$150/month less a tax-qualified plan benefit of \$100/month, leaving the Participant a net benefit of \$50. Under paragraph (b), the Participant's right to that \$50 would be preserved.

However, assume that later the Participant's tax-qualified plan benefit increases to \$130/month. Under the provisions of this paragraph (c), for future months, the Participant would only be entitled to \$20 under this Plan.

- (d) In addition, the determination in (b) will also be adjusted to take into account post-amendment decreases in a Participant's compensation.
- (e) The rights of surviving spouses claiming benefits under the Plan with respect to a

Participant will be preserved and limited in the same fashion as a Participant's benefits.

(f) The Company may, in its sole discretion, by written resolution adopted by the Board of Directors or its delegate, amend or eliminate any of the provisions of the Plan with respect to lump sum distributions at any time, including the calculation factors of Section 3.07. This applies whether or not a Participant has already made a lump sum election.

2.05 Not an Employment Agreement. Nothing contained in this Plan gives any Participant the right to be retained in the service of the Company, nor does it interfere with the right of the Company to discharge or otherwise deal with Participants without regard to the existence of this Plan.

2.06 Assignment of Benefits. A Participant, surviving spouse or beneficiary may not, either voluntarily or involuntarily, assign, anticipate, alienate, commute, sell, transfer, pledge or encumber any benefits to which he or she is or may become entitled under the Plan, nor may Plan benefits be subject to attachment or garnishment by any of their creditors or to legal process.

2.07 Nonduplication of Benefits. This Section applies if, despite Section 2.06, with respect to any Participant (or his or her beneficiaries), the Company is required to make payments under this Plan to a person or entity other than the payees described in the Plan. In such a case, any amounts due the Participant (or his or her beneficiaries) under this Plan will be reduced by the actuarial value of the payments required to be made to such other person or entity.

Actuarial value will be determined using the factors and methodology described in Section 3.07 below (in the case of lump sums) and using the actuarial assumptions in the underlying Pension Plan in all other cases.

In dividing a Participant's benefit between the Participant and another person or entity, consistent actuarial assumptions and methodologies will be used so that there is no increased actuarial cost to the Company.

2.08 Funding. Participants have the status of general unsecured creditors of the Company and the Plan constitutes a mere promise by the Company to make benefit payments in the future. The Company may, but need not, fund benefits under the Plan through a trust. If it does so, any trust created by the Company and any assets held by the trust to assist it in meeting its obligations under the Plan will conform to the terms of the model trust, as described in Internal Revenue Service Revenue Procedure 92-64, but only to the extent required by Internal Revenue Service Revenue Procedure 92-65. It is the intention of the Company and Participants that the Plan be unfunded for tax purposes and for purposes of Title I of ERISA.

Any funding of benefits under this Plan will be in the Company's sole discretion. The Company may set and amend the terms under which it will fund and may cease to fund at any time.

To the extent the Company gives Participants and beneficiaries enforceable rights to funding, those rights must be determined under the terms of other documents. No such rights exist under this Plan document and the restrictions on amendments in this Plan document will in no case apply to restrict the Company's right to cease or alter the terms of any funding.

2.09 Construction. The Company shall have full discretionary authority to determine eligibility and to construe and interpret the terms of the Plan, including the power to remedy possible ambiguities, inconsistencies or omissions.

2.10 Governing Law. This Plan shall be governed by the law of the State of California, except to the extent superseded by federal law.

2.11 Actions By Company. Any powers exercisable by the Company under the Plan shall be utilized by

written resolution adopted by the Board of Directors or its delegate. The Board may by written resolution delegate any of the Company's powers under the Plan and any such delegations may provide for subdelegations, also by written resolution.

- 2.12 Plan Representatives. Those authorized to act as Plan representatives will be designated in writing by the Board of Directors or its delegate.
- 2.13 Number. The singular, where appearing in this Plan, will be deemed to include the plural, unless the context clearly indicates the contrary.

ARTICLE III

Lump Sum Election

- 3.01 In General. This Article sets forth the rules under which Participants may elect to receive their benefits in a lump sum. This Article does not apply to active employees (as defined in Section 3.04) in cases where benefits do not exceed \$10,000 and so are automatically payable in lump sum form under Section 2.02.

This Article will not be applicable if a particular Program so provides.

- 3.02 Retirees Election. Participants and Participants' beneficiaries already receiving monthly benefits under the Plan at its inception will be given a one-time opportunity to elect a lump sum payout of future benefit payments.

- (a) The election must be made within a 45-day period determined by the Company. Within its discretion, the Company may delay the commencement of the 45-day period in instances where the Company is unable to timely communicate with a particular payee.
- (b) The determination as to whether a payee is already receiving monthly benefits will be made at the beginning of the 45-day period.
- (c) An election to take a lump sum must be accompanied by a waiver of the existing retiree medical benefits by those Participants (and their covered spouses or surviving spouses) entitled either to have such benefits entirely paid for by the Company or to receive such benefits as a result of their classification as an employee under Executive Class Code II.

Following the waiver, waiving Participants (and covered spouses or surviving spouses) will be entitled to the coverage offered to employees who are eligible for Senior Executive Retirement Insurance Benefits in effect as of July 1, 1993. The cost charged to the retirees for this coverage will be determined as if the retiree had been employed 20 or more years by the Company.

- (d) If the person receiving payments as of the beginning of the 45-day period dies prior to making a lump sum election, his or her beneficiary, if any, may not make the lump sum election.
- (e) Elections to receive a lump sum (and waivers under (c)) must be made in writing and must include spousal consent if the payee (whether the Participant or beneficiary) is married. Elections and spousal consent must be witnessed by a Plan representative or a notary public.
- (f) An election (with spousal consent, where required) to receive the lump sum made at any time during the 45-day period will be irrevocable. If no proper election has been made by the end of the 45-day period, payments will continue unchanged in the monthly form that had previously been applicable.
- 3.03 Retirees Lump Sum. If a retired Participant or beneficiary makes a valid election under Section

3.02 within the 45-day period, monthly payments will continue in the previously applicable form for 12 months (assuming the payees live that long).

- (a) As of the first of the 13th month, the present value of the remaining benefit payments will be paid in a single lump sum to the Participant, if alive, or, if not, to the beneficiary under the previously applicable form of payment.
- (b) No lump sum payment will be made if:
 - (1) The Participant is receiving monthly benefit payments in a form that does not provide for survivor benefits and the Participant dies before the time the lump sum payment is due.
 - (2) The Participant is receiving monthly benefit payments in a form that does provide for survivor benefits but the Participant and the beneficiary die before the time the lump sum payment is due.
- (c) The following rules apply where payment is being made in the form of a 10-year certain and continuous life annuity option:
 - (1) If the Participant is deceased at the commencement of the 45-day election period, the surviving beneficiary may not make the election if there are less than 13 months left in the 10-year certain period.
 - (2) If the Participant elects the lump sum and dies prior to the first of the 13th month:
 - (A) if the 10-year certain period has already ended, all monthly payments will cease at the Participant's death and no lump sum payment will be made;
 - (B) if the 10-year certain period ends after the Participant's death and before the beginning of the 13th month, monthly payments will end at the end of the 10-year certain period and no lump sum payment will be made; and
 - (C) if the 10-year certain period ends after the beginning of the 13th month, monthly payments will continue through the 12th month, and a lump sum payment will be made as of the first of the 13th month, equal to the present value of the remaining benefit payments.

3.04 Active Election. Active Participants may elect to have their benefits paid in the form of a single lump sum under this Section.

- (a) A Participant is considered to be "Active" under this Section if he or she is still employed by the Affiliated Companies on or after the beginning of the initial 45-day period referred to in Section 3.02.
- (b) An election to take a lump sum may be made at any time during the 60-day period prior to Termination of Employment and covers both_
 - (1) Benefits payable to the Participant during his or her lifetime, and
 - (2) Survivor benefits (if any) payable to the Participant's beneficiary, including preretirement death benefits (if any) payable to the Participant's spouse.
- (c) An election does not become effective until the earlier of:
 - (1) the Participant's Termination of Employment, or
 - (2) the Participant's death.

Before the election becomes effective, it may be revoked.

If a Participant does not have a Termination of Employment within 60 days after making an election, the election will never take effect.

- (d) An election may only be made once. If it fails to become effective after 60 days or is revoked before becoming effective, it cannot be made again at a later time.
- (e) After a Participant has a Termination of Employment, no election can be made.
- (f) If a Participant dies before making a lump sum election, his or her spouse may not make a lump sum election with respect to any benefits which may be due the spouse.
- (g) Elections to receive a lump sum must be made in writing and must include spousal consent if the Participant is married. Elections and spousal consent must be witnessed by a Plan representative or a notary public.

3.05 Actives Lump Sum_Retirement Eligible. If a Participant with a valid lump sum election in effect under Section 3.04 has a Termination of Employment after he or she is entitled to commence benefits under the Pension Plans, payments will be made in accordance with this Section.

- (a) Monthly benefit payments will be made for up to 12 months, commencing the first of the month following Termination of Employment. Payments will be made:
 - (1) in the case of a Participant who is not married on the date benefits are scheduled to commence, based on a straight life annuity for the Participant's life and ceasing upon the Participant's death should he or she die before the 12 months elapse, or
 - (2) in the case of a Participant who is married on the date benefits are scheduled to commence, based on a joint and survivor annuity form_
 - (A) with the survivor benefit equal to 50% of the Participant's benefit;
 - (B) with the Participant's spouse as the survivor annuitant;
 - (C) determined by using the contingent annuitant option factors used to convert straight life annuities to 50% joint and survivor annuities under the Northrop Retirement Plan; and
 - (D) with all payments ceasing upon the death of both the Participant and his or her spouse should they die before the 12 months elapse.
- (b) As of the first of the 13th month, the present value of the remaining benefit payments will be paid in a single lump sum. Payment of the lump sum will be made to the Participant if he or she is still alive, or, if not, to his or her surviving spouse, if any.
- (c) No lump sum payment will be made if:
 - (1) The Participant is receiving monthly benefit payments in the form of a straight life annuity and the Participant dies before the time the lump sum payment is due.
 - (2) The Participant is receiving monthly benefit payments in a joint and survivor annuity form and the Participant and his or her spouse both die before the time the lump sum payment is due.
- (d) A lump sum will be payable to a Participant's

spouse as of the first of the month following the date of the Participant's death, if:

- (1) the Participant dies after making a valid lump sum election but prior to commencement of any benefits under this Plan;
- (2) the Participant is survived by a spouse who is entitled to a preretirement surviving spouse benefit under this Plan; and
- (3) the spouse survives to the first of the month following the date of the Participant's death.

3.06 Actives Lump Sum Not Retirement Eligible. If a Participant with a valid lump sum election in effect under Section 3.04, has a Termination of Employment before he or she is entitled to commence benefits under the Pension Plans, payments will be made in accordance with this Section.

- (a) No monthly benefit payments will be made.
- (b) Following Termination of Employment, a single lump sum payment of the benefit will be made on the first of the month following 12 months after the date of the Participant's Termination of Employment.
- (c) A lump sum will be payable to a Participant's spouse as of the first of the month following the date of the Participant's death, if:
 - (1) the Participant dies after making a valid lump sum election but prior to commencement of any benefits under this Plan;
 - (2) the Participant is survived by a spouse who is entitled to a preretirement surviving spouse benefit under this Plan; and
 - (3) the spouse survives to the first of the month following the date of the Participant's death.
- (d) No lump sum payment will be made if the Participant is unmarried at the time of death and dies before the time the lump sum payment is due.

3.07 Calculation of Lump Sum. The factors to be used in calculating the lump sum are as follows:

Interest: Whichever of the following two rates that produces the smaller lump sum:

- (1) the discount rate used by the Company for purposes of Statement of Financial Accounting Standards No. 87 of the Financial Accounting Standards Board as disclosed in the Company's annual report to shareholders for the year end immediately preceding the date of distribution, or
- (2) the Pension Benefit Guaranty Corporation (PBGC) interest rate (or rates) that would be used to calculate a lump sum value for the benefit under the Northrop Retirement Plan_
 - (A) using 120% of the PBGC rate for lump sums over \$25,000, and
 - (B) substituting the PBGC rate (or rates) in effect for the time for distribution (even if actual payment is delayed for some reason) instead of the rate for the first day of the calendar year of distribution.

Mortality: 1983 Group Annuity Mortality table for males with a 2-year setback.

Increase in Section 415 Limit: 4% per year.

Age: Age rounded to the nearest month on the

date the lump sum is payable.

Variable Unit Values: Variable Unit Values are presumed not to increase for future periods after the date the lump sum is payable.

The annuity to be converted to a lump sum will be the remaining annuity currently payable to the Participant or his or her beneficiary at the time the lump sum is due.

For example, assume a Participant is receiving benefit payments in the form of a 50% joint and survivor annuity.

If the Participant and the survivor annuitant are both still alive at the time the lump sum payment is due, the present value calculation will be based on the remaining benefits that would be paid to both the Participant and the survivor in the annuity form.

If only the survivor is alive, the calculation will be based solely on the remaining 50% survivor benefits that would be paid to the survivor.

If only the Participant is alive, the calculation will be based solely on the remaining benefits that would be paid to the Participant.

In the case of a Participant who dies prior to commencement of benefits under this Plan so that only a preretirement surviving spouse benefit (if any) is payable, the lump sum will be based solely on the value of the preretirement surviving spouse benefit.

- 3.08 Spousal consent. Spousal consent, as required for elections as described above, need not be obtained if the Company determines that there is no spouse or the spouse cannot be located.

APPENDIX A

Northrop Supplemental Retirement Income Program For Senior Executives

- A.01 Purpose. The purpose of this Program is to provide minimum pension and death benefits to senior executives participating in the Northrop Retirement Plan ("Retirement Plan") who have only had a short period of service with the Company prior to retirement.
- A.02 Eligibility. Officers of the Company may become Participants under this Program only if they are designated as such by the Board of Directors.
- A.03 Retirement Benefit. Upon voluntary or involuntary Termination of Employment with the Company (other than by death), at or after age 55 and with 10 or more years of Vesting Service, a Participant will be entitled to the benefit described in Section A.04.
- A.04 Amount of Retirement Benefit. A Participant entitled to a benefit under Section A.03 will receive a benefit equal in value to the excess of (a) over (b) as follows:

(a) is the greater of

- (1) the amount of the Participant's retirement income under the Retirement Plan on a straight life annuity basis, computed without regard to the limitations on benefits and the cap on counted compensation imposed by Code sections 415 and 401(a)(17), or
- (2) the amount of a straight life annuity with annual payments equal to the Participant's Final Average Salary (as defined by the Retirement Plan) in effect on the date of his or her Termination of Employment multiplied by the appropriate percentage shown in the following schedule:

Age at Termination Date*	Percentage of Final Average Salary at Termination Date**
--------------------------	--

55	30%
56	34%
57	38%
58	42%
59	46%
60	50%
61	52%
62	54%
63	56%
64	58%
65 and over	60%

(b) is the amount of the Participant's retirement income under the Retirement Plan on a straight life annuity basis, computed as of his or her Termination of Employment, taking into account the limitations on benefits and the cap on counted compensation imposed by Code sections 415 and 401(a)(17).

A.05 Post-55 Preretirement Surviving Spouse Benefit. If a Participant dies--

- (a) after age 55;
- (b) while credited with 10 or more years of Vesting Service;
- (c) prior to Termination of Employment; and
- (d) his or her spouse is entitled to a survivor annuity under the Retirement Plan,

then the Participant's spouse will be entitled to the benefit under Section A.06.

A.06 Amount of Post-55 Spouse's Benefit. The Participant's surviving spouse benefit under this Section shall be equal in value to the sum of (a) and (b), with such sum then reduced by (c) where:

- (a) is the amount of retirement income that the Participant would have received under the 100% Contingent Annuitant Option under the Retirement Plan had the Participant retired on the date of death,
- (b) is the amount of the benefit under this Program after the offset of the Retirement Plan benefit the Participant would have received if he or she had retired on the date of his or her death with said 100% Contingent Annuitant Option in effect, and
- (c) is the amount of the annuity benefit payable to the surviving spouse under the Retirement Plan (even if the annuity is commuted to a lump sum).

A.07 Payment of Post-55 Spouse's Benefit. The spouse's benefit described in Section A.06 will be payable commencing the first day of the month next following the Participant's date of death and shall terminate on the date of death of the surviving spouse.

A.08 Pre-55 Preretirement Surviving Spouse Benefit. If a Participant dies--

- (a) before age 55;
- (b) while credited with 10 or more years of Vesting Service; and
- (c) prior to Termination of Employment,

then the Participant's spouse will be entitled to the benefit under Section A.09.

A.09 Amount of Pre-55 Spouse's Benefit. The Participant's surviving spouse benefit under this Section shall be equal in value to the benefit standing to the credit of the Participant under the Retirement Plan as of the date of his or her death, actuarially reduced in accordance with the factors in the following table:

Age of Participant at Date of Death*	Factor to be Applied to the Earned Benefit**
55	.431
54	.399
53	.370

52	.343
51	.319
50	.297
49	.276
48	.257
47	.240
46	.223
45	.208

Any extension of the above table below age 45 shall be based on the following assumptions (i) Mortality - 1971 Towers, Perrin, Forster & Crosby Forecast Mortality Table, and (ii) Interest - 6% compounded annually.

- A.10 Payment of Pre-55 Spouse's Benefit. The spouse's benefit described in Section A.09 will be payable commencing the first day of the month next following the Participant's date of death and will terminate on the date of death of the surviving spouse.
- A.11 Waiver of Requirements. The President of the Company or its Chief Executive Officer may, in his or her discretion,
- (a) waive the requirement of 10 years of Vesting Service in any one or all of Sections A.03, A.05, and A.08, and
 - (b) with respect to Section A.05, waive the requirement that the Participant's spouse be entitled to a survivor annuity under the Retirement Plan only by virtue of the fact that such Participant has not yet accumulated sufficient years of Vesting Service as of the date of death.

This waiver authority includes the authority to have benefits under the Program pro rated based on Vesting Service for Participants receiving a waiver (e.g., benefits under the Program will be multiplied by an amount equal to the Participant's years of Vesting Service divided by 10). Any waiver will specify whether or not the pro rating of benefits will be applicable.

- A.12 Effective Date. This Program first became effective on July 18, 1973 and will be effective as to each Participant on the date the Board of Directors takes the action designating him or her as a Participant under this Program.
- A.13 Vesting Service. For purposes of this Program, Vesting Service will be determined under the Retirement Plan.

APPENDIX B

ERISA Supplemental Program 2

- B.01 Purpose. The purpose of this Program is simply to restore to employees of the Company the benefits they lose under the Pension Plans as a result of the compensation limit in Code section 401(a)(17) ("section 401(a)(17)"), or any successor provision.
- B.02 Eligibility. An employee of the Company is eligible to receive a benefit under this Program if he or she:
- (a) retires on or after January 1, 1989;
 - (b) has vested in benefits under one or both Pension Plans which are reduced because of the application of section 401(a)(17); and
 - (c) is not eligible to receive a benefit under the Northrop Corporation Supplemental Retirement Income Program for Senior Executives or any other plan or program which bars an employee from participation in this Program.
- B.03 Amount of Benefit. The benefit payable under this Program with respect to a Participant who commences benefits during his or her lifetime will equal the retirement benefit, if any, which would have been payable to the Participant under the terms of a Pension Plan, but for the restrictions of Code sections 401(a)(17) and 415 ("section 415"), or any successor section.

The benefit payable under this Program will be reduced by the combined amounts of Pension Plan Benefits and the Northrop Corporation ERISA Supplemental Plan 1 benefits attributable to the applicable Pension Plan.

Benefits under this Program will only be paid to supplement benefit payments actually made from a Pension Plan. If benefits are not payable under a Pension Plan because the Participant has failed to vest or for any other reason, no payments will be made under this Program with respect to such Pension Plan.

- B.04 Preretirement Surviving Spouse Benefit. Preretirement surviving spouse benefits will be payable under this Program on behalf of a Participant if such Participant's surviving spouse is eligible for benefits payable from a Pension Plan. The benefit payable will be the amount which would have been payable under the Pension Plan but for the restrictions of section 401(a)(17) and section 415.

The benefit payable under this Program will be reduced by the combined amounts of the Pension Plan Benefits and the Northrop Corporation ERISA Supplemental Plan 1 benefits attributable to the applicable Pension Plan.

No benefit will be payable under this Program with respect to a spouse after the death of that spouse.

- B.05 Plan Termination. No further benefits may be earned under this Program with respect to a particular Pension Plan after the termination of such Pension Plan.

- B.06 Pension Plan Benefits. For purposes of this Appendix, the term "Pension Plan Benefits" generally means the benefits actually payable to a Participant, spouse, beneficiary or contingent annuitant under a Pension Plan. However, this Program is only intended to remedy pension reductions caused by the operation of section 401(a)(17) and not reductions caused for any other reason. In those instances where pension benefits are reduced for some other reason, the term "Pension Plan Benefits" shall be deemed to mean the benefits that actually would have been payable but for such other reason.

Examples of such other reasons include, but are not limited to, the following:

- (a) A reduction in pension benefits as a result of a distress termination (as described in ERISA 4041(c) or any comparable successor provision of law) of a Pension Plan. In such a case, the Pension Plan Benefits will be deemed to refer to the payments that would have been made from the Pension Plan had it terminated on a fully funded basis as a standard termination (as described in ERISA 4041(b) or any comparable successor provision of law).
- (b) A reduction of accrued benefits as permitted under Code section 412(c)(8), as amended, or any comparable successor provision of law.
- (c) A reduction of pension benefits as a result of payment of all or a portion of a Participant's benefits to a third party on behalf of or with respect to a Participant.

APPENDIX C

Arthur F. Dauer Program

- C.01 In General. Arthur F. Dauer will be entitled to a supplemental benefit in accordance with the provisions of this Appendix.
- C.02 Forfeiture of Benefits. Mr. Dauer may forfeit benefits under this Appendix in accordance with the provisions of a document entitled, "Separation Agreement, General Release And Covenant Not To Sue", between Mr. Dauer and Northrop Corporation, which was executed by both parties on February 14, 1994 ("Separation Agreement").
- C.03 Purpose. This Appendix is intended merely to

implement the provisions of section 3(d) of the Separation Agreement and no more. Accordingly, the provisions of this Appendix are to be construed and limited in accordance with all of the provisions of the Separation Agreement.

- C.04 Amount of Life Benefit. The benefit payable under this Program if Mr. Dauer commences his benefits during his lifetime will be in the form of a joint and 50% survivor annuity, commencing July 1, 1994, with Mr. Dauer's current spouse (as of July 1, 1994) as the survivor annuitant.

The annual benefit payable to Mr. Dauer during his lifetime will be \$97,593, with 50% of that amount continuing to his current spouse for life if she should survive him.

Commencing August 1, 2001, the annual benefit payable under this Section will be reduced by the annual benefit payable under the Northrop Retirement Plan assuming it commenced on August 1, 2001 in the form of a joint and 50% survivor annuity with Mr. Dauer's current spouse (as of July 1, 1994) as the survivor annuitant.

- C.05 Preretirement Surviving Spouse Benefit. If Mr. Dauer should die before July 1, 1994, his spouse, should she survive him, will be entitled to an annuity for life with an annual benefit of 50% of \$97,593, commencing July 1, 1994, reduced by the amount of any benefits payable to her under the Northrop Retirement Plan.

She may elect to have her annuity under this Section commence on the first of any month after his death and prior to July 1, 1994. If she elects early commencement, her annual benefit will be reduced to equal an unsubsidized actuarial equivalent of the benefit in the preceding paragraph, using the actuarial assumptions in the Northrop Retirement Plan.

- C.06 No Other Supplemental Pensions: Mr. Dauer, his spouse and his beneficiaries will not be entitled to any benefits under Northrop Corporation ERISA Supplemental Plan 1 or ERISA Supplemental Program 2.

APPENDIX D

John Harrison Program

- D.01 In General. As described in this Appendix, John Harrison will be entitled to a supplemental pension benefit upon his retirement from the Company on or after his attainment of age 65.

- D.02 Purpose. The purpose of this Program is to provide Mr. Harrison, following his retirement from the Company on or after the attainment of age 65, a supplement to the retirement benefit that he would otherwise be eligible for from the Grumman Supplemental Retirement Plan, as in effect on October 31, 1995 (the "Grumman SRP"), the ERISA Plan 1 and Plan 2, the Grumman Pension Plan and any other qualified pension plan maintained by Northrop Grumman or members of its controlled group of corporations. A copy of the Grumman SRP, as in effect October 31, 1995, is attached hereto. It is intended that any amendment or modification of the Grumman SRP after October 31, 1995, including any changes in the vesting schedule or benefit increases, shall not result in any changes to benefit paid to or payable on behalf of Mr. Harrison under this Appendix.

- D.03 Conditions for Eligibility. In order to be eligible for the benefit provided in this Appendix, Mr. Harrison must have "Continuous Service" from the date of the adoption of this Appendix through his termination of employment from the Company on or after his attainment of age 65. The term "Continuous Service" shall have the meaning it had under the Grumman Pension Plan prior to its amendment and restatement effective December 31, 1994. However, nothing in this Appendix generally, and nothing in this paragraph F.03 in particular, shall be construed to be a contract of employment between Mr. Harrison and Grumman Corporation or Northrop Grumman Corporation.

- D.04 Amount of Retirement Benefit. If Mr. Harrison retires

from the Company on or after his attainment of age 65, Mr. Harrison will receive a benefit under this Program equal to (a) minus (b), where (a) equals the benefit Mr. Harrison would have received under the Grumman SRP calculated as if he had 25 years of "Continuous Service" credited under the Grumman SRP, and (b) equals the benefit to which he is actually entitled under the Grumman SRP.

D.05 Benefit Limitation. The benefit limitation of Section VII of the Grumman SRP is incorporated herein by reference, and shall be applied to benefits payable to Mr. Harrison and/or his beneficiaries by taking into account benefits payable to him under this Program. Thus, if the total retirement benefits taken into account in that Section VII, plus the benefits payable under this Program, exceed the 60-percent limit otherwise payable on behalf of Mr. Harrison, then the benefits payable under this Program shall be reduced or eliminated so that the total retirement benefits payable on behalf of Mr. Harrison (including benefits under this Program) shall not exceed that Section VII limitation. If the total retirement benefits payable to Mr. Harrison still exceed that limit, then his benefits shall be reduced according to the procedures specified in the Grumman SRP.

D.06 Form and Duration of Benefits. Benefits payable under this Program shall be payable in the time and manner as benefits are payable under the Grumman SRP; and if payable, shall commence as soon as administratively possible after Mr. Harrison's "Annuity Starting Date" (as that term is defined in the Grumman Pension Plan, restated effective January 1, 1995) under the qualified defined benefit plan from which he retires.

D.07 Preretirement Survivor Benefit. If Mr. Harrison dies before his "Annuity Starting Date" and leaves a surviving spouse, the surviving spouse shall be eligible for the Preretirement Death Benefit payable under Section VI of the Grumman SRP, and she shall not be entitled to any additional benefits as a result of this Appendix.

D.08 Forfeiture. If, under the Forfeiture provisions of Section VIII of the Grumman SRP, no benefit shall be payable to Mr. Harrison under that Plan, then no benefit shall be payable to or on behalf of Mr. Harrison under this Appendix.

* Calculated to years and completed months on the Termination Date.

** The applicable percentage shall be straight line interpolation depending on the Participant's age on his termination date. The percentage thus determined shall be rounded to the nearest hundredth. For example, if a Participant terminates when he is 55 years and 8 months old, the applicable percentage is $30.00\% + 2.67\% = 32.67\%$.

* Calculated to years and completed months on date of death.

** The applicable factor shall be determined by straight line interpolation depending on Participant's age at date of death.

THE PRUDENTIAL INSURANCE COMPANY
OF AMERICA
a mutual life insurance company

In consideration of the Application of the Policyholder for this Group Policy and of the payment of premiums as provided in the Group Policy, The Prudential Insurance Company of America agrees to pay benefits in accordance with and subject to the terms of the Group Policy.

The Group Policy takes effect on the Policy Date.

The Group Policy is delivered in and is governed by the laws of the Governing Jurisdiction.

In Witness Whereof, The Prudential Insurance Company of America has caused the Group Policy to be executed as of the Policy Date provided it is duly attested under the Group Policy Schedule.

Secretary

President

GROUP INSURANCE POLICY
Providing
Coverage(s) as Indicated in the Coverage Rider(s) Forming Part Hereof
DIVIDENDS APPORTIONED ANNUALLY

GRP 31300
GEN AS5-103 (1-101) ED 3-66

-1-

GROUP POLICY SCHEDULE

Policy Date
August 1, 1970

Policy Anniversaries
August 1 of each year, beginning in 1971.

Premium Due Dates
The Policy Date, and thereafter the first day of each month beginning with September, 1970

Governing Jurisdiction
State of California

Policyholder
NORTHROP CORPORATION

Group Policy
G-91660

Employment Waiting Period
The following period of continuous service on a full-time basis with the Employer Full-time Employees in the eligible classes on the Policy Date: See reverse side. Other Employees: See reverse side.

Associated Companies
Effective January 1, 1981, the list of OAssociated CompaniesO in the Group Policy Schedule is replaced by the following:

- NORTHROP INTERNATIONAL, INC.
- WILCOX ELECTRIC, INC.
- NORTHROP WORLDWIDE AIRCRAFT SERVICES, INC.

Forms Comprising the Group Policy as of the Policy Date
The following forms bearing a GRP 31300 prefix - GEN AS5-103 (pages (1-101), (2-101) (1-2A), (2-101) (1-2B), (3-101) (1-2), (4-101) (2E-6), (5-103) (1-3)), GEN B-102 (1-2), GEN C-111 (1-1), GEN D-101 (1-12), GEN M-101 (1-1), GEN M-101 (1-7), GEN M-102 (1-1), GEN M-103 (1-1),

GEN M-108 (2N-1), LIFE R-101 -- Cov. LIFE 101 (1-1), LIFE T-101 (1-1), LIFE U-101 (1-2), GC-10319, GRP 32221 SURV R-101 -- Cov. SURV 101 (1-6), GRP 32222 SURV U-101 (1-6), DEPL R-101 -- Cov DEPL 101 (1-1), DEPL U-101 (1-2), AD&D R-101 -- Cov. AD&D 101 (5-1), AD&D U-101 (1-2), LTD R-102 -- Cov. LTD 102 (6-5), LTD U-101 (1-2), LTD U-102 (6-5), MM R-609 -- Cov. MM 609 (6-1), MM U-602 (6-1); GC-3350; GC-3535; GC-10311; ORD 30706-1 (W-3); GC-3110.

Attest:

GRP 31300
GEN A (2-101) ED 3-66 (1-2A)

-2-
INCLUDED EMPLOYERS PROVISIONS

The Policyholder and any Associated Companies are employers included under the Group Policy. OAssociated CompaniesO means those employers subsidiary to or affiliated with the Policyholder as are listed under OAssociated CompaniesO on the reverse side hereof.

Any individual employed by more than one included employer shall be considered as being employed only by one employer, and his service with the other employer or employers shall be considered as service with that one employer.

If any employer ceases to be an included employer, the Group Policy will be considered as terminating on the date of such cessation with respect to all Employees of that employer who on the next day are not Employees of another included employer within the eligible classes under the Group Policy. The Policyholder shall notify Prudential, in writing, when an Associated Company ceases to be subsidiary to or affiliated with the Policyholder.

GENERAL DEFINITIONS

Employee Insurance: Insurance under a coverage pertaining to the person of an Employee.

Dependents Insurance: If Dependents Insurance is provided, the Group Policy includes Dependents Insurance Provisions which define Dependents Insurance and qualified dependents.

Covered Individual under a coverage: An Employee who is insured for Employee Insurance; a qualified dependent with respect to whom an Employee is insured for Dependents Insurance.

The Employer: When the term Othe EmployerO is used, it means collectively all employers included under the Group Policy (see Included Employers Provisions above).

Coverage Classes under a Coverage Schedule: The Employees of the Employer who comprise the classes to which the insurance provided in that Schedule applies.

Insurance on Contributory or Non-Contributory Basis (each Coverage Schedule indicates the basis for the insurance under the coverage which is provided in that Schedule):

Contributory insurance - insurance for which the Policyholder may establish required contributions to be made by Employees.

Non-contributory insurance - insurance for which Employees are not permitted to make contributions.

PrudentialOs Home Office: PrudentialOs Home Office in Newark, New Jersey, or any of its other Home or Head Offices.

Active Work Requirement: A requirement that an Employee be actively at work on full time at the business establishment of the Employer or at other locations to which the EmployerOs business requires the Employee to travel.

EmployeeOs Earnings: If an item is determined by an EmployeeOs earnings, they shall be based on his earnings from the Employer, exclusive of bonus and overtime pay, for a normal work week not exceeding forty hours.

Physician: A licensed practitioner of the healing arts acting within the scope of his practice.

Officers: When the term OOfficersO is used, it means all Employees classified as Officers, but excluding in any case those Employees classified as Assistant Corporate Officers.

Employment Waiting Period: (Continued): 30 days commencing with the first day of a month; provided that no such period shall apply to those Employees classified as (1) President, Executive Vice President or Senior Vice President of Northrop Corporation, or (2) elected vice presidents each of whom has entered into an employment agreement with the Policyholder.

GRP 31300
GEN A (1-2A) -3- (2-101) ED 3-66

Classes of Employees
to which this Schedule applies:

All classes

Monthly Rate Per Employee

Applicable Insurance

Term Life (Employee) except for that	\$0.50 per \$1,000 of Insurance, amount on the President of Northrop Corporation in excess of \$300,000;
that	\$0.636 per \$1,000 of Insurance for amount on the President of Northrop Corporation in excess of \$300,000.
Term Life (Dependents) Dependents	\$0.50 per Employee with Dependents
Survivor Benefits Life Payroll	0.49% of Covered Monthly Payroll
Accidental Death and Dismemberment	\$0.10 per \$1,000 of Insurance
Monthly Income Long Term Disability Payroll, except	0.48% of Covered Monthly Payroll, except for the President, Executive Vice President or Senior Vice President of Northrop Corporation; \$49.00 for the President of Northrop Corporation \$34.42 for the Executive Vice President of Northrop Corporation \$19.83 for the Senior Vice President of Northrop Corporation
Supplementary Major Medical Expense	\$30.00 per Employee

GRP 31300

GEN A -5- (3-101) ED 3-66 (1-2)
THE PRUDENTIAL INSURANCE COMPANY OF AMERICA
INSURANCE PLAN PROVISIONS

A. ELIGIBILITY

Eligible Classes: All Employees of the Employer who are within the coverage classes under one or more Coverage Schedules of the Group Policy.

Employee's Date of Eligibility: The first day, on or after the Policy Date, on which he is a full-time Employee in the eligible classes following his completion of the employment waiting period under the Group Policy Schedule.

An Employee is considered full-time if he works for the Employer at least the number of hours in the normal work week established by the Employer, but not less than twenty hours per week. A proprietor or partner of the Employer is considered a full-time Employee if he works at least thirty hours per week in the conduct of the Employer's business.

Determination of Coverage Class and Classification: The Policyholder shall determine each individual's coverage class and classification, but no Employee shall be considered as belonging to more than one coverage class for any one type of insurance under a coverage or more than one classification under a Coverage Schedule applicable to his coverage class. Such determinations shall be made on those dates which are established by the practices of the Policyholder. Any such determination shall be made without discrimination among persons in like circumstance, and shall be final and conclusive.

B. BECOMING INSURED FOR EMPLOYEE INSURANCE

This Section applies separately to the Employee Insurance under each coverage and on each basis, contributory or non-contributory.

An Employee shall be insured from the first day, on or after his date of eligibility, on which he is included in a coverage class for the insurance and the following requirements are simultaneously

satisfied:

- (1) If the insurance is contributory, he has requested it of the Policyholder on a form satisfactory to Prudential and has agreed to make the required contributions.
- (2) If any evidence of insurability requirement applies, he has complied with that requirement. He will be considered as having complied as of the date Prudential determines the evidence to be satisfactory.
- (3) He is complying with the active work requirement of the General Definitions.
- (4) If the Coverage Schedule for the insurance defines as Associated Protection, he is covered for that Associated Protection.

An Employee becoming included in the coverage classes for contributory Employee Insurance under a coverage will be considered as having satisfied requirement (1) above on the date of such inclusion if, on the day before, he was insured for any other contributory Employee Insurance under the Group Policy. The preceding sentence will not apply if (a) such inclusion is effected by an amendment to the Group Policy or if (b) on or before the thirty-first day after such inclusion date, he gives the Policyholder written notice of his election not to become insured for the Employee Insurance under the coverage.

C. EVIDENCE OF INSURABILITY REQUIREMENTS FOR EMPLOYEE INSURANCE

An employee must furnish evidence of his insurability satisfactory to Prudential in order to become insured for Employee Insurance under a coverage, in any of the following situations:

- (1) Late Participation under Contributory Insurance - He does not satisfy both requirements (1) and (4) of Section B of the Insurance Plan Provisions before the end of the thirty-one day period immediately following the first day, on or after his date of eligibility, on which he is complying with the active work requirement of the General Definitions.
- (2) Failure to Make Contribution - He requests the insurance after previous termination of any insurance under the Group Policy because of failure to make a required contribution.
- (3) Conversion Privilege Previously Exercised - The insurance is life insurance and an individual policy of life insurance obtained by his exercise of a conversion privilege of the Group Policy is in force.
- (4) Previous Evidence Requirement - He has not satisfied a previous requirement that evidence of his insurability he furnished in order for him to become insured under a coverage of the Group Policy or any other Prudential group policy which provides or provided insurance for Employees of the Employer.

GRP 31300

GEN A -6- (4-101) ED 3-66 (2E-6)

D. CHANGES OF EMPLOYEE BENEFITS

The Employee Insurance benefits for which an Employee is insured will be those for his classification under the applicable Coverage Schedule unless otherwise determined in accordance with this Section.

This Section applies separately to Employee Insurance under each coverage and on each basis, contributory or non-contributory. It applies unless the applicable Coverage Schedule indicates to the contrary.

Provisions (1) and (2) below apply when an Employee's classification changes or the benefits applicable to his classification are changed by an amendment to the Group Policy.

- (1) Adjustment of Benefits, other than Amounts under Employee Term Life Insurance and Accidental Death and Dismemberment Insurance - The Employer's benefits will not be adjusted until the first day, on or after the date of the change, on which he is complying with the active work requirement of the General Definitions. His benefits will be adjusted on that day to those then applicable to his classification.

- (2) Adjustment of Amounts under Employee Term Life Insurance and Accidental Death and Dismemberment Insurance

(a) Increase in Amount of Insurance: The Employee's amount of insurance will not be increased until the first day, on or after the date of the change, on which he is complying with the active work requirement of the General Definitions and has satisfied the requirements listed below. His amount of insurance will be increased on that day to the amount then applicable to his classification.

Requirements -

- (i) If the insurance is contributory, he is making, or has agreed to make, the contribution applicable to such classification.
- (ii) He has, if either of the following situations applies, furnished Prudential with evidence of his insurability for the increase, and Prudential has determined such evidence to be satisfactory:

The insurance is contributory and he does not satisfy requirement (i) above before the end of the thirty-one day period immediately following the first day, on or after the date of the change, on which he is complying with said active work requirement.

His amount of insurance on the date immediately prior to the date of the change was smaller than that applicable to his classification on such prior date.

- (b) Decrease in Amount of Insurance: The Employee's amount of insurance will not be decreased until the date shown below. His amount of insurance will be decreased on that date to the amount then applicable to his classification.

- (i) Contributory insurance - the later of the date he makes

written request to the Policyholder for the decrease and the date of the change.

(ii) Non-contributory insurance - the first day, on or after the date of the change, on which he is complying with the active work requirement of the General Definitions.

(3) Coverage under a Previous Group Coverage

If the Coverage Schedule indicates a previous group coverage for which the Employee was insured immediately prior to his becoming included under that Schedule, provision (2) above shall apply as if his amount of insurance under the previous group coverage had been provided under the insurance to which that Schedule applies and as if his classification were changing on the date of such inclusion.

E. TERMINATION OF EMPLOYEE INSURANCE

The Employee Insurance of an Employee under a coverage will automatically terminate when:

(1) he ceases to be a member of the coverage classes for the insurance because of termination of employment (described below) or for any other reason, or

(2) his class is no longer included in the coverage classes for the insurance, or

(3) the provisions of the Group Policy for the insurance terminate, or

(4) if the insurance is contributory, any contribution required of him for any insurance under the Group Policy is not made when due.

Termination of Employment - For insurance purposes, an Employee's employment will be considered to terminate when he is no longer actively engaged in work on a full-time basis for the Employer. However, if absence from such full-time work is then of a type set forth in the Coverage Schedule for the insurance, the Policyholder may, without discrimination among persons in like circumstances, consider the Employee as not having terminated his employment for insurance purposes and, while such absence is of any such type, as continuing to be a member of the coverage classes for the insurance up to any applicable time limit in the schedule.

GRP 31300

GEN A -7- (4-101) ED 3-66

(2E-6)

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA
GENERAL PROVISIONS

A. PAYMENT OF PREMIUMS - GRACE PERIOD

Premiums under the Group Policy are payable by the Policyholder to Prudential, at an office of Prudential or to its authorized representative. There is a premium due and payable on each premium due date specified in the Group Policy Schedule. A grace period of thirty-one days, without interest charge, is allowed for the payment of each premium other than the first. The Policyholder is liable to Prudential for the payment of premiums for the time the Group Policy is in force.

B. PREMIUM COMPUTATION - CHANGE OF PREMIUM RATES

The premium due on each premium due date is the sum of the premium charges for the insurance then provided under the coverages of the Group Policy, determined from the applicable premium rates then in effect and the Employees insured at the periodic intervals established by Prudential. Premiums may be computed by any other method mutually agreeable to the Policyholder and Prudential which produces approximately the same total amount.

Prudential shall have the right to change premium rates as of (1) any premium due date, provided 31 days' written notice delivered or mailed to the Policyholder at his last address as it appears on Prudential's records has been given, (2) any date an employer becomes or ceases to be included under the Group Policy, and (3) for a coverage, any date the extent or nature of the risk under that coverage, or under any other coverage considered in determining the premium rate for that coverage, is changed by amendment or termination or by reason of any provision of law or any governmental program or regulation. However, the premium rates for insurance under a coverage, or portion separately rates, will not be changed under (1) above before the first policy anniversary nor more than once in any twelve consecutive months, unless otherwise provided in the schedule of premium rates applicable on the Policy Date or in an amendment to the Group Policy. The Policyholder will be notified whenever a change in the premium rates is made.

C. DIVIDENDS

The portion, if any, of the divisible surplus of Prudential allocable to the Group Policy at each policy anniversary will be determined annually by Prudential's Board of Directors and will be credited to the Group Policy as a dividend on such anniversary, provided the Group Policy is continued in force by the payments of all premiums to such anniversary.

Any such dividend will be (1) paid to the Policyholder in cash, or, at the Policyholder's option, (2) applied to the reduction of the premium then due.

If the aggregate dividends under the Group Policy and any other group policy or policies issued to the Policyholder should be in excess of the aggregate contributions toward their cost made by the Employer from his own funds, an amount equal to such excess will be applied for the sole benefit of insured persons. Payment of any dividend to the Policyholder will completely discharge the liability of Prudential with respect to that dividend.

D. TERMINATION OF GROUP POLICY OR OF INSURANCE PROVISIONS

By Failure to Pay Premium: If any premium is not paid within its grace period (as provided in Section A of these General Provisions), the Group Policy will terminate at the end of the grace period. However, if the Policyholder makes written request in advance for termination to take effect at the end of the period for which premiums have been paid or at any time during the grace period, the Group Policy will terminate on the date requested.

By Failure to Maintain Insuring Conditions: Prudential may terminate the provisions of the Group Policy for any insurance under a coverage on any premium due date, if the applicable condition set forth below then exists and notice of intention to terminate has been given to the Policyholder at least thirty-one days in advance.

Contributory insurance - The Employees insured

(1) total less than the Minimum Participation Number (see Group Policy Schedule), or

(2) are less than seventy-five percent of the eligible Employees, or

(3) are contributing at a rate greater than any maximum contribution rate for such insurance provided under the Group Policy.

Non-contributory insurance - The Employees insured

(1) total less than the Minimum Participation Number or

(2) are contributing for such insurance

By Termination of Associated Protection: If the Coverage Schedule for any insurance defines as Associated Protection, the provisions for such insurance will be terminated upon termination of the Associated Protection.

GRP 31300

GEN A

-8-

(5-103)

ED 3-

66 (1-3)

E. ASSIGNMENT LIMITATIONS

Insurance under a coverage is not assignable unless the Coverage Schedule indicates that it is assignable. An assignment may apply to any right, benefit or privilege of the Employee including, without limiting the generality of the foregoing, any right of the Employee to designate a Beneficiary or to convert to another policy. No responsibility for the validity or sufficiency of any assignment is assumed by Prudential. Prudential shall not be considered to have knowledge of any assignment unless the original or a duplicate is filed with Prudential through the Policyholder.

If, under an insurance for which the Group Policy allows Beneficiary designations, any amount of insurance becomes payable on account of the death of an Employee and there is, as to such amount of insurance, at the Employee's death an assignment in effect but no Beneficiary designated by the assignee, such amount of insurance will be payable as follows and not as otherwise provided in the Beneficiary Provisions of the Group Policy:

(1) In the case of a non-collateral assignment, payment will be made to the assignee, if living, otherwise to the estate of the assignee.

(2) In the case of a collateral assignment, payment will be made to the assignee, if living, otherwise to the estate of the assignee, as interest may appear, and payment of the balance, if any, will be made as provided in those Beneficiary Provisions without regard to the paragraph.

F. EMPLOYEE'S CERTIFICATE

Prudential will issue to the Policyholder, for delivery to each insured Employee, an individual certificate stating to whom benefits are payable and the essential features of his insurance protection, including any protection and rights upon termination of his insurance and the rights and requirements for establishment and payment of claim.

G. RECORDS - INFORMATION TO BE FURNISHED - CLERICAL ERROR

Either the Policyholder or Prudential, as mutually agreed, shall keep a record of the insured Employees containing the essential particulars of the insurance. The Policyholder shall forward the information periodically required by Prudential in connection with the administration of the Group Policy and the determination of the premium rates. All records of the Policyholder and the Employer which have a bearing on the insurance shall be open for inspection by Prudential at any reasonable time.

Prudential shall not be liable for the fulfillment of any obligation dependent upon such information prior to its receipt in a form satisfactory to Prudential. Incorrect information furnished may be corrected, if Prudential shall not have acted to its prejudice by relying on it. An Employee's insurance under a coverage shall in no event be invalidated by failure of the Policyholder or the Employer, due to clerical error, to record or report the Employee for such insurance.

H. ENTIRE CONTRACT - INCONTESTABILITY OF POLICY - CHANGES

The Group Policy, the Application of the Policyholder, and the individual applications, if any, of the persons insured hereunder constitute the entire contract between the parties, and any statement made by the Policyholder shall, in the absence of fraud, be deemed a representation and not a warranty. No such statement shall be used in defense to a claim hereunder unless it is contained in a written application.

The validity of the Group Policy shall not be contested, except for non-payment of premiums, after it has been in force for one year

from its date of issue.

No change in the Group Policy shall be valid unless approved by an executive officer of Prudential and evidenced by an endorsement on it, or by amendment to it signed by the Policyholder and by an executive officer of Prudential. No agent has authority to change the Group Policy or to waive any of its provisions.

The Group Policy may be amended at any time, without the consent of the Employees insured under it or any other person having a beneficial interest in it, upon written request made by the Policyholder and agreed to by Prudential., but any such amendment shall be without prejudice to any claim arising prior to the date of change.

GRP 31300
GEN A -9- (5-103) ED 3-
66 (1-3)

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

RIDER TO GROUP POLICY NO. G-91660

EFFECTIVE DATE OF RIDER: AUGUST 1, 1970

A. BENEFICIARY PROVISIONS

Any insurance under the Group Policy becoming payable on account of the death of an Employee will be payable to the person designated by him as his Beneficiary on a form satisfactory to Prudential, subject to the facility of payment provision if included under the Coverage Schedule and subject to the Assignment Limitations section of the General Provisions.

At any time the Employee may, without the consent of his Beneficiary, change the Beneficiary by filing written notice of the change through the Policyholder on a form satisfactory to Prudential. The new designation will take effect on the date the notice was signed, except that it will not apply as to any amount paid by Prudential before receipt of the notice.

If more than one Beneficiary is designated and in such designation the Employee has failed to specify their respective interests, the Beneficiaries will share equally. Unless otherwise provided in the Employee's Beneficiary designation, the interest of any designated Beneficiary predeceasing the Employee will terminate and will be shared equally by any Beneficiaries who survive the Employee. Any amount of the insurance for which there is no disposition of a terminated interest as provided above, and any other amount of the insurance for which there is no Beneficiary at the death of the Employee, will be payable to the estate of the Employee unless otherwise provided in the Assignment Limitations.

B. MODE OF SETTLEMENT PROVISIONS

Subject to the Assignment Limitations, a mode of settlement other than lump sum payment may be arranged for all or a part of the Employee Life Insurance payable under the Group Policy at an Employee's death, in accordance with the following provisions.

Equal Monthly Installments Over a Fixed Period Not to Exceed Ten Years: The Employee may elect such a settlement during his lifetime by his proper written request to Prudential. The first installment is payable upon receipt of the required proof of death. Each installment will include interest on the unpaid balance at the effective rate of 2 3/4% per annum. Prudential's Board of Directors may authorize additional interest. If the Beneficiary dies, the discounted value of any unpaid installments will be paid in one sum to the Beneficiary's estate.

Other Arrangements: Any other settlement on which the Employee and Prudential mutually agree may be arranged during the Employee's lifetime. If, at the Employee's death, no settlement has been arranged for an amount of his Employee Life Insurance, the Beneficiary and Prudential may then mutually agree upon any settlement as to such amount.

Availability Conditions: The Beneficiary must be a natural person taking in his own right as an individual and not in a fiduciary capacity. No settlement is available for secondary Beneficiaries unless Prudential specifically consents in writing. The amount of each settlement to a person must not be less than \$20,000. A change of Beneficiary will void any previous arrangement of a settlement.

Designation by Beneficiary: A Beneficiary receiving settlement under an arrangement in accordance with any of the above provisions may, if Prudential approves, designate (or change such designation of) a payee or payees to receive in one sum any amount which would otherwise be payable to the Beneficiary's estate.

C. INCONTESTABILITY OF AN INDIVIDUAL'S LIFE INSURANCE

All statements with respect to Life Insurance under the Group Policy made by a person insured therefore shall be deemed representations and not warranties. With respect to each amount of such insurance for which a person is insured., no such statement shall be used in any contest of such insurance unless such statement is contained in an individual application signed by such person and a copy of such application is or has been furnished to him or to his Beneficiary. No statement made by a person insured under the Group Policy relating to his insurability for such insurance shall be used

in contesting the validity of the insurance with respect to which such statement was made after such insurance has been in force prior to the contest for a period of two years during his lifetime.

GRP 31300

GEN B-102 ED 3-66

-10-

(1-2)

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

RIDER TO GROUP POLICY NO. G-91660

EFFECTIVE DATE OF RIDER: JANUARY 1, 1980

DEPENDENTS INSURANCE PROVISIONS

These provisions apply separately to each coverage under which Dependents Insurance is provided.

A. DEFINITIONS

Dependents Insurance: Insurance pertaining to the person of a dependent. Under such insurance, a charge will be considered actually made to an Employee if actually made to his qualified dependent.

Qualified Dependent: An Employee's wife, unmarried child, or the husband of an Employee if the Coverage Schedule indicates the inclusion of husbands, excluding in any case --

- (1) a legally separated spouse;
- (2) a child nineteen or more years of age unless (a) wholly dependent upon the Employee for support and maintenance and (b) enrolled as a full-time student in an educational institution;
- (3) a spouse or child on active duty in any military, naval or air force of any country; and
- (4) a spouse or child who is insured for Employee Insurance under the Group Policy.

An Employee's children include step-children, legally adopted children and foster children, provided they are dependent upon the Employee for support and maintenance.

A wife is not considered to have qualified dependents while both she and her husband are insured for Employee Insurance under the Group Policy.

B. BECOMING INSURED FOR DEPENDENTS INSURANCE

This Section (other than requirement (1) below) applies separately to each qualified dependent an Employee has or acquires.

The Employee shall be insured with respect to a qualified dependent from the first day, on or after the Employee's date of eligibility, on which the Employee is included in a coverage class for the insurance and the following requirements are simultaneously satisfied:

- (1) If the insurance is contributory, the Employee has requested it of the Policyholder on a form satisfactory to Prudential and has agreed to make the required contributions.
- (2) If any evidence of insurability requirement applies with respect to the qualified dependent, the Employee has complied with that requirement. An Employee will be considered as having complied as of the date Prudential determines the evidence to be satisfactory.
- (3) The insurance with respect to the qualified dependent is not being deferred in accordance with Section D of these Dependents Insurance Provisions.
- (4) The Employee is covered for the Associated Protection defined in the Coverage Schedule for the insurance.

An Employee becoming included in the coverage classes for contributory Dependents Insurance under a coverage will be considered as having satisfied requirement (1) above on the date of such inclusion if, on the day before, he was insured for any other contributory Dependents Insurance under the Group Policy. The preceding sentence will not apply if (a) such inclusion is effected by an amendment to the Group Policy or if (b) on or before the thirty-first day after such inclusion date, he gives the Policyholder written notice of his election not to become insured for the Dependents Insurance under the coverage.

GRP 31300

GEN D-101 ED 3-66

(1-

12)

C. EVIDENCE OF INSURABILITY REQUIREMENTS FOR DEPENDENTS INSURANCE

An Employee must furnish evidence of the insurability of a qualified dependent satisfactory to Prudential in order to become insured with respect to that dependent, in any of the situations listed below. These requirements shall not apply to any qualified dependent acquired after the Employee becomes insured for Dependents Insurance.

- (1) Late Participation under Contributory Insurance - The Employee does not satisfy both requirements (1) and (4) of Section B before the end of the thirty-one day period immediately following the first day, on or after his date of eligibility, on which he has a

qualified dependent.

(2) Failure to Make Contribution - The Employee requests the insurance after previous termination of any insurance under the Group Policy because of failure to make a required contribution.

(3) Previous Evidence Requirement - Neither the Employee nor the dependent has satisfied a previous requirement that evidence of the dependent's insurability be furnished in order for the dependent to become covered, as a dependent or Employee, under a coverage of the Group Policy or any other Prudential group policy which provides or provided insurance for Employees of the Employer.

D. DEFERMENTS AS TO QUALIFIED DEPENDENTS

If any qualified dependent is confined for medical care or treatment either in an institution or at home on the date any Dependents Insurance under a coverage, or adjustment thereof, would otherwise become effective with respect to that dependent, such insurance or adjustment will be deferred until his final medical release from all such confinement.

E. CHANGES OF DEPENDENTS BENEFITS

The Dependents Insurance benefits for which an Employee is insured will be those for his classification under the applicable Coverage Schedule unless otherwise determined in accordance with this Section.

This Section applies unless the Coverage Schedule indicates to the contrary.

When an Employee's classification changes or the benefits applicable to his classification are changed by an amendment to the Group Policy, the change will not result in an adjustment of the Employee's benefits with respect to a qualified dependent (including the amount) until the first day, on or after the date of the change, on which the adjustment for that dependent is not being deferred in accordance with Section D of these Dependents Insurance Provisions. Such benefits will be adjusted on that day to those then applicable to the Employee's classification.

F. TERMINATION OF DEPENDENTS INSURANCE

An Employee's Dependents Insurance will automatically terminate when:

- (1) he ceases to be a member of the coverage classes for the insurance because of termination of employment (described in the Termination of Employee Insurance section of the Insurance Plan Provisions) or for any other reason, or
- (2) his class is no longer included in the coverage classes for the insurance, or
- (3) the provisions of the Group Policy for the insurance terminate, or
- (4) if the insurance is contributory, any contribution required of him for any insurance under the Group Policy is not made when due.

All of the Dependents Insurance with respect to a particular qualified dependent will automatically terminate if that dependent ceases to be a qualified dependent.

GRP 31300
GEN D-101 ED 3-66 (1-
12)

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

Rider to Group Policy No.: G-91660
Effective Date of Rider: December 31, 1986

MODIFICATIONS OF GROUP POLICY SCHEDULE

1. Effective December 1, 1984, the employment waiting period shall be the following period of continuous service on a full-time basis for the Employer:

One month commencing with the first day of June or December; provided that no such period shall apply to those Employees classified as (1) President, Executive Vice President or Senior Vice President of Northrop Corporation, or (2) elected vice presidents each of whom entered into an employment agreement with the Policyholder.

2. Effective December 31, 1986, the Policy Anniversaries provision set forth in the Group Policy Schedule is replaced by the following:

Policy Anniversaries
December 31 of each year, beginning in 1986.

GRP 31300
GEN M-101 ED 3-66 (G-91660)
THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

Rider to Group Policy No.: G-91660
Effective Date of Rider: August 1, 1970

MODIFICATIONS
OF THE CHANGES OF EMPLOYEE BENEFITS SECTION FOR
SUPPLEMENTARY INSURANCE
UNDER EMPLOYEE TERM LIFE INSURANCE

The Changes of Employee Benefits section of the Insurance Plan Provisions of the Group Policy is modified for Supplementary Insurance under Employee Term Life Insurance by the following provisions. Supplementary Insurance is included under Employee Term Life Insurance when so indicated in the Coverage Schedule.

An Employee's amount of insurance under the insurance to which the Coverage Schedule applies shall not exceed the Nonmedical Maximum under the Coverage Schedule unless otherwise provided below or, by reason of his prior insurance under a previous group coverage, under the Changes of Employee Benefits section.

If the amount of insurance applicable to the Employer's classification exceeds the Nonmedical Maximum, he must furnish evidence of his insurability satisfactory to Prudential in order to have his insurance increased to the amount applicable to his classification. The increase will be effective when Prudential has determined the evidence to be satisfactory and he has satisfied to other applicable requirements of the Changes of Employee Benefits section.

GRP 31300
GEN M-101 ED 3-66 (1-1) LIFE
THE PRUDENTIAL INSURANCE COMPANY OF AMERICA
Rider to Group Policy No. G-91660 Maximum Contribution Rate
for Employee
Effective Date of Rider: December 1, 1984 Term Life Insurance:
Employee contributions are not
permitted.

A. PREMIUM RATE DETERMINATIONS FOR EMPLOYEE TERM LIFE INSURANCE

Section B (Premium Computation - Change of Premium Rates) of the General Provisions of the Group Policy is modified by the addition of the following paragraphs:

For the purpose of Employee Term Life Insurance, Prudential's right to change premium rates means the right to change the individual rate factors under the following table. At the issuance of this Rider, Prudential has determined a monthly rate per Employee per

\$1,000 of insurance. This is an average rate obtained by applying such individual rate factors to the amounts of insurance in force at the respective ages, nearest birthday, of all Employees then insured for Employee Term Life Insurance under the Group Policy, and dividing the aggregate amount so obtained by the total amount of insurance. On any date on which Prudential has the right to change such individual rate factors (whether or not exercised) Prudential or the Policyholder may require that the monthly rate per Employee per \$1,000 of insurance be correspondingly redetermined according to the age distribution of insurance and the individual rate factors then in effect.

Initial Table of Individual Rate Factors Per \$1,000 of Employee Term Life Insurance

Age Nearest Birthday	Monthly Rate Factor		Age Nearest Birthday	Monthly Rate Factor		Age Nearest Birthday	Monthly Rate Factor		Age Nearest Birthday	Monthly Rate Factor	
	Male	Female		Male	Female		Male	Female		Male	Female
15	.13	.05	32	.21	.12	49	1.01	.46	65	3.80	1.51
16	.16	.06	33	.22	.13	50	1.12	.50	66	4.11	1.70
17	.18	.07	34	.23	.14	51	1.24	.55	67	4.48	1.95
18	.20	.07	35	.24	.14	52	1.38	.60	68	4.89	2.24
19	.21	.07	36	.25	.15	53	1.53	.66	69	5.34	2.56
20	.22	.07	37	.27	.16	54	1.71	.73	70	5.81	2.92
21	.24	.07	38	.30	.17	55	1.91	.82	71	6.32	3.32
22	.24	.07	39	.33	.20	56	2.15	.93	72	6.84	3.74
23	.24	.07	40	.37	.23	57	2.44	1.06	73	7.38	4.21
24	.22	.08	41	.42	.26	58	2.77	1.22	74	7.95	4.71
25	.21	.08	42	.47	.29	59	3.15	1.41	75	8.56	5.22
26	.20	.08	43	.53	.32	60	2.19	1.06	76	9.24	5.78
27	.19	.09	44	.59	.34	61	2.53	1.11	77	10.00	6.42
28	.19	.09	45	.66	.36	62	2.88	1.18	78	10.86	7.15
29	.19	.10	46	.74	.38	63	3.20	1.26	79	11.81	7.96
30	.20	.11	47	.83	.40	64	3.51	1.36	80	12.83	8.85
31	.20	.12	48	.92	.43						

Rate factors for ages not shown will be furnished by Prudential upon request.

B. ADJUSTMENTS IN EMPLOYEE TERM LIFE INSURANCE BECAUSE OF AGE MISSTATEMENTS

If the age of an Employee insured for Employee Term Life Insurance under the Group Policy is found to have been misstated, the premium charge applicable to such insurance of the Employee shall then be adjusted to the amount required on the basis of the Employee's correct age. If such adjustment results in an increased premium, the difference between the premium actually paid and the premium required on the basis of the correct age shall be paid by the Policyholder upon notice from Prudential of the amount due. If such adjustment results in a decreased premium, Prudential shall refund to the Policyholder the difference between the premium actually paid and the premium required on the basis of the correct age. Such insurance of the Employee shall remain unchanged if its amount does not depend upon age. If the change in age affects such insurance of the Employee, the amount shall be corrected accordingly and the premium adjustment shall take such correction into account.

GRP 31300
 GEN M-102 (1-4) LIFE
 C. MAXIMUM EMPLOYEE CONTRIBUTIONS FOR EMPLOYEE TERM LIFE INSURANCE

The contributions, if any, required of an Employee for Employee Term Life Insurance under the Group Policy shall not exceed the Maximum Contribution Rate shown in this Rider for the insurance.

GRP 31300
GEN M-102

(1-4) LIFE

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

Rider to Group Policy No. G-91660
Effective Date of Rider: January 1, 1972

PREMIUM RATE REDETERMINATIONS ON ACCOUNT OF SUPPLEMENTARY
INSURANCE UNDER EMPLOYEE TERM LIFE INSURANCE

Section B (Premium Computation - Change of Premium Rates) of the General Provisions of the Group Policy is modified for Employee Term Life Insurance by the addition of the following paragraphs:

On any premium due date occurring at or subsequent to the time any Employee first becomes insured for Primary Supplementary Insurance or the time Supplementary Insurance is terminated on any Employee but prior to the date a redetermination of the premium rate for Employee Term Life Insurance is next made pursuant to any other provisions of the Group Policy, Prudential or the Policyholder may require that the applicable premium rate be determined for premiums applying to the Employee Term Life Insurance on and after the date of such redetermination. In making any such redetermination, the ages of the Employees insured for Supplementary Insurance Primary only of both Primary and Secondary and the distribution of such insurance at the time of such redetermination will be used with respect to Supplementary Insurance. However, as to any other Employee Term Life Insurance, it will be assumed that the age and distribution of insurance data is the same as that used in the last Employee Term Life Insurance premium rate determination.

The right to have redeterminations of the premium rate made in accordance with the above paragraph will not affect the right to have redeterminations made pursuant to other provisions of the Group Policy.

For the purpose of the above paragraphs, an Employee's amount of Supplementary Insurance will, up to and including an amount thereof equal to the applicable Primary Supplementary Insurance Maximum shown below, be considered to be Primary Supplementary Insurance. The portion, if any, of his amount of such Supplementary Insurance which is in excess of such Maximum will be considered to be Secondary Supplementary Insurance.

Primary Supplementary Insurance Maximum: \$600,000.

GRP 31300
GEN M-103
LIFE

ED 3-66

(1-1)

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

Rider to Group Policy No. G-91660
Effective Date of Rider: August 1, 1970

MODIFICATIONS
OF GENERAL PROVISIONS FOR
EMPLOYEE LONG TERM DISABILITY INSURANCE

The General Provisions of the Group Policy are modified for Employee Long Term Disability Insurance by the following provisions.

A. MODIFICATION OF SECTION B (PREMIUM COMPUTATION - CHANGE OF PREMIUM RATES) OF THE GENERAL PROVISIONS.

No premium charge for Employee Long Term Disability Insurance shall be made for any insured Employee while he is totally disabled and entitled to benefits under such insurance after the applicable Elimination Period.

B. TERMINATION OF EMPLOYEE LONG TERM DISABILITY INSURANCE

PROVISIONS.

Prudential may also terminate the provisions of the Group Policy for any Employee Long Term Disability Insurance under a coverage on any premium due date occurring one year or more after the effective date of this Rider, by giving written notice to the Policyholder at least sixty days in advance.

GRP 31300
GEN M-108 ED 3-67 (2N-1)
THE PRUDENTIAL INSURANCE COMPANY OF AMERICA
Coverage Rider to Group Policy No. G-91660
Effective Date of Rider: January 1, 1982

EMPLOYEE TERM LIFE

A. DEATH BENEFIT WHILE A COVERED INDIVIDUAL.

If the Employee dies while a covered individual, the amount of insurance under this Coverage is payable when Prudential receives due written proof of death.

B. DEATH BENEFIT DURING CONVERSION PERIOD.

This benefit is payable if the Employee dies within thirty-one days after ceasing to be a covered individual and while entitled (under Section C) to a conversion of insurance under this Coverage to an individual policy.

C. CONVERSION PRIVILEGE.

An Employee ceasing to be a covered individual may convert the insurance under this Coverage to an individual policy of life insurance, without evidence of insurability, if the Employee then ceases to be insured for term life insurance under the Group Policy by reason of --

(1) termination of the Employee's membership in the classes eligible for such insurance or

(2) termination, by amendment or otherwise, of the provisions for such insurance as to the eligible class of which the Employee is a member, provided that either

(a) the Employee is totally disabled (as described below) at the date of such termination and remains so disabled until the effective date of the individual policy, or

(b) the Employee does not satisfy the requirements of provision (a) but at the date of such termination has been insured under such provisions (or under such provisions and any Prudential rider or group policy replaced by such provisions) for at least five years prior to such termination date.

Any such conversion shall be subject to the remainder of this Section.

Availability: The individual policy will be issued only if written application and the first premium payment for it are made to Prudential within thirty-one days after such cessation.

Individual Policy Requirements: The individual policy must conform to the following --

Amount -- not in excess of the amount of the Employee's insurance under this coverage at such cessation. Furthermore, if such cessation occurs by reason of termination, by amendment or otherwise, of the term life insurance provisions of the Group Policy as the Employee's class, the total amount of individual insurance obtainable with respect to all of the Employee's life insurance then terminating under the Group Policy shall in no event exceed the lesser of (1) the total amount of such insurance then terminating, reduced by the coverage issued by any insurance carrier within thirty-one days thereafter, and (2) \$2,000. However, in the case of an Employee who is totally disabled (as described below) at the date of such termination and remains so continuously so disabled until the effective date of the individual policy, (a) the reduction in item 0(1)0 of the preceding sentence applies only to the extent the Employee becomes insured under the succeeding coverage within the thirty-one days, and (b) item 0(2)0 of that sentence does not apply.

Form -- any form of life insurance policy, other than term insurance or any policy containing disability or other supplementary benefits, then customarily issued by Prudential at the age and amount applied for.

Premium -- based on Prudential's rate applicable to its form and amount, to the class of risk to which the Employee belongs, and to

the Employee0s attained age on its effective date.
 Effective Date -- at the end of the thirty-one day period during
 which application for it may be made.
 Total Disability of an Employee: Exists only while both of the
 following are satisfied --
 (1) The Employee is not engaged in any gainful occupation.
 (2) The Employee is completely unable, due to sickness or injury or
 both, to engage in any and every gainful occupation for which that
 person is reasonable fitted by education, training or experience.

Any death benefit provided under a section of this Coverage is
 payable in accordance with that section and the Group Policy0s
 Beneficiary and Mode of Settlement provisions.

31300 Group Employee Term
 Life Insurance Coverage LIFE 621 (6-
 LIFE R-621 1)
 1)

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

COVERAGE SCHEDULE #1
 FOR EMPLOYEE TERM LIFE INSURANCE

Effective November 1, 1990
 Made a Part of Employee Term Life Insurance Coverage LIFE 621 (6-1)
 Under Group Policy No. G-91660

Coverage Classes:
 All Officers except (1) Assistant Corporate Officers, (2) the Chairman
 of the Board and Chief Executive Officer and (3) the President and
 Chief Operating Officer of Northrop Corporation.

Insurance Provided:
 Employee Insurance on the following assets -- [] Contributory
 [X] Non-contributory

Amount of Insurance applicable to each Employee0s Benefit Class:*

Benefit Classes	Amount of Insurance**
All Employees, according to Annual Earnings, as follows:	
Less than	
\$35,000.....	
\$100,000	
\$ 35,000 or more but less than \$45,000.....	
\$120,000	
\$ 45,000 or more but less than \$55,000.....	
\$150,000	
\$ 55,000 or more but less than \$65,000.....	
\$180,000	
\$ 65,000 or more but less than \$75,000.....	
\$210,000	
\$ 75,000 or more but less than \$85,000.....	
\$240,000	
\$ 85,000 or more but less than \$95,000.....	
\$270,000	
\$ 95,000 or more but less than \$105,000.....	
\$300,000	
\$105,000 or more but less than \$125,000.....	
\$345,000	
\$125,000 or more but less than \$145,000.....	
\$405,000	
\$145,000 or more but less than \$165,000.....	
\$465,000	
\$165,000 or more but less than \$185,000.....	
\$525,000	
\$185,000 or more but less than \$205,000.....	
\$555,000	
\$205,000 or	
more.....	
\$600,000	

Supplementary Insurance -- The amount of insurance applicable to an
 Employee0s classification includes Supplementary Insurance if that
 amount exceeds the Basic Insurance maximum of \$400,000. An Employee0s
 amount of Supplementary Insurance is the excess, if any, of the amount
 of insurance for which he is insured over the Basic Insurance Maximum.

*See reverse side
 **See reverse side

(Coverage Schedule
 continued)

GRP 31300
 LIFE U-101 ED 3-66 (G-91660)
 (1-2)

COVERAGE SCHEDULE (Continued)

Amount of Insurance applicable to each Employee0s Benefit Class:
 (Continued)

* Notwithstanding any provisions other than the OAge Limitation0 paragraph of the Group Policy to the contrary, the following shall apply to each Employee who on July 31, 1976, was covered under the coverage of which this Coverage Schedule is made a part for an amount of insurance other than the Amount of Insurance provided for the Employee under this Coverage Schedule:

While the employee remains insured under the Coverage of which this Coverage Schedule is made a part, the Employee0s Amount of Insurance shall be an amount equal to the Amount of Insurance for which the Employee was insured on July 31, 1976. This provision will cease to apply to an Employee on and after any change in the Employee0s classification to a classification for which an Amount of Insurance is provided under this Coverage Schedule which is equal to or larger than the Amount of Insurance for which the Employee was insured on July 31, 1976.

** If an Employee becomes a covered individual under the Coverage of which this Coverage Schedule is made a part within thirty-one days after he ceases to be insured for employee term life insurance under another Group Policy issued to Northrop Corporation (or a subsidiary or affiliate of Northrop Corporation), hereinafter referred to as a Oprior coverage,0 then during said thirty-one day period his amount of insurance shall be the amount for which he would otherwise be insured for under this Coverage Schedule reduced by the amount of death benefit, if any, provided with respect to the employee under the prior coverage during said thirty-one day period.

Age Limitation -- Applicable to All Employees except (1) Executive Vice President or Senior Vice President of Northrop Corporation and (2) Vice President or Group Vice President elected by the Board of Directors -- On and after the Employee0s attainment of the Limiting Age shown below, his amount of insurance shall be 20% of the amount for which he would then be insured without regard to any retirement reduction of limitation. The Changes of Employee Benefits section of the Insurance Plan Provisions will not apply to any reduction provided by this limitation.

Limiting Age -- The Employee0s age on the day he is retired by the Employer. For the purpose of this definition, an Employee shall not be considered as becoming retired, prior to age 65, while absent from work on account of his disability for less than one year.

Age Limitation -- Applicable to (1) Executive Vice President or Senior Vice President of Northrop Corporation and (2) Vice President or Group Vice President elected by the Board of Directors -- On or after the Employee0s attainment of the Limiting Age shown below, his amount of insurance shall be the Limited Percentage for that Age of the amount for which he would then be insured without regard to any retirement reduction or limitation. The Changes of Employee Benefits section of the Insurance Plan Provisions will not apply to any reduction provided by this limitation.

Limiting Age -- The Employee0s age on the day he is retired by the Employer. For the purpose of this definition, an Employee shall not be considered as becoming retired, prior to age 65, while absent from work on account of his disability for less than one year.

Limited Percentage -- The Limited Percentage shall be selected by the Employee on his date of retirement. He may select 10% or 20% as his Limited Percentage. But once the Employee has selected his Limited Percentage, he may not change it. If the Employee does not select a Limited Percentage, the Limited Percentage will be 20%.

(Coverage Schedule

continued)

GRP 31300

LIFE U-101

(1-2)

ED 3-66

(G-91660)

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA
COVERAGE SCHEDULE #1
FOR EMPLOYEE TERM LIFE INSURANCE

Effective November 1, 1990

Made a Part of Employee Term Life Insurance Coverage LIFE 621 (6-1)
Under Group Policy No. G-91660

CONTINUED

The Changes of Employee Benefits section of the Insurance Plan Provisions is:
Applicable except to the extent, if any, indicated under Amount of Insurance.

Previous Group Coverage (under provision (3) of the Changes of Employee Benefits section):
[] None []

Assignment:
The insurance is assignable.

Continuance in Coverage Classes During Absence from Full-time Work:
The types of absences and time limits referred to in the Termination of Employee Insurance section of the Insurance Plan Provisions for considering an Employee as continuing to be a member of the coverage classes are --

Type of Absence from

Full-time Work	Time Limit
Leave of absence	Two years
Family leave of absence month following	End of the fourth policy
Employee in work on a	the policy month in which the ceased to be actively engaged full-time basis
Temporary lay-off, for reasons policy month following other than disability during which lay-off prior thereto the any of any country at then the later of member of such and (b) the end the policy lay-off	End of the third the policy month commences, except that if Employee becomes a member of military, naval or air force war, declared or undeclared, (a) the date he becomes a military, naval or air force of the policy month following month during which leave or commences.

Disability, part-time employment or retirement None.

Facility of Payment: At its option, Prudential may pay up to \$500.00 of an Employee's insurance to any person appearing to it to be equitably entitled to payment because of expense incurred in connection with the Employee's burial. The liability of Prudential shall be discharged to the extent of any amount so paid.

GRP 31300
LIFE U-101 ED 3-66 (G-91660)
(1-2)

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

COVERAGES SCHEDULE #1
FOR EMPLOYEE TERM LIFE INSURANCE

Effective November 1, 1990
Made a Part of Employee Term Life Insurance Coverage LIFE 621 (6-1)
Under Group Policy No. G-91660

Coverage Classes:
All Employees of Northrop Corporation classified as Chairman of the Board and Chief Executive Officer and President and Chief Operating Officer.

Insurance Provided:
Employee Insurance on the following basis -- [] Contributory [X]
Non-contributory

Amount of Insurance applicable to each Employee's Benefit Class:

Benefit Classes	Amount of Insurance*
Chairman of the Board and Chief Executive Officer.....	\$1,000,000
President and Chief Operating Officer.....\$ 780,000

* If an Employee becomes a covered individual under the Coverage of which this Coverage Schedule is made a part within thirty-one days after he ceases to be insured for employee term life insurance under another Group Policy issued to Northrop Corporation (or a subsidiary or affiliate of Northrop Corporation), hereinafter referred to as a prior coverage, then during said thirty-one day period his amount of insurance shall be the amount for which he would otherwise be insured for under this Coverage Schedule reduced by the amount of death benefit, if any, provided with respect to the employee under the prior coverage during said thirty-one day period.

Supplementary Insurance -- The amount of insurance applicable to an Employee's classification includes Supplementary Insurance if that amount exceeds the Basic Insurance maximum of \$400,000. An Employee's amount of Supplementary Insurance is the excess, if any, of the amount of insurance for which he is insured over the Basic Insurance Maximum. The Supplementary Insurance is subject to the Modifications of the Changes of Employee Benefits Section for Supplementary Insurance under Employee Term Life Insurance of the Group Policy. The Non-medical Maximum referred to in the Modifications is \$600,000.

Age Limitation (Applicable to the Chairman of the Board and Chief Executive Officer of Northrop Corporation classified as Retired by

the Policyholder) -- In the limitation period for each Limiting Age shown below, the Employee0s amount of insurance shall be the Limited Amount (for that Age). The limitation period for a Limiting Age begins with the date he becomes insured under the coverage if he is then that Age or more, and otherwise begins with the date he attains that Age. That limitation period will terminate immediately prior to the limitation period for any subsequent Limiting Age. The Changes of Employee Benefits section of the Insurance Plan Provisions will not apply to any reduction provided by this limitation.

(Coverage Schedule

continued)

GRP 31300
LIFE U-101 ED 3-66 (G-91660)
(1-2)

COVERAGE SCHEDULE (Continued)

Amount of Insurance applicable to each Employee0s Benefit Class:
(Continued)

Age Limitation (Applicable to the Chairman of the Board and Chief Executive Officer of Northrop Corporation classified as ORetired0 by the Policyholder) -- (Continued)

Limiting Age	Limited Amount
--------------	----------------

65, or if later, the Employee0s age on the date \$450,000 of his retirement by the Policyholder	
---	--

66, or if later, the Employee0s age on the date \$400,000 of his retirement by the Policyholder	
---	--

67, or if later, the Employee0s age on the 2nd \$350,000 anniversary of his retirement by the Policyholder	
--	--

68, or if later, the Employee0s age on the 3rd \$300,000 anniversary of his retirement by the Policyholder	
--	--

69, or if later, the Employee0s age on the 4th \$250,000 anniversary of his retirement by the Policyholder	
--	--

Age Limitation (Applicable to the President and Chief Operating Officer of Northrop Corporation classified as ORetired0 by the Policyholder) -- On and after the Employee0s attainment of the Limiting Age shown below and during each Limitation Period shown below, his amount of insurance shall be the Limited Amount shown below. The Changes of Employee Benefits section of the Insurance Plan Provisions will not apply to any reduction provided by this limitation.

Limiting Age -- the Employee0s age on the day of his retirement by the Employer.

Limitation Period	Limited Amount
-------------------	----------------

a. One year beginning with the day of the Employee0s retirement by the Policyholder	\$450,000
--	-----------

b. One year beginning with the termination of item 0a.0 above.	\$400,000
---	-----------

c. One year beginning with the termination of item 0b.0 above.	\$350,000
---	-----------

d. One year beginning with the termination of item 0c.0 above.	\$300,000
---	-----------

e. One year beginning with the termination of item 0d.0 above.	\$250,000
---	-----------

(Coverage Schedule

continued)

GRP 31300
LIFE U-101 ED 3-66 (G-91660)
(1-2)

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

COVERAGE SCHEDULE #2
FOR EMPLOYEE TERM LIFE INSURANCE

Effective November 1, 1990
Made a Part of Employee Term Life Insurance Coverage LIFE 621 (6-1)
Under Group Policy No. G-91660

CONTINUED

The Changes of Employee Benefits section of the Insurance Plan Provisions is:
Applicable except to the extent, if any, indicated under Amount of Insurance.

Previous Group Coverage (under provision (3) of the Changes of Employee Benefits section):

[X] None []

Assignment:
The insurance is assignable.

Continuance in Coverage Classes During Absence from Full-time Work:
The types of absences and time limits referred to in the Termination of Employee Insurance section of the Insurance Plan Provisions for considering an Employee as continuing to be a member of the coverage classes are --

Type of Absence from Full-time Work	Time Limit
Leave of absence	Two years
Family leave of absence month following Employee in work on a	End of the fourth policy the policy month in which the ceased to be actively engaged full-time basis
Temporary lay-off, for reasons policy month following other than disability during which lay-off prior thereto the any of any country at then the later of member of such and (b) the end the policy lay-off	End of the third the policy month commences, except that if Employee becomes a member of military, naval or air force war, declared or undeclared, (a) the date he becomes a military, naval or air force of the policy month following month during which leave or commences.
Disability, part-time employment or retirement	None.

Facility of Payment: At its option, Prudential may pay up to \$500.00 of an Employee's insurance to any person appearing to it to be equitably entitled to payment because of expense incurred in connection with the Employee's burial. The liability of Prudential shall be discharged to the extent of any amount so paid.

GRP 31300
LIFE U-101 ED 3-66 (G-91660)
(1-2)

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

COVERAGE SCHEDULE #3
FOR EMPLOYEE TERM LIFE INSURANCE

Effective January 1, 1992
Made a Part of Employee Term Life Insurance Coverage LIFE 621 (6-1)
Under Group Policy No. G-91660

Coverage Classes:
All Employees who are classified as Non-Officer Executives whose annual earnings are (1) \$111,000 or more.

Insurance Provided:
Employee Insurance on the following basis -- [] Contributory [X] Non-contributory

Amount of Insurance applicable to each Employee's Benefit Class:*

Benefit Classes Insurance**	Amount of
All Employees, according to Annual Earnings, as follows:	
\$ 60,000 or more but less than \$ 70,000	
\$130,000	
\$ 70,000 or more but less than \$ 80,000	
\$150,000	
\$ 80,000 or more but less than \$ 90,000	
\$170,000	
\$ 90,000 or more but less than \$100,000	
\$190,000	
\$100,000 or more but less than \$110,000	\$210,000
\$110,000 or more but less than \$120,000	\$230,000
\$120,000 or more but less than \$130,000	\$250,000
\$130,000 or more but less than \$140,000	\$270,000

* Notwithstanding any provisions of the Group Policy to the

contrary, the following shall apply to each Employee who on July 31, 1976, was covered under the coverage of which this Coverage Schedule is made a part for an amount of insurance other than the Amount of Insurance provided for the Employee under this Coverage Schedule:

While the Employee remains insured under the Coverage of which this Coverage Schedule is made a part, the Employee's Amount of Insurance shall be an amount equal to the Amount of Insurance for which the Employee was insured on July 31, 1976. This provision will cease to apply to an Employee on and after any change in the Employee's classification to a classification for which an Amount of Insurance is provided under this Coverage Schedule which is equal to or larger than the Amount of Insurance for which the Employee was insured on July 31, 1976.

** See next page.

(Coverage Schedule

continued)
 GRP 31300
 LIFE U-101 ED 3-66 (G-91660)
 (1-2)
 COVERAGE SCHEDULE (Continued)

Amount of Insurance applicable to each Employee's Benefit Class:
 (Continued)

** If an Employee becomes a covered individual under the Coverage of which this Coverage Schedule is made a part within thirty-one days after he ceases to be insured to employee term life insurance under another Group Policy issued to Northrop Corporation (or a subsidiary or affiliate of Northrop Corporation), hereinafter referred to as a prior coverage, then during said thirty-one day period his amount of insurance shall be the amount for which he would otherwise be insured for under this Coverage Schedule reduced by the amount of death benefit, if any, provided with respect to the Employee under the prior coverage during said thirty-one day period.

The Changes of Employee Benefits section of the Insurance Plan Provisions is:
 Applicable except to the extent, if any, indicated under Amount of Insurance.

Previous Group Coverage (under provision (3) of the Changes of Employee Benefits section):
 None

Assignment: The insurance is assignable.

Continuance in Coverage Classes During Absence from Full-time Work:
 The types of absences and time limits referred to in the Termination of Employee Insurance section of the Insurance Plan Provisions for considering an Employee as continuing to be a member of the coverage classes are --

Type of Absence from Full-time Work	Time Limit
Leave of absence	Two years
Family leave of absence policy month following Employee in work on a	End of the fourth the policy month in which the Employee ceased to be actively engaged full-time basis
Temporary lay-off, for reasons third policy month following other than disability during which lay-off prior thereto the any force of any country at then the later of member of such and (b) the end the policy lay-off	End of the the policy month commences, except that if Employee becomes a member of military, naval or air war, declared or undeclared, (a) the date he becomes a military, naval or air force of the policy month following month during which leave or commences.
Disability, part-time employment or retirement	None.

Facility of Payment: At its option, Prudential may pay up to \$500.00 of an Employee's insurance to any person appearing to it to be

equitably entitled to payment because of expense incurred in connection with the Employee's burial. The liability of Prudential shall be discharged to the extent of any amount so paid.

GRP 31300
LIFE U-101 ED 3-66 (G-91660)
(1-2)

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

Rider to Group Policy No. G-91660
Effective Date of Rider: January 1, 1982
Made a Part of Coverage LIFE 621 (6-1)

CONVERSION PRIVILEGE IN THE EVENT OF CERTAIN EMPLOYEE
TERM LIFE INSURANCE REDUCTIONS

An Employee whose Employee Term Life Insurance under the Coverage is subject to a reduction as specified below may convert the amount of such reduction to an individual policy of life insurance, without evidence of insurability, subject to the remainder of this Privilege.

Conditions for Conversion: Both of the following --
(1) The reduction occurs, in accordance with the provisions of the Group Policy, because the Employee attains a specific age or because he is retired by the Employer, provided, in either event, the reduction occurs on or after the date he is so retired.
(2) Written application and the first premium payment for the individual policy are made to Prudential within thirty-one days after such reduction.

Individual Policy Requirements: Same as would apply under the section 0Conversion Privilege0 of the Coverage were his membership in the classes eligible for the insurance terminating on the date of such reduction, except that the amount of the individual policy shall not exceed the amount of the reduction.

Death Benefit during Conversion Period: This benefit is payable if the Employee dies within thirty-one days after a reduction specified above and while entitled under this privilege to a conversion of such reduction.

An amount equal to that which might have been issued under the individual policy is payable when Prudential receives due written proof of death, whether or not he applied for conversion.

GRP 31300
LIFE T-101 ED 3-66
(1-1)

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

Coverage Rider to Group Policy No. G-91660
Effective Date of Rider: August 1, 1970

DEPENDENTS TERM LIFE

A. DEATH BENEFIT WHILE A COVERED INDIVIDUAL.
If a dependent dies while a covered individual, the amount of insurance on the dependent under this Coverage is payable when Prudential receives due written proof of death.

B. DEATH BENEFIT DURING CONVERSION PERIOD.
Death of Spouse: A benefit is payable under this Subsection if the Employee's spouse dies within thirty-one days after ceasing to be a covered individual and while entitled (under Section C) to a conversion of insurance to an individual policy.

An amount equal to that which might have been issued under the individual policy is payable under the Group Policy when Prudential receives due written proof of death, whether or not application for conversion has been made.

Death of Child: A benefit is payable under this Subsection if a child of the Employee dies within thirty-one days after ceasing to be a covered individual, provided that the child ceased to be a covered individual by reason of termination of the Employee's membership in the classes eligible for Dependents Term Life Insurance under the Group Policy.

The amount of insurance on the child under this Coverage immediately prior to such cessation is payable when Prudential receives due written proof of death.

C. CONVERSION PRIVILEGE FOR SPOUSE.

A dependent spouse ceasing to be a covered individual may have the insurance on him under this Coverage converted to an individual policy of life insurance, without evidence of insurability, if the

Employee then ceases to be insured for Dependents Term Life Insurance under the Group Policy with respect to the spouse for any reason other than:

(1) termination, by amendment or otherwise, of the provisions for such insurance as to the eligible class of which the Employee is a member, unless at the date of such termination the Employee has been so insured with respect to the spouse under such provisions (or under such provisions and any Prudential rider or group policy replaced by such provisions) for at least five years prior to such termination date, or

(2) the Employee's failure to make any required contribution for insurance under the Group Policy.

Any such conversion shall be subject to the remainder of this Section.

Availability: The individual policy will be issued only if written application and the first premium payment for it are made to Prudential within thirty-one days after such cessation.

Individual Policy Requirements: The individual policy must conform to the following --

Amount -- not in excess of the amount insurance on the spouse under this Coverage at such cessation. Furthermore, if such cessation occurs by reason of termination, by amendment or otherwise, of the Dependents Term Life Insurance provisions of the Group Policy as to the Employee's class, the total amount of individual insurance obtainable with respect to all the Dependents Term Life Insurance on the spouse then terminating under the Group Policy shall in no event exceed the lesser of (1) the total amount of such insurance then terminating, reduced by the amount of any life insurance for which the Employee is or becomes eligible with respect to the spouse under any group life insurance coverage issued by any insurance carrier within thirty-one days thereafter, and (2) \$2,000.

Form -- any form of life insurance policy, other than term insurance or any policy containing disability or other supplementary benefits, then customarily issued by Prudential at the age and amount applied for.

Premium -- based on Prudential's rate applicable to its form and amount, to the class of risk to which the spouse belongs, and to the spouse's attained age on its effective date.

Effective Date -- at the end of the thirty-one day period during which application for it may be made.

Any death benefit provided under a section of this Coverage is payable to the Employee, if living at the death of the dependent. If the Employee predeceased the dependent, the death benefit is payable to the estate of the dependent or, at Prudential's option, to any one of the following surviving relatives of the dependent: wife, husband, mother, father, children, brothers or sisters.

31300 Group Dependents
Term Life Insurance
DEPL R-101 -32- Coverage DEPL 101 (1-1)

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

COVERAGE SCHEDULE A
FOR DEPENDENTS TERM LIFE INSURANCE

Effective January 1, 1981
Made a Part of Dependents Term Life Insurance Coverage DEPL 101 (1-1)
Under Group Policy No. G-91660

Coverage Classes:
All Corporate Officers of Northrop Worldwide Aircraft Services, Inc.

Insurance Provided:
Dependents Insurance on the following basis -- [] Contributory
[X] Non-contributory

Husbands are included as qualified dependents.

Associated Protection: Employee Term Life Insurance under the Group Policy.

Amounts of Insurance applicable to each Employee's Benefit Class:
An Employee's benefit class is determined by the classification of his dependents below.

Dependents Classification	Amount of Insurance*
** Employee's Spouse	\$2,500
Employee's children 14 days or over but less than 19 years of age	\$1,000

* If the qualified dependent of an Employee becomes a covered individual under the Coverage within thirty-one days after ceasing to be a covered individual for dependents term life insurance under another Group Policy issued to Northrop Corporation (or a subsidiary or affiliate of Northrop Corporation), hereinafter referred to as a prior coverage, then, during said thirty-one day period, the amount of insurance for which the Employee is insured under this Coverage Schedule with respect to said qualified dependent during said thirty-one day period shall be the amount for which he would otherwise be insured under this Coverage Schedule with respect to said qualified dependent reduced by the amount of death

benefit, if any, provided with respect to said qualified dependent under the prior coverage during said thirty-one day period.

** Insurance terminates at age 65.

The Changes of Dependents Benefits section of the Dependents Insurance Provisions is: Applicable.

Assignment: The insurance is assignable only as a gift assignment.

Continuance in Coverage Classes During Absence from Full-time Work: Continuance during such absence shall be for the same time, if any, that the Employee is considered as continuing to be a member of the coverage classes for the Associated Protection.

Group 31300
DEPL U-101 ED 3-66
(1-2)
THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

COVERAGE SCHEDULE
FOR DEPENDENTS TERM LIFE INSURANCE

Effective March 1, 1983
Made a Part of Dependents Term Life Insurance Coverage DEPL 101 (1-1)
Under Group Policy No. G-91660

Coverage Classes:
All Northrop Corporation Officers and Non-Officer Executives whose enrolled earnings are (1) \$65,000 or more or (2) less than \$65,000 who were insured under this coverage February 28, 1983, but excluding, in any case, Wilcox Electric, Inc., Defense Systems Division, Northrop Services, Inc., Precision Products Division of Tactical Electronics Systems Group, and Northrop Worldwide Aircraft Services, Inc.

Insurance Provided:
Dependents Insurance on the following basis -- [X]
Contributory [] Non-contributory
Husbands are included as qualifying dependents.
Associated Protection: Employee Term Life Insurance under the Group Policy.

Amounts of Insurance applicable to each Employee's Benefit Class:
An Employee's benefit class is determined by the classification of his dependents below.

Dependents Classification Insurance*	Amount of
Employee's	
spouse.....	
.....	\$3,750.00
Employee's children according to attained age, as follows:	
14 days or over but less than 6 months.....	500.00
6 days or over.....	
.....	3,750.00

* If the qualified dependent of an Employee becomes a covered individual under the Coverage within thirty- one days after ceasing to be a covered individual for dependents term life insurance under another Group Policy issued to Northrop Corporation (or a subsidiary or affiliate of Northrop Corporation), hereinafter referred to as a prior coverage, then, during said thirty-one day period, the amount of insurance for which the Employee is insured under this Coverage Schedule with respect to said qualified dependent during said thirty-one day period shall be the amount for which he would otherwise be insured under this Coverage Schedule with respect to said qualified dependent reduced by the amount of death benefit, if any, provided with respect to said qualified dependent under the prior coverage during said thirty-one day period.

The Changes of Dependents Benefits section of the Dependents Insurance Provisions is: Applicable.

Assignment: The insurance is assignable.

Continuance in Coverage Classes During Absence from Full-time Work: Continuance during such absence shall be for the same time, if any, that the Employee is considered as continuing to be a member of the coverage classes for the Associated Protection, except that he shall not be considered as continuing in the coverage classes for the Dependents Term Life Insurance if his absence is due to retirement by the Employer.

Group 31300
DEPL U-101 ED 3-66

EMPLOYEE LONG TERM DISABILITY INSURANCE

The benefits of Section A are subject to the provisions of Section B (Not Covered).

An Employee is totally disabled for the purposes of this Coverage only while satisfying both of the following requirements:

(1) Due to sickness or accidental bodily injury, he (a) is completely unable to perform any and every duty pertaining to his occupation with the Employer and (b), after the Initial Duration (see Coverage Schedule) of a period of disability, is completely unable to engage in any and every gainful occupation for which he is reasonably fitted by education, training or experience.

(2) He is not engaged in any gainful occupation and is not confined in a penal institution or other house of correction as a result of conviction for a criminal or other public offense.

A. BENEFITS FOR DISABILITY

Payable for: An Employee's period of total disability. Benefits begin with the first day of such disability after the Elimination Period (see Coverage Schedule) for that period of disability.

Conditions for Benefit: Both of the following --

(1) The period of total disability commenced while the Employee was a covered individual.

(2) The Employee is under the regular care of a Physician.

Amount Payable:

The applicable Adjusted Benefit (see Coverage Schedule) for each calendar month throughout which the total disability continues beyond the Elimination Period; one-thirtieth of the applicable Adjusted Benefit for each day of any portion of the total disability not constituting a full calendar month. Benefits are payable up to the applicable Maximum Benefit Duration (see Coverage Schedule).

Recurrent Disabilities: If a period of an Employee's total disability commences while he is a covered individual and after a prior period of his total disability for which any benefits were payable under this Coverage, the subsequent period shall be considered a continuation of the prior period unless --

(1) the periods are separated by an interval during which the Employee has performed all the important duties of a gainful occupation with the Employer on a full-time basis for at least six consecutive months, or

(2) the periods are due to entirely unrelated causes and are separated by an interval during which the Employee has performed all the important duties of a gainful occupation with the Employer.

B. NOT COVERED.

(1) Any disability caused, or contributed to, by intentionally self-inflicted bodily injury or attempted suicide, whether the Employee is sane or insane.

(2) Any disability caused, or contributed to, by war or any act of war (War means declared or undeclared war and includes resistance to armed aggression).

(3) Any disability caused by, contributed to by, or resulting from the Employee's pregnancy.

The benefits of this Coverage are payable to the Employee. Payment will be made monthly and is subject to the Group Policy's Claim Provisions.

31300 _____ Group Employee Long
Term Disability
LTD R-102 ED 3-67 -37 Insurance Coverage
LTD 102 (6-5)

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA
COVERAGE SCHEDULE
FOR EMPLOYEE LONG TERM DISABILITY INSURANCE

Effective August 1, 1970
Made a Part of Employee Long Term Disability Insurance Coverage LTD 102 (6-5)
Under Group Policy No. G-91660

Coverage Classes:
All Employees who are (1) less than the Limiting Age stated below and (2) classified as Officers or salaried Employees each of whose annual earnings are \$25,000 or more, but excluding in any case all Employees of The Hallicrafters Co.

Insurance Provided:
Employee Insurance on the following basis -- [] Contributory

[X] Non-contributory

Limiting Age: 64 years and 6 months

Initial Duration: The Elimination Period plus 12 months.

Elimination Period:

A duration of continuous total disability extending for 26 consecutive weeks from the beginning of each period of total disability due to sickness or accidental bodily injury, but not extending beyond that date, during that continuous total disability, of exhaustion of the maximum benefits provided for the Employee by the Basic Loss of Time Coverage with respect to a period of disability compensable thereunder. Basic Loss of Time Coverage means a plan of periodic benefits for loss of time on account of disability under or by reason of, (1) any insurance (other than under the coverage) where the Employer, directly or indirectly, has paid all or any portion of the cost or made payroll deductions or (2) any disability benefits law or similar law.

The Changes of Employee Benefits section of the Insurance Plan Provisions is: Applicable, solely to the determination of an Employee's Scheduled Benefit under this Coverage Schedule.

Assignment: The insurance is not assignable.

Continuance in Coverage Classes During Absence from Full-time Work: The types of absences and time limits referred to in the Termination of Employee Insurance section of the Insurance Plan Provisions for considering an Employee as continuing to be a member of the coverage classes are --

Type of Absence from Full-time Work	Time Limit
Leave of absence month following Employee in work on a he attains the	End of the sixth policy the policy month in which the Employee ceased to be actively engaged full-time basis, but not after Limiting Age.
Temporary lay-off or part-time employment, policy month following the Employee ceased to be	End of the month in which actively engaged in work on a full-time basis, but not after he attains the Limiting Age.
Part-time employment because of disability for Commencement of such part-time employment, which benefits are not provided under the coverage by reason of the provision Not Covered of the coverage rider.	None.
Disability, part-time employment or retirement	None.
31300 LTD U-101 ED 3-67 (1-2)	-38- G-91660

COVERAGE SCHEDULE (Continued)

Amount of Insurance:

Maximum Benefit Duration -- For total disability due to sickness or injury -- benefits to the Employee's attainment of age 65.

Adjusted Benefit --

With respect to Employees classified as President, Executive Vice President or Senior Vice President of Northrop Corporation: For any calendar month, the Adjusted Benefit is equal to the smaller of (1) the Employee's Scheduled Benefit under this Coverage Schedule, and (2) the excess of (a) 60% of his monthly earnings over (b) his Non-duplication Offset for that calendar month, determined from the applicable Non-duplication Offset Supplement to this Coverage Schedule.

With respect to all other Employees: For any calendar month, the Adjusted Benefit is equal to the smaller of (1) the Employee's Scheduled Benefit under this Coverage Schedule, and (2) the excess of (a) 60% of his monthly earnings up to \$3,333.34 of such earnings over (b) his Non-duplication Offset for that calendar month, determined from the applicable Non-duplication Offset Supplement to this Coverage Schedule.

Scheduled Benefit -- 60% of the Employee's monthly earnings, but not more than (1) \$3,750 with respect to an Employee classified as President

- of Northrop Corporation;
- (2) \$3,000 with respect to an Employee classified as Executive Vice President of Northrop Corporation
 - (3) \$2,500 with respect to an Employee classified as Senior Vice President of Northrop Corporation
 - (4) \$2,000 with respect to all other Employees.

Exclusion Not Applicable:

Part (2) or Section B (Not Covered) does not apply with respect to any Employee assigned to Vietnam, Laos or Cambodia from the time the Employee leaves his residence or place of regular employment for the assignment, whichever occurs last, until his return to his residence or place of employment, whichever occurs first.

GRP 31300
LTD U-101 ED 3-67 -39 (1-2)
THE PRUDENTIAL INSURANCE COMPANY OF AMERICA
SCHEDULE SUPPLEMENT
FOR EMPLOYEE LONG TERM DISABILITY INSURANCE
Effective August 1, 1970
Non-duplication Offset Supplement to Coverage Schedule
Made a Part of Employee Long Term Disability Insurance Coverage LTD
102 (6-5)
Under Group Policy No. G-91660

Non-duplication Offset:

The Non-duplication Offset used in determining the Employee's Adjusted Benefit under the Coverage Schedule for a calendar month is the aggregate amount of benefits, payments or other compensation (adjusted to a monthly basis if not so payable) which are described in the applicable Offset Provisions below and which, for that month, he receives or would be entitled to receive upon timely pursuit of claim therefor.

Offset Provisions:

All of the following Offset Provisions apply to the Employee.

- (A) Periodic benefits (including any commutation of, or substitute for, such benefits) for loss of time on account of disability due to sickness or injury arising out of employment with the Employer, under or by reason of any workmen's compensation law, occupational disease law, or similar legislative, or the maritime doctrine of maintenance, wages and cure.
- (B) Periodic benefits, for loss of time on account of disability, under or by reason of --
 - (1) any insurance or any health or welfare plan or other employee benefit plan where the Employer, directly or indirectly, has paid all or any portion of the cost or made payroll deductions;
 - (2) the United States Social Security Act as amended from time to time, including benefits thereunder with respect to dependents of the Employee;
 - (3) any State, Provincial or other Federal law of the United States or Canada, other than any law providing benefits or payments on account of military service.
- (C) Any full or partial wage or salary payments or other payments, by the Employer to the Employee.
- (D) Periodic benefits, in the nature of early retirement benefits, under or by reason of any insurance, annuity or pension contract, or any welfare plan or other employee benefit plan, where the Employer, directly or indirectly, has paid all or any portion of the cost or made payroll deductions. However, any such benefits available at the Employee's election, whether or not he is disabled, are included under this (D) only if so elected.
- (E) Periodic benefits, on account of disability, under any group life insurance where the Employer, directly or indirectly, has paid all or any portion of the cost or made payroll deductions, if the Employee elects to receive such benefits.
- (F) Periodic benefits under the United States Social Security Act as amended from time to time, for any month after the Employee's attainment of age 62, including such benefits with respect to his dependents. However, this (F) does not include benefits for any month prior to his attainment of age 65, unless he elects to receive benefits for that month.

GRP 31300
LTD U-102 ED 3-67 -40-
(6-5)
THE PRUDENTIAL INSURANCE COMPANY OF AMERICA
a mutual life insurance company

Effective Date of Rider: January 1, 1981
Rider Attached to and Made a Part of Group Policy No. G-91660

Coverage Classes to which this Rider applies: All Employees of Northrop Worldwide Aircraft Services, Inc.

OPTION TO CONTINUE COVERAGE OF DEPENDENT CHILD INCAPACITATED WHEN SPECIFIED AGE LIMIT FOR CHILDREN IS ATTAINED:

If a qualified dependent child is mentally or physically incapable of earning a living on the date any coverage under the Group Policy with respect to such child would terminate due to attainment of the specified age limit for children, and if within thirty-one days after such date the Insurance Company receives due proof of such incapacity, then such specified age limit shall not operate to terminate such coverage under the Group Policy with respect to such child so long as such child remains in such condition. This provision does not waive, alter, or extend in any respect, other than as stated above, any of the provisions, conditions, limitations and exceptions of the Group Policy.

AMERICA THE PRUDENTIAL INSURANCE COMPANY OF

By Secretary

ORD 29684-2 ED 8-66
P

NORRIS

Rider to Group Policy No. G-91660
Effective Date of Rider: August 1, 1983

MODIFICATION OF THE GROUP POLICY'S
TERM LIFE INSURANCE PROVISIONS

The Conversion Privilege of the Group Policy's Term Life Insurance provisions is modified as follows: The benefits and premium under each form of individual life insurance contract issued to males or females shall be those that usually apply to males, except that for any participating settlement under the individual contract payable for the lifetime of one or more payees, the female rates will apply to both male and female payees.

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By Assistant Secretary

Accepted by:

_____, 19____ NORTHROP CORPORATION

Witness _____ By _____
(Signature and Title)

Rider To Be Attached To and Made A Part of Group Policy No. G-91660

The Insurance Company and the Policyholder agree that, effective August 1, 1970, the Policy is amended by the addition of the following provision:

SPECIAL RESERVE

The Insurance Company may maintain a special reserve to be applied by it from time to time toward stabilizing experience under the Policy. Such reserve shall be established from premiums paid under the Policy, and the amount of such reserve shall be determined by the Insurance Company from time to time. Such reserve shall be credited with interest at the end of each policy year, or in the event of termination of the Policy, at the time of such termination. The interest for the policy year or portion thereof, as the case may be, shall be determined at the rate of 4 1/8% per annum and on the average amount of the reserve during the period with respect to which the interest is being computed, except that after this Rider has been in effect for one full policy year and from time to time thereafter the Insurance Company may change the rate to be used in the computation of the interest on the reserve.

If at any time the Insurance Company shall determine that the amount of the special reserve is then in excess of that required, the Insurance Company shall pay such excess to the Policyholder as a return of premium.

In the event of termination of the Policy, any balance remaining in the special reserve after final application of the reserve by the Insurance Company in accordance with the above provisions shall be paid to the Policyholder as a return of premium, subject to the right of the Insurance Company to defer the payment of any such return for as long as six months after such final application but not exceeding the period permitted by law.

The Insurance Company has caused this Rider to be executed this ninth day of August, 1971.

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

Attest _____ By

Secretary

GC-3350 -45-
THE PRUDENTIAL INSURANCE COMPANY OF AMERICA
Coverage Rider to Group Policy No. G-91660
Effective Date of Rider: January 1, 1982

EMPLOYEE SURVIVOR BENEFITS LIFE INSURANCE

A. DEATH BENEFIT WHILE A COVERED INDIVIDUAL.

If Prudential receives due written proof that the Employee died while a covered individual and is survived by a Qualified Family Member (see Coverage Schedule), a benefit is payable as of the Employee's death and as of each first day of a month thereafter on which he is survived by a then Qualified Family Member and which occurs within a Maximum Benefit Period (see Coverage Schedule) beginning with the date of his death. Each benefit payable is the applicable Monthly Benefit (see Coverage Schedule) except that the first benefit is the pro-rata portion of the Monthly Benefit for the balance of the month in which the death occurs and, if benefits are payable for the full Maximum Benefit Period, the last benefit is the pro-rata portion of the Monthly Benefit for the part of the month from the due date of such benefit to the end of the Maximum Benefit Period.

The benefit due as of any date established above is payable to the Employee's widow or widower, if any, then a Qualified Family Member, otherwise in equal shares to the Employee's then Qualified Family Member children.

B. DEATH BENEFIT DURING CONVERSION PERIOD.

If the Employee dies within thirty-one days after he ceased to be covered individual while entitled (under Section D) to a conversion of his insurance under this Coverage to an individual policy, benefits will be payable as if such cessation had not occurred, whether or not the Employee applied for conversion.

C. CONVERSION PRIVILEGE.

If an Employee ceasing to be a covered individual then has the right to convert all or part of his Associated Protection to an individual policy of life insurance, the provisions for the obtaining

Employee Term Life Insurance under the Group Policy.

Assignment:

The insurance is assignable. Benefits payable after an Employee's death are not assignable and, to the extent permitted by law, are not subject to the claims of any creditor.

Mortality X X X X Tables referred to in Section D (Conversion Privilege) of the Coverage

The following tables published by the U.S. Department of Health, Education and Welfare.

Tables of mortality of Public Health Service Publication No. 1252:

For spouses-- United States White Females: 1959-61, with such adjustment as determined by Prudential, at interest of 5% for first 5 years and 4 1/4% thereafter.

For children-- United States White Males: 1959-61, at interest of 5% for first 5 years and 4 1/4% thereafter.

Prudential shall have the right to change the basis for the determination of present value under Section D, for future conversions, as of any premium due date. The policyholder will be notified whenever a change in such basis is made.

Continuance in Coverage Classes During Absence from Full-time Work Continuance during such absence shall be for the same time, if any, that the Employee is considered as continuing to be a member of the coverage classes for the Associated Protection, except that he shall not be considered as continuing in the coverage classes for Employee Survivor Benefits Life Insurance if he ceases to have a Qualified Family Member or if his absence is due to retirement.

Participation Condition:

Those conditions of the following section shall be determined without regard to provision (3) of the definition of Qualified Family Member. The Termination of Group Policy or of Insurance Provisions section of the General Provisions.

Amount of Insurance:

Maximum Benefit Period:

The number of payments applicable to the Employee's length of continuous service with the Policyholder at the time of death, as determined from the following table:

Continuous Service	Number of Payments
Less than 10 years	12
10 years or more but less than 15 years	20
15 years or more but less than 20 years	30
20 years or more	40

*See next page.

(Coverage Schedule continued)

GRP 3222

SURV U-101 ED 5-67

(1-6)

THE PRUDENTIAL COMPANY OF AMERICA

COVERAGE SCHEDULE

FOR EMPLOYEE SURVIVOR BENEFITS LIFE INSURANCE

Effective January 1, 1982

Made a Part of Employee Survivor Benefits Life Insurance Coverage SURV 205 (6-2)

Under Group Policy No. G-91660

CONTINUED

Amount of Insurance:* (Continued)

Monthly Benefit:

The Employee's Monthly Benefit on any date shall, subject to the Changes in Benefit provision, be the applicable amount indicated below, according to length of continuous service with the Employer at time of death.

- (a) Less than 10 years \$200.00
- (b) 10 years or more, the amount applicable to the Employee under the following table:

Classification	Monthly Benefit*
----------------	------------------

All Employees according to Weekly Earnings, as follows:

Less than \$220.00	\$200.00
\$220.00 or more but less than \$250.00	\$220.00
250.00 or more but less than 300.00	\$250.00
300.00 or more but less than 350.00	\$300.00
350.00 or more but less than 385.00	\$350.00
385.00 or more but less than 450.00	\$385.00
450.00 or more but less than 500.00	\$450.00
500.00 or more but less than 600.00	\$500.00
600.00 or more	\$600.00

*If and Employee becomes a covered individual under the Coverage of which this Coverage Schedule is made a part, within thirty-one days after his ceasing to be insured for employee survivor benefits life insurance under another Group Policy issued to Northrop Corporation (or a subsidiary of affiliate of Northrop Corporation), hereinafter referred to as Oprior coverage0, and, if the Employee dies while a covered individual under the Coverage and within said thirty-one days, then the Monthly Benefit otherwise payable under the Coverage with respect to the Qualified Family Members of the Employee for any month for which a monthly benefit is payable under the prior coverage as a result of the Employee0s death shall be the excess, if any, of the Monthly Benefit otherwise payable under the prior Coverage.

(Coverage Schedule continued)

GRP 32222
SURV U-101
(1-6)

COVERAGE SCHEDULE (Continued)

Changes is Benefit--This applies to adjustments in Monthly Benefit resulting from a change in weekly earnings or in Qualified Family Members

- (1) Increases in weekly earnings - The Employee0s insurance will be increase to the amount provided for his classification on the date of the change. Such increase shall take effect on the first day, on or after the date of the change, on which he is complying with the active work requirement of the General Definitions.
- (2) Decreases in weekly earnings - The Employee0s insurance will be decreased on the ate of the change to the amount then provided for his classification, subject to the active work requirement of the General Definitions.
- (3) Changes in the Employee0s Qualified Family Members - An adjustment in Monthly Benefits caused by a change in the Employee0s qualified Family Members shall take effect immediately, whether the change occurs before or after the Employee0s death. The adjusted Monthly Benefit shall be determined as if no change is his weekly earnings occurred since the last previous determination of his Transition Benefit.

Employee0s Classification - On dates established by practices of the Employer, determination of the Employee0s classification under the insurance shall be made by the Employer without discrimination among persons in like circumstances and shall be final and conclusive.

Employee0s Earnings: If an item is determined by an Employee0s Earnings, it shall be based on the Employee0s Base Weekly Earnings from the Employer. Base Weekly Earnings mean the Employee0s gross straight time dollar remuneration for regularly scheduled hours on a weekly basis including lead man differentials, shift differentials, cost of living adjustments and, for Cafeteria covered Employees, the value of meals provided by the Employer. Base Weekly Earnings do not include bonuses, incentive compensation, overtime pay, relocation allowances, payment for extra hazardous work, per diems, extended work week allowances, cost of living allowances for services abroad, or any other bonuses, premiums, differentials or adjustments not specifically included in the definition of Base Weekly Earnings in the preceding sentence.

GRP 2222
SURV U-101 ED 5-67

(1-6)

Rider to Group Policy No. G-91660
Coverage

Made a Part of

LIFE 101(1-1)

Effective Date of Ride: August 1,1970

SUPPLEMENTARY RIDER PROVIDING RETIRED EMPLOYEE MAJOR MEDICAL EXPENSE BENEFITS UNDER THE EMPLOYEE GROUP LIFE INSURANCE PROVISIONS OF GROUP INSURANCE

POLICY NO. G-91660

Issued by

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA
(Herein Called The Insurance Company)

The Insurance Company hereby agrees that the following provisions shall form a part of the Policy.

DEFINITIONS

As used in this Rider, the following terms shall have the meanings set forth below:

The term **Oretired Employee0** means an Employee in one of the following classifications who is retired by the Policyholder: (1) President; Executive Vice President or Senior Vice President of Northrop Corporation or (2) elected vice presidents each of whom has entered into an employment agreement with the Policyholder.

The term **Ocovered retired Employee0** means a person insured under the Policy as a retired Employee who, pursuant to the provisions of the section of this rider entitled **OAllocation of Portion of Group Life Insurance for Disbursement as Retired Employee Supplementary Major Medical Expense Benefits0**, has an unexpected allocation of a portion of his group life insurance available toward the payments of benefits under this Rider.

The term **Ophysician0** means a licensed practitioner of the healing arts acting within the scope of his practice.

The term **Ohospital0** means (1) an institution which is operated pursuant to law and is primarily engaged in providing on an in-patient basis for the medical care and treatment of sick and injured persons through medical, diagnostic and major surgical facilities, all of which facilities must be provided on its premises, under the supervision of a staff of Physicians and with twenty-four hour a day nursing service, or (2) an institution not meeting all the requirements of (1) but which is accredited as a hospital by the Joint Commissions on Accreditation of Hospitals. In no event shall the term **OHospital0** include a convalescent nursing home or any institution or part thereof which is used principally as a convalescent facility, rest facility, nursing facility, or facility for the aged or for the care of drug addicts or alcoholics.

The term **Oillness0** means a bodily disorder, mental infirmity or bodily injury.

(Continued)

GC-10319

-26a-

ALLOCATION OF PORTION OF GROUP LIFE INSURANCE FOR DISBURSEMENT AS RETIRED EMPLOYEE SUPPLEMENTARY MAJOR MEDICAL EXPENSE BENEFITS

A person who is insured under the Policy for non-contributory group life insurance as a retired Employee may elect, by making written request to the Policyholder on a form approved by the Insurance Company, that any portion of such non-contributory life insurance, up to a maximum of fifty percent (50%) of the amount of such non-contributory insurance provided under the Policy on the life of the retired Employee on and after the fourth anniversary of his retirement, be allocated for disbursement as retired Employee supplementary major medical expense benefits under the Policy as hereinafter provided.

Any such allocation or allocations made by a covered retired Employee in accordance with the provisions of the immediately preceding paragraph shall effect a reduction in a like amount or amounts in the amount of the retired Employee's non-contributory life insurance otherwise payable under the group life insurance provisions of the Policy.

Benefits shall be payable under this Rider with respect to the illnesses of a covered retired Employee only to the extent that there remains an unexpected allocated portion of such group life insurance available for such payment.

In the event of the death of a covered retired Employee, any portion of group life insurance previously allocated for disbursement as provided herein which remains unexpected after satisfaction of all claims on account of charges incurred prior to the covered retired Employee's death, shall be payable to the person or persons otherwise entitled thereto under the covered retired Employee's remaining non-contributory group life insurance under the Policy.

BENEFITS

Benefits shall be payable under this Rider, on the basis of the eligible charges described in the subsection **OEligible Charges0**, in an amount equal to the amount, if any, by which the total eligible charges incurred during each calendar year in connection with the illnesses of a covered retired Employee exceed the deductible applicable to such covered retired Employee for the calendar year. The payment of such benefits shall, however, be subject to the section **OIndividual Yearly Maximum0** and all other provisions of this Rider.

Deductible - The deductible applicable to a covered retired Employee

for each calendar year shall be the sum of:

- (a) \$500.00, and
- (b) the total of the charges for services, treatments and supplies enumerated in the provisions of the subsection Eligible Charges preceding the exceptions contained therein which are incurred during each calendar year in connection with the illnesses of a covered retired Employee, to the extent to which such services, treatments and supplies are provided for the covered retired Employee under or by (i) Medicare (including benefits provided under the voluntary program established by Medicare) and (ii) any insurance coverage (other than under this Rider) with the Insurance Company providing protection for such covered retired Employee, in respect of which the Policyholder shall, directly or indirectly, have paid all or any portion of the cost.

(Continued)

GC-10319

-26b-

BENEFITS (Continued)

If, (1) all, or (2) any portion, of the amount under (a) above has been satisfied by the application of charge incurred during the last three months of a calendar year, then, in the case of (1), the (a) portion of the deductible for the next ensuing calendar year shall also be considered as having been satisfied, and, in the case of (2), such amount may be used towards satisfaction of the (a) portion of the deductible for the next ensuing calendar year.

Eligible Charges - Eligible charges shall be the charges actually made to the covered retired Employees on account of their illnesses for the services, treatments and supplies ordered by a physician, subject to the exceptions hereinafter set forth.

- (1) Room and board (including all regular daily services) in a hospital;
- (2) All other hospital services for medical care and treatment exclusive of professional services;
- (3) Anesthesia and its administration;
- (4) Ambulance service;
- (5) Physicians' services for medical care and treatment and surgery, excluding dental services unless for the treatment immediately below;
- (6) Dental services rendered by a physician, dentist or dental surgeon for the treatment of a fractured jaw or of accidental injuries to natural teeth within twelve months of the accident (the treatment to include replacement of such natural teeth within said period);
- (7) Professional nursing services rendered by a registered graduate nurse other than a close relative;
- (8) The following other service, treatments and supplies;
Oxygen and rental of equipment for its administration;
X-ray and laboratory examinations, excluding dental X-rays unless rendered for dental treatment of a fractured jaw of a accidental injuries to natural teeth within six months of the accident;
Treatments by X-rays, and by radium or other radio-active substances;
Treatments by a physiotherapist other than a close relative;
Drugs and medicines dispensed by a licensed pharmacist
Surgical dressings
Blood and blood plasma;
Artificial limbs and eyes;
Cast, splints, trusses, braces and crutches;
Rental of wheel chair, hospital bed, iron lung or other similar durable equipment.

The term close relative as used above in connection with a registered graduate nurse and physiotherapist comprises the covered retired Employee's spouse, and a child, brother, sister, and parent of the covered retired Employee and of the covered retired Employee's spouse.

(Continued)

GC-10319

-26c-

BENEFITS (Continued)

In no event shall the eligible charges include charges for services, treatments or supplies which are not reasonable necessary for the care and treatment of illness, nor shall charges for any services, treatment or supplies be included in excess of customary charges therefor or in excess of such charges as would have been made in the absence of this insurance. A customary charge means the usual charge made by the person, group or other entity rendering or furnishing the services, treatments or supplies but in no event shall it mean a charge in excess of the general level of charges made by others rendering or furnishing such services, treatments or supplies, within the area in which the charge is incurred, for illnesses comparable in severity and

nature to the illness being treated. The term Oarea0, referred to above, as it would apply to any particular service, treatment or supply, means a county or such greater area as is necessary to obtain in representative cross section of persons, groups or other entities rendering or furnishing such service, treatment or supply.

A charge shall be deemed to be incurred as of the date of the service, treatment or purchase giving rise to the charge.

Exceptions - The eligible charges shall in no event include:

- (a) Charges for eye refractions or examination for the fitting of glasses or hearing aids.
- (b) Charges for medical examinations of any covered retired Employee for Ocheck-up0 purposes when not incident and necessary to the treatment of an illness.
- (c) Charges incurred in connection with remedying a condition by means of cosmetic surgery unless such condition is the result of accidental bodily injuries sustained while a covered retired Employee.
- (d) Charges for services, treatments or supplies furnished by or for the United States Government or any agency thereof, and charges incurred during confinement in a hospital owned or operated by a State, Province or political subdivision unless there is an unconditional requirement to pay these last mentioned charges without regard to any rights against others, contractual or otherwise.
- (e) Charges incurred in connection with illnesses due to an act of war, declared or undeclared.
- (f) Charges incurred for services, treatments and supplies in connection with an illness of a covered retired Employee, to the extent to which such services, treatments and supplies are provided for the covered retired Employee under a workmenOs compensation law, occupational disease law or similar legislation on account of accidental bodily injury or disease arising out of employment with the Policyholder.

INDIVIDUAL YEARLY MAXIMUM

Not more than \$5,000 of benefits in the aggregate (herein called the Individual Yearly Maximum) shall be payable by the Insurance Company under the provisions of

(Continued)

GC-10319

-26d-

INDIVIDUAL YEARLY MAXIMUM (Continued)

this Rider with respect to all eligible charges incurred by a covered retired Employee during each calendar year.

PAYMENT OF BENEFITS

All benefits provided in this Rider shall be paid to the retired Employee as they accrue or as stated in the following sentence hereof upon receipt of written proof covering the occurrence, character and extent of the event for which claim is made. Indemnity, if any, provided for loss of life shall be payable in accordance with the provisions respecting such payment prescribed in the last paragraph of the section of this Rider entitled OAllocation of Portion of Group Life Insurance for Disbursement as Retired Employee Supplementary Major Medical Expense Benefits0.

NOT IN LIEU OF WORKMENOS COMPENSATION INSURANCE

The insurance under this Rider is not in lieu of and does not affect any requirement for coverage by WorkmenOs0 Compensation Insurance.

NO ASSIGNMENT

The insurance under this Rider shall be non-assignable.

IN WITNESS WHEREOF, The Prudential Insurance Company of America has caused this Rider to be executed as of the effective date of the Rider indicated on the first page hereof.

Secretary.

President.

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA
(Herein Called The Insurance Company)

Policyholder: Northrop Corporation

Group Policy No.: G-91660 Effective Date of
Rider: August 1, 1970

RIDER MADE A PART OF THE GROUP POLICY
(to be attached to the Group Policy)

The Insurance Company hereby agrees that the Policy is modified by the addition of the following provisions:

INSURANCE CONTINUANCE FUND

1. Subject to the limitations set forth in Section 4 of this Rider, this Rider shall be applicable to the following classes of Employees of the Policyholder:

Those Employees designated as (1) President, Executive Vice President, or Senior Vice President of Northrop Corporation or (2) elected vice presidents each of whom has entered into an employment agreement with the Policyholder, who have been retired under the Retirement Plan for Salaried Employees of Northrop Corporation and who are insured under Employee Term Life Insurance Coverage Rider form LIFE 101(1-1), such Rider hereinafter to be referred to as the Northrop Primary Group Life Insurance Rider; provided, however, that the foregoing shall not any time include any Employee who, on or prior to the date of such treatment, shall have furnished proof of total and permanent disability as provided under Section OExtension of Death Benefit of the Northrop Primary Group Life Insurance Rider and whose insurance is extended as provided in such Section. The Employees shall be limited to Employees in such designated classes. Wherever reference is made in this Ride to Retired Employees Coverage such reference shall mean the term insurance provided under the Northrop Primary Group Life Insurance Rider for Retired Employees as defined in this Section 1. Wherever reference is made in this Rider to a Covered Retired Employee such reference shall mean that Retired Employees Coverage as defined in this Section 1 is provided for such person. Wherever reference is made in this Rider to Other Employees Coverage such reference shall mean the term insurance provided under the Northrop Primary Group Life Insurance Rider for persons other than Retired Employees as defined in this Section 1. The term OHome Office as used in this Rider means the Home Office of the Insurance Company in the City of Newark, New Jersey or any of the other Home or Head Offices of the Insurance Company.

2. For the purpose of providing the Retired Employees Coverage subject to the terms and conditions of the Policy and the limitations set forth in this Rider, the Policyholder shall pay to the Insurance Company premium charges determined by the Insurance Company in accordance with such cost estimates as may from time to time be made by the Insurance Company, such premium charges to be referred to in this Rider as basic premium charges. Basic premium charges under this Rider in amounts determined by the Insurance Company, as specified in the preceding sentences, shall be due during the continuance of this Rider on

the same dates as the premium charges for the Other Employees Coverage, provided, however, that no basic premium charges under the Rider shall be due after the termination of the Other Employees Coverage.

Whenever the Insurance Company determines that a policy dividend, or any portion thereof, declared on the Policy during the continuance of this Rider is attributable to the Retired Employees Coverage, such policy dividend, or portion thereof, as the case may be, shall be applied by the Insurance Company as a supplemental premium charge under this Rider, regardless of whether on or prior to the date on which such policy dividend is declared, basic premium charges under this Rider have ceased to be due.

3. The basic and supplemental premium charges under this Rider paid to or applied by the Insurance Company in accordance with the provisions of Sections 2 and 7 of this Rider shall be accounted for in a fund maintained by the Insurance Company with respect to the Policy, referred to in this Rider as the Insurance Continuance Fund. The Insurance Continuance Fund shall from time

to time be increased by interest, in accordance with the provisions of the second paragraph of this Section 3, and decreased by the basic cost of insurance charges, and any supplemental cost of insurance charges, in accordance with the provisions of the last paragraph of this Section 3.

Interest shall be added to the Insurance Continuance Fund on each policy anniversary of the Policy occurring during the continuance of this Rider, and in the event of the termination of this Rider, also on the day following the date of such termination. The interest for any period, whether a policy year as defined in the last sentence of this paragraph, or part of a policy year, shall be computed at such rate or rates as determined by the Insurance Company to be applicable with respect to such period. Any other elements required for the computation of the interest, including the dates as of which the basic and supplemental premium charges under this Rider will be added to the Insurance Continuance Fund shall be determined by the Insurance Company. The term Opolicy year0 as used in this Rider shall mean a period commencing on a policy anniversary and ending on the last day prior to the next succeeding policy anniversary, provided, however, that with respect to the period ending on the last day prior to the policy anniversary next following the effective date of the Rider the term Opolicy year0 shall mean the period commencing on the effective date of this Rider and ending on the last day prior to the policy anniversary next following the effective date of this Rider.

Unless otherwise agreed upon by the Insurance Company and the Policyholder, the basic cost of insurance charge for the Retired Employees Coverage shall be deducted from the Insurance Continuance Fund on the first day of each month during the continuance of this Rider and the amount so deducted each month shall be equal to the product of the total amount of the Retired Employees Coverage in force on such day and the average monthly basic cost of insurance rate then in effect. If the deduction from the Insurance Continuance Fund is made other than monthly, the amount deducted from time to time shall be determined by a method mutually agreeable to the Insurance Company and the Policyholder.

GC-10311

-47b-

The Insurance Company will determine as of the first due date of a basic premium charge under this Rider on which there are covered Retired Employees, an average monthly basic cost of insurance rate for the Retired Employee Coverage by applying the individual rate for the Retired Employees Coverage Basic Cost of Insurance Rates, as set forth below, to the amounts of insurance in force at the respective ages, nearest birthday, of all persons who are then Covered Retired Employees, and dividing the aggregate amount so obtained by the total amount of such insurance, provided, however, that if no persons became Covered Retired Employees prior to the discontinuance of the payment of the basic premium charges under this Rider by the Policyholder, the determination shall be made on such other date as may be determined by the Insurance Company on which there are Covered Retired Employees.

Initial Table of Individual Basic Cost of Insurance Rates Per \$1,000 of Insurance under the Policy on Retired Employees

Rate Basis. - The individual rates set forth below are based on the Commissioners 1960 Standard Group Mortality Table and 3% interest.

Age Nearest Birthday	Monthly Rate	Age Nearest Birthday	Monthly Rate	Age Nearest Birthday	Monthly Rate
45	\$.68	57	\$1.97	69	\$5.34
46	.74	58	2.14	70	5.81
47	.81	59	2.32	71	6.32
48	.89	60	2.51	72	6.84
49	.97	61	2.72	73	7.38
50	1.06	62	2.96	74	7.95
51	1.16	63	3.21	75	8.56
52	1.26	64	3.48	76	9.24
53	1.38	65	3.78	77	10.00
54	1.51	66	4.11	78	10.86
55	1.65	67	4.48	79	11.81
56	1.80	68	4.89	80	12.83

Rates for ages not shown herein will be determined by the Insurance Company on the same Rate Basic as specified above and will be furnished upon request.

The Insurance Company may (a) as of any due date of a basic cost of insurance charge, and (b) whenever the extent of the Retired Employees Coverage is changed by agreement of the Insurance Company and the Policyholder, change the table of individual

basic cost of insurance rates on the basis of which further basic cost of insurance charges, including any then due, shall be computed, by notifying the Policyholder prior to the date as of which the basic cost of insurance rates are to be changed. The Insurance Company, however, shall not have the right to change the table of individual basic cost of insurance rates under (a) of this paragraph prior to the first anniversary of the effective date of this Rider, nor, after such anniversary, more than once during any twelve (12) consecutive months.

GC-10311

-47c-

The Insurance Company or the Policyholder may (a) as of any policy anniversary of the Policy following the effective date of this Rider, and (b) as of any due date of a basic cost of insurance charge on which the table of individual basic cost of insurance rates may be changed, in accordance with the provisions of the preceding paragraph of this Section 3, and (c) whenever the extent of the Retired Employees Coverage is changed by agreement of the Insurance Company and the Policyholder, require that the average monthly basic cost of insurance rate be determined according to the then attained ages of all persons who are then Covered Retired Employees and the table of individual basic cost of insurance rates then in effect.

Whenever 105% of the incurred benefit charges for the Retired Employees Coverage, as defined in the next sentence of this paragraph, is for any policy year in excess of the basic cost of insurance charge for the Retired Employees Coverage for the same policy year, as determined by the Insurance Company in accordance with the provisions of the third paragraph of this Section 3, a supplemental cost of insurance charge for the Retired Employees Coverage shall be deducted from the Insurance Continuance Fund as of the policy anniversary next following the end of such policy year, provided that this Rider is continued in force to the end of such policy year, in an amount equal to the lesser of (i) such excess, and (ii) the balance in the Insurance Continuance Fund as of such policy anniversary. The term "incurred benefit charges for the Retired Employees Coverage" as used in this paragraph shall, for any policy year, mean (i) the amount of claims and conversions charges, as determined by the Insurance Company, for the Retired Employees Coverage, recorded by the Insurance Company during such policy year, plus (ii) the estimated amount of claims and conversions charges, as determined by the Insurance Company, for the Retired Employees Coverage, unrecorded by the Insurance Company as of the end of such policy year but chargeable to the experience of the Policy as of the end of such policy year, less (iii) the amount corresponding to (ii) of this sentence that was used by the Insurance Company to determine the incurred benefit charges for the Retired Employees Coverage for the preceding policy year. In the event of the termination of this Rider prior to the end of a policy year, the Insurance Company shall determine the supplemental cost of insurance charge for the period from the last preceding policy anniversary of the Policy to the termination date of this Rider by a method consistent with the principles specified in the preceding sentences of this paragraph, as if the termination of this Rider had occurred at the end of a policy year, but taking the shorter duration into account, and deduct the supplemental cost of insurance charge so determined as of the day following such termination date. The Insurance Company may, by notifying the Policyholder, change the percentage of incurred benefit charges specified in the first sentence of this paragraph, as of any date on which the average monthly basic cost of insurance rate may be redetermined in accordance with the provisions of the preceding paragraph, provided, however, that any new percentage of incurred benefit charges shall not be applicable to any period elapsed prior to the date as of which the change in the percentage of incurred benefit charges is made.

4. Anything in the Policy to the contrary notwithstanding, the Policyholder may either (a) discontinue the payment of the basic premium charges under this Rider, but continue the payment of the premium charges for the Other Employees Coverage, or (b) discontinue both payment of the basic premium charges under this Rider and the payment of the premium charges for the Other Employees

GC-10311

-47d-

Coverage. The discontinuance by the Policyholder of the payment of the basic premium charges under the Rider, under the circumstances specified in (a) of the first sentence of this paragraph, shall not effect the termination of this Rider nor the termination of the Policy, either with respect to the Retired Employees Coverage or with respect to the Other Employees Coverage. The discontinuance by the Policyholder of the payment of the basic premium charges under this Rider, under the circumstances specified in (b) of the first sentence of this paragraph, shall effect the termination of the Policy with respect to the Other Employees Coverage only, whereas this Rider and the Policy with respect to the Retired Employees Coverage shall remain in force until this Rider terminates.

In the event of the discontinuance by the Policyholder of the amount of the basic premium charges under this Rider, no person

who is not a Covered Retired Employee at the time when such discontinuance is deemed to occur, within the meaning specified in Section 6 of this Rider, may thereafter become a Covered Retired Employee, except as otherwise provided hereafter in this Section 4, but any person who is then a Covered Retired Employee shall, subject to the terms and conditions of the Policy and the limitations set forth in this Rider, remain insured under the Policy for the Retired Employees Coverage until this Rider terminates or such person ceases to be a Retired Employee, whichever occurs earlier.

If the Insurance Continuance Fund, on or after the date of discontinuance by the Policyholder of the payment of the basic premium charges under this Rider is in excess of the amount estimated by the Insurance Company to be sufficient to provide for the periodic continuance of the Retired Employees Coverage on all persons who at the time when such discontinuance is deemed to occur, within the meaning specified in Section 6 of this Rider, are Covered Retired Employees, for as long as such persons remain Retired Employees, the Policyholder and the Insurance Company may agree that certain persons who are then not Covered Retired Employees shall thereafter be eligible to become insured under the Policy for the Retired Employees Coverage, subject to the terms and conditions of the Policy and the limitations set forth in this Rider. Any such estimate of the sufficiency of the Insurance Continuance Fund shall be made by the Insurance Company by a method consistent with the cost estimates referred to in Section 2 of this Rider.

5. The Retired Employees Coverage shall, unless otherwise specified in this Rider, be subject to all the terms and conditions of the Policy applicable thereto while this Rider remains in force, provided, however, that by agreement of the Policyholder and the Insurance Company the terms and conditions of the Policy with respect to the Retired Employees Coverage may be changed from time to time.
6. A grace period of thirty one-one days will be allowed for the payment of any basic premium charges under this Rider except the first. If any basic premium charge under this Rider is not paid within the days of grace, the discontinuance of the payment of the basic premium charges under this Rider shall be deemed to have occurred at the end of such grace period, unless otherwise agreed upon by the Insurance Company and the Policyholder. The foregoing provisions of this Section 6 are applicable only to the basic premium charges under this Rider and

GC-10311

-47e-

shall not modify any provisions of the Policy, or of any other rider attached thereto, which apply to the payment of the premium charges for the Other Employees Coverage.

7. The Insurance Company may terminate this Rider, provided written notice of the Company's intention to effect such termination as of a certain date has been given to the Employer at least 31 days in advance of such date, whenever, as of the date the Insurance Company gives such notice, the Insurance Company determines that the Insurance Continuance Fund does not equal or exceed 40% of the sum of the amounts of insurance for Covered Retired Employees immediately prior to the earlier of the Covered Retired Employee's retirement or attainment of age 65.

The termination of this Rider as specified in the preceding paragraph shall be effective on the date specified in the notice of this Insurance Company, except that the Employer may pay to the Insurance Company prior to such date a supplemental premium charge, whereupon the Insurance Company's notice of intention to effect such termination shall be deemed withdrawn and this Rider shall continue in force beyond the date on which termination was to become effective, subject to the terms and conditions of the Policy and the limitations set forth in this Rider. The supplemental premium charge referred to in the preceding sentence will be determined by the Insurance Company, at the request of the Employer, by a method consistent with the cost estimates referred to in Section 2 of this Rider.

This Rider shall terminate automatically upon receipt by the Insurance Company at the Home Office of written notice from the Employer of the last person to die of the group of persons composed of all persons who either are Covered Retired Employees or are eligible to become Covered Retired Employees.

8. Upon the termination of this Rider, the Policy shall terminate with respect to the Retired Employees Coverage, and any persons who are then Covered Retired Employees shall automatically cease to be insured under the Policy for the Retired Employees Coverage at the same time as the termination of this Rider becomes effective. The Insurance Company will as soon as practicable thereafter determine, by the first in, first out rule of accounting, which of the basic and supplemental premium charges under this Rider paid to or applied by the Insurance Company,

increased by interest, as determined in accordance with the provisions of the second paragraph of Section 3 of this Rider, and which of the basic and supplemental premium charges under this Rider paid to or applied by the Insurance Company were (c) not required to be used, either in full or in part, for such purpose. If such determination discloses that any basic and supplemental premium charges under this Rider paid to or applied by the Insurance Company will pay to the Policyholder, in the manner specified in the following paragraph of this Section 8, a refund equal to the sum of (A) and (B), as defined in the last two sentences

GC-10311

-47f-

of this paragraph, to be used for the sole benefit of employees. Payment by the Insurance Company in accordance with the provisions of the first paragraph of this Section 8, shall completely discharge the liability of the Insurance Company with respect to any amount of amounts so paid. The term (A) as used in the third sentence this paragraph means an amount equal to the unused portion of any basic and supplemental premium charge included in (b) of the second sentence of this paragraph, either increased by the excess of (i) 95% of the interest on such unused portion of any basic and supplemental premium charge to the termination date of this Rider, as determined in accordance with the provisions of the second paragraph of Section 3 of this Rider, over (ii) 5% of such unused portion of any basic and supplemental premium charge, if (i) is greater than (ii), or decreased by the excess of (ii) over (i), if (i) is smaller than (ii). The term (B) as used in the third sentence of this paragraph means the aggregate of the basic and supplemental premium charges included in (c) of the second sentence of this paragraph, either increased by the excess of (i) the aggregate of (i) the aggregate of 95% of the interest on each of such basic supplemental premium charges to the termination date of this Rider, as determined in accordance with the provisions of the second paragraph of Section 3 of this Rider, over (ii) 5% of the aggregate of such basic and supplemental premium charges, if (i) is greater than (ii), or decreased by the excess of (ii) over (i), if (i) is smaller than (ii)

The Insurance Company will pay the amount due by reason of the termination of the Rider, in accordance with the provisions of the first paragraph of this Section 8, in 120 monthly installments. The first such installment shall be due on the day following the end of the six months0 period commencing with the policy anniversary next following the termination date of this Rider, regardless of whether on such policy anniversary the Policy is in force with respect to the Other Employee Coverage or not, and each subsequent installment shall be due on the corresponding day of each month thereafter until all installments have been paid, provided, however, that the Insurance Company may at any time and from time to time advance the due date of any one or more of such installments including the first installment. Each installment shall be equal to the sum of (i) the 120th part of the amount due by reason of the termination of this Rider, in accordance with the provisions of the first paragraph of this Section 8, and (ii) interest on (i) computed at such effective rate or rates as determined by the Insurance Company from time to time, but not less than 2 per cent per annum. for the day following the termination date of this Rider to the date on which such installment is paid.

Whenever the Insurance Company, in accordance with the provisions of this Section 8, determines as an effective rate of interest for any period of time, such rate shall be used by the Insurance Company with respect to all interest calculations required under this Section 8 for the same period of time.

The Insurance Company has caused this Rider to be executed as of the effective date of the Rider indicated on the first page hereof.

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By

Secretary

GC-10311

-47g-

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA
(Herein Called the Insurance Company)

Policyholder: NORTHRUP CORPORATION
Group Policy No.: G-91660
Rider: October 1,1980

Effective Date of

RIDER MADE A PART OF THE GROUP POLICY

(to be attached to the Group Policy)

The Insurance Company hereby agrees that the policy is modified by the addition of the following provisions:

INSURANCE CONTINUANCE FUND

Subject to the limitations set forth in the section ODiscontinuance of Premium ChargesO, this Rider shall be applicable to:

Those Employees of Northrop Corporation classified as Chairman of the Board and Chief Executive Officer, President and Chief Operating Officer, or Senior Vice President, who prior to, on, or after the effective date of this Rider have been, are, or shall be retired under the Retirement Plan for Salaried Employees of Northrop Corporation, except that this Rider shall not be applicable to any employees of the Policyholder who on or prior to the date of their retirement shall have furnished proof of total and permanent disability as provided under the section OExtended Death Benefit During Total DisabilityO of Group Employee Term Life Insurance Coverage Riders LIFE 604(6-4) or LIFE 604(6-5), forming part of the Policy and whose insurance is being extended as provided in such section.

Definitions

Whenever used in this Rider, the following terms shall have the respective meanings set forth below:

ORetired EmployeesO means those employees of the Policyholder to whom this Rider is applicable.

ORetired Employees CoveragesO means the term insurance provided under the Group Employee Term Life Insurance Coverage Riders LIFE 604(6-4) and LIFE 604(6-5), forming parts of the Policy for Retired Employees, and for which cost of insurance charges are made in accordance with the provisions of the section OFund MaintenanceO.

OCovered Retired EmployeesO means Retired Employees for whom Retired Employees Coverage is provided.

OOther Employees CoverageO means the term insurance provided under the Group Employee Term Life Insurance Coverage Riders LIFE 604(6-4) and LIFE 604(6-5), forming parts of the Policy, for persons other than Retired Employees.

OPolicy YearO means the period commencing on the effective date of this Rider and ending the last day prior to the policy anniversary of the Policy next following the effective date of this Rider, and subsequent period commencing on a policy anniversary of the Policy. Policy Anniversaries of the Policy shall be deemed to continue to occur after termination of the Retired Employees Coverage or of the Policy.

GC-10442

OIncurred Benefit Charges for the Retired Employees CoverageO means the sum of the following charges for Retired Employees Coverage as determined by the Insurance Company: (I) the amount of claims and conversion charges recorded by the Insurance Company during any Policy Year, plus (ii) the estimated amount of claims and conversion charges unrecorded by the Insurance Company as of the end of such Policy Year but chargeable to the experience of the Policy as of the end of such Policy Year, less (iii) the amount corresponding to (ii) of this sentence that was used by the Insurance Company to determine the incurred benefit charges for the preceding Policy Year.

OHome OfficeO means the Home Office of the Insurance Company in the City of Newark, New Jersey, or any of the other Home or Head Offices of the Insurance Company.

Premium Charges

Basic Premium Charges - For the purpose of providing the Retired Employees Coverage subject to the terms and conditions of the Policy and the limitations set forth in this Rider, the Policyholder shall pay to the Insurance Company premium charges determined by the Insurance Company in accordance with such cost estimates as may from time to time be made by the Insurance Company, such premium charges to be referred to in this Rider as basic premium charges. The first basic premium charge under this Rider is due on the effective date of this Rider and subsequent basic premium charges under this Rider in amounts determined by the Insurance Company, as specified in the preceding sentence, shall be due during the continuance of the Retired Employees Coverage on the same dates as the premium charges under this Rider shall be due after the termination of the Other Employees Coverage.

Supplemental Premium Charges - Whenever the Insurance Company determines that a policy dividend, or any portion thereof, declared on the Policy as of a policy anniversary of the Policy, is attributable to the Retired Employees Coverage, such policy dividend, or portion thereof, as the case may be, shall be applied by the Insurance Company

as a supplemental premium charge under this Rider, regardless of whether on or prior to such policy anniversary basic premium charge under this Rider have ceased to be due. During continuance of the Retired Employees Coverage, in computing the average rate and the premium charge for the insurance in force under the Group Employee Term Life Insurance Coverage Riders LIFE 604(6-4) and LIFE 604(6-5), forming parts of the Policy, the Retired Employees Coverage shall be excluded for any purpose other than the determining of the amount by which each individual rate per \$1,000 of insurance, as specified in the section OComputation Riders LIFE 604(6-4) and LIFE 604(6-5), is increased.

A supplemental premium charge may also be payable under the section OTermination of Retired Employees Coverage0.

Fund Maintenance

The basic and supplemental premium charges under this Rider paid to or applied by the Insurance Company shall be accounted for in a fund maintained by the Insurance Company with respect to the Policy, referred to in this Rider as the Insurance Continuance Fund.

GC-10442 -2-
 Interest Additions - Interest shall be added to the Insurance Continuance Fund (1) on each policy anniversary of the Policy occurring during the continuance of this Rider and (2) on the day following the termination of the Retired Employees Coverage, and (3) on the day of the termination of this Rider. The interest for aEy period, whether a Policy Year of part of a Policy Year, shall be computed at such rate or rates as detemined by the Insurance Company to be applicable with respect to such period. Any other elements required for the computation of the interest, including the dates as of which the basic and supplemental premium charges under this Rider will be added to the Insurance Continuance Fund, shall be determined by the Insurance Company.

Basic Cost of Insurance Charge Deductions - Unless otherwise agreed upon by the Insurance Company and the Policyholder, the basic cost of insurance charges for the Retired Employees Coverage shall be deducted from the Insurance Continuance Fund on the first day of each month during the continuance of the Retired Employees coverage and the amount so deducted each month shall be equal to the product of the total amount of the Retired Employees Coverage in force on such day and the average monthly basic cost of insurance rate then in effect. If the deduction from the Insurance Continuance Fund is made other than monthly, the amount deducted from time to time shall be determined by a method mutually agreeable to the Insurance Company and the Policyholder.

The Insurance Company will determine as of the first due date of a basic premium charge under this Rider on which there are Covered Retired Employees, an average monthly basic cost of insurance rate for the Retired Employees Coverage by applying the individual rates specified in the Initial Table of Individual Basic Cost of Insurance Rates, as set forth below, the amounts of insurance in force at the respective ages, nearest birthday, of all person who are then Covered Retired Employees and dividing the aggregate amount so obtained by the total amount of such insurance, provided, however, that if no persons become Covered Retired Employees prior to the discontinuance of the payment of the basic premium charges under this Rider by the Policyholder the determination shall be made on such other date as may be determined by the Insurance Company on which there are Covered Retired Employees.

Initial Table of Individual Basic Cost of Insurance Rates Per \$1,000 of Insurance under the Policy on Retired Employees*
 Rate Basis - The individual rates set forth below are based on the Commissioners 1960 Standard Group Mortality Table and 3% interest.

Age Nearest Birthday	Monthly Rate	Age Nearest Birthday	Monthly Rate	Age Nearest Birthday	Monthly Rate
45	\$.68	57	\$1.97	69	\$5.34
46	.74	58	2.14	70	5.81
47	.81	59	2.32	71	6.32
48	.89	60	2.51	72	6.84
49	.97	61	2.72	73	7.38
50	1.06	62	2.96	74	7.95
51	1.16	63	3.21	75	8.56
52	1.26	64	3.48	76	9.24
53	1.38	65	3.78	77	10.00
54	1.51	66	4.11	78	10.86
55	1.65	67	4.48	79	11.81
56	1.80	68	4.89	80	12.83

GC-10442 -3-

Rates for ages not shown herein will be determined by the Insurance Company on the same Rate Basic as specified above and will be furnished upon request.

The Insurance Company may (a) as of any due date of a basic cost of

insurance charge, and (b) whenever the extent of the Retired Employees Coverage is changed by agreement of the Insurance Company and the Policyholder, change the table of individual basic cost of insurance rates on the basis of which further basic cost of insurance charges, including any then due, shall be computed, by notifying the Policyholder prior to the date as of which the basic cost of insurance rates are to be changed. The Insurance Company, however, shall not have the right to change the table of individual basic cost of insurance rates under (a) of this paragraph prior to the first anniversary of the effective date of this Rider, nor, after such anniversary, more than once during any twelve (12) consecutive months.

The Insurance Company or the Policyholder may (a) as of any policy anniversary of the Policy following the effective date of this Rider, and (b) as of any due date of a basic cost of insurance charge on which the table of individual basic cost of insurance rates may be changed, in accordance with the provisions of the preceding paragraph of this Section 3, and (c) whenever the extent of the Retired Employees Coverage is changed by agreement of the Insurance Company and the Policyholder, require that the average monthly basic cost of insurance rate be determined according to the then attained ages of all persons who are then Covered Retired Employees and the table of individual basic cost of insurance rates then in effect.

Supplemental Cost of Insurance Charge Deductions - Whenever 105% of the incurred benefit charges for the Retired Employees Coverage for any Policy Year exceeds the basic cost of insurance charges for the Retired Employees Coverage for the same Policy Year, as determined by the Insurance Company, such excess hereinafter referred to as Amount A, a supplemental cost of insurance charge for the Retired Employees Coverage shall be deducted from the Insurance Continuance Fund as of the policy anniversary of the Policy next following the end of such Policy Year, provided that the Retired Employees coverage continued in force to the end of such Policy Year. Such supplemental cost of insurance charge shall be -

- (a) if, after the deduction of Amount A from the Insurance Continuance Fund, the balance in the Insurance Continuance Fund as of such policy anniversary, after the addition as of such policy anniversary of interest and of any supplemental premium charge arising from dividends, is greater than the Amount B referred to hereafter in this paragraph - The Amount A;
- (b) if the conditions specified in ((a) above is not satisfied - The positive excess, if any, of (i) the balance in the Insurance Continuance Fund as of such policy anniversary of interest and of any supplemental premium charge arising from dividends, over (ii) the Amount B below as of such policy anniversary.

The Amount B as of any policy anniversary of the Policy shall be determined by the Insurance Company whenever a supplemental cost of insurance charge is to be deducted from the Insurance Continuance Fund as of such policy anniversary in accordance with the provisions of the section 0Capital Adjustments, Additions, and Deduction0 if the balance of the Insurance Continuance Fund as of such policy anniversary were reduced to a level such that such final capital charge would exactly liquidate the Insurance Continuance Fund.

GC-10442 -4-

In the event of the termination of the Retired Employees Coverage prior to the end of a Policy Year, the Insurance Company shall determine the supplemental cost of insurance charge for the Retired Employees Coverage for the period from the policy anniversary of the Policy immediately preceding the date of termination of the Retired Employees Coverage to such termination date by a method consistent with the above principles as if the termination of the Retired Employees Coverage had occurred at the end of the Policy Year, but taking the shorter duration into account, and deduct the supplemental cost of insurance charge for the Retired Employees Coverage so determined as of the day following the date of such termination.

The Insurance Company may, by notifying the Policyholder, change the percentage of Incurred Benefit Charges for the Retired Employees Coverage specified in the first paragraph of this subsection, as of any date on which the average monthly basic cost of insurance rate may be redetermined in accordance with the provisions of the preceding subsection, provided, however that any new percentage of Incurred Benefit Charges for the Retired Employees Coverage shall not be applicable to any period elapsed prior to the date as of which the change in the percentage of Incurred Benefit Charges for the Retired Employees Coverage is made.

Capital Adjustments: Additions and Deductions - Whenever

- (i) the balance in the Insurance Continuance Fund as of a date on which interest is to be added to the Insurance Continuance Fund is smaller than
- (ii) the balance in the Insurance Continuance Fund as of the immediately preceding date on which interest had been added to the Insurance Continuance Fund, the Insurance Continuance Fund shall, as of the same date as specified in (i), be increased or decreased by an amount, hereinafter referred to

as a capital adjustment, determined by the Insurance Company to be applicable to this Rider as of such date.

For the purpose of (i) above, the balance in the Insurance Continuation Fund as of a particular date shall be determined by the Insurance Company after the addition as of such date of interest, but before the deduction as of such date of any supplemental cost of insurance charge for the Retired Employees Coverage and before the addition as of such date of any supplemental premium charge arising from dividends, and before making as of such date any capital adjustment, provided, however that the balance in the Insurance Continuation Fund shall be considered to be zero (1) as of any date on which the supplemental cost of insurance charge for the Retired Employees Coverage is to be deducted, if as of such date the conditions specified in (a) of the preceding subsection is not satisfied, and (2) as of the day on which the last refund is to be made under the section ORefund of Fund Balance0.

For the purpose of (ii) above, the balance in the Insurance Continuation Fund as of a particular date shall be determined by the Insurance Company after the addition of interest and after making any capital adjustment, in either case as of such date, but before the deduction of any supplemental cost of insurance charge for the Retired Employees Coverage and before the addition of any supplemental premium charge arising from dividends, in either case as of such date.

Refund Deductions - Refunds shall be deducted from the Insurance Continuation Fund in accordance with the provisions of the section ORefund of Fund Balance0.

GC-10442

-5-

Grace Period for Basic Premium Charges

A grace period of thirty-one days will be allowed for the payment of any basic premium charges under this Rider except the first. If any basic premium charge under this Rider is not paid within the days of grace the discontinuance of the payment of the basic premium charges under this Rider shall be deemed to have occurred at the end of such grace period, unless otherwise agreed upon by the Insurance company and the Policyholder. This grace period applies only to the basic premium charges under this Rider and shall not modify any provisions of the Policy or of any other rider attached thereto, which apply to the payment of the premium charges for the Other Employees Coverage.

Discontinuance of Premium Charges

Anything in the Policy to the contrary notwithstanding, the Policyholder may either (a) discontinue the payment of the basic premium charges under his Rider, but continue the payment of the premium charges for the Other Employees Coverage, or (b) discontinue both the payment of the basic premium charges under this Rider and the payment of the premium charges for the Other Employees coverage. The discontinuance by the Policyholder of the payment of the basic premium charges under this Rider, under circumstances specified in (a), shall not effect either the termination of the Retired Employees Coverage or the termination of the Other Employees Coverage. The discontinuance by the Policyholder of the payment of the basic premium charges under this Rider and of the premium charges for the Other Employees Coverage, referred to in (b), shall effect the termination of the Other Employees Coverage only, whereas the Retired Employees Coverage shall continue in force until terminated in accordance with the provisions of the next section.

Except as otherwise provided hereafter in this section, in the event of the discontinuance by the Policyholder of the payment of the basic premium charges under this Rider, no persons may become Covered Retired Employees after the date when such discontinuance is deemed to occur, within the meaning specified in the preceding section, but any persons who on such date are Covered Retired Employees shall, subject to the terms and conditions of the Policy and limitations set forth in this Rider, remain Covered Retired Employees until the Retired Employees Coverage terminates or such persons cease to be Retired Employees, whichever occurs earlier.

If the Insurance Continuation Fund, on or after the date of discontinuance by the Policyholder of the payment of the basic premium charges under this Rider, is in excess of the amount estimated by the Insurance Company to be sufficient to provide for basic periodic continuance of the Retired Employees Coverage on all persons who at the time when such discontinuance is deemed to occur, within the meaning specified in the preceding section, are Covered Retired Employees, for as long as such persons remain Retired Employees, the Policyholder and the Insurance Company may agree that certain person who are then not Covered Retired Employees shall thereafter be eligible to become Covered Retired Employees, subject to the terms and conditions of the Policy and the limitations set forth in this Rider. Any such estimate of the sufficiency of the Insurance Continuation Fund shall be made by the Insurance Company by a method consistent with the cost estimates referred to in the section OPremium Charges0.

Termination of Retired Employees Coverage

The Insurance Company may terminate the Retired Employees Coverage, provided written notice of the Insurance Company's intention to effect such termination as of a certain date has been given to the Policyholder at least 31 days in advance of such date, whenever, as of the date the Insurance Company gives such notice,

- (a) prior to the discontinuance by the Policyholder of the payment of the basic premium charges under this Rider, the sum of (i) the number of persons insured for the Retired Employees Coverage and (ii) the number of persons insured for the Other Employees Coverage, is less than twenty-five, or
- (b) the Insurance Company determines that the Insurance Continuation Fund does not equal or exceed 80% of the amount of the insurance then in force under the Policy for the Retired Employees Coverage.

The termination of the Retired Employees Coverage shall be effective on the date specified in the notice of the Insurance Company, except that in the case of the termination under (b) above, the Policyholder may pay up to the Insurance Company prior to such date a supplemental premium charge, whereupon the Insurance Company's notice of intention to effect such termination shall be deemed withdrawn and the Retired Employees Coverage shall continue in force beyond the date on which the termination was to become effective, subject to the terms and conditions of the Policy and the limitations set forth in this Rider. Such supplemental premium charge will be determined by the Insurance Company, at request of the Policyholder, by a method consistent with the cost estimate referred to in the section on Premium Charges.

The Retired Employees Coverage shall terminate automatically upon receipt by the Insurance Company at the Home Office of written notice from the Policyholder of the death of the last person to die of the group of persons composed of all persons who either are Covered Retired Employees or are eligible to become Covered Retired Employees.

Upon termination of the Retired Employees Coverage any persons who are then Covered Retired Employees will automatically cease to be insured under the Policy for the Retired Employees Coverage at the same time as the termination of the Retired Employees Coverage becomes effective.

Refund of Fund Balance

The Insurance Company will as soon as practicable after the termination date of the Retired Employees Coverage determine the balance in the Insurance Continuation Fund as of the day following the termination of the Retired Employees Coverage, calculated in accordance with the provisions of the section on Fund Maintenance, and if such balance is greater than zero make refunds to the Policyholder, in the manner specified below to be used for the sole benefit of employees. Any such refund shall be deducted from the Insurance Continuation Fund on the due date of the respective refund and the making of any refund by the Insurance Company to the Policyholder in accordance with the provisions of this section shall completely discharge the liability of the Insurance Company with respect to the refund so made.

The first of the refunds shall be due on the day following the end of the six months' period commencing with the policy anniversary of the Policy next following the termination date of the Retired Employees Coverage, regardless of whether the Policy is then in force for Other Employees Coverage, and on each subsequent refund shall be due on the corresponding day of each month thereafter until the balance in the Insurance Continuation Fund has been reduced to zero.

Each refund, except the last one, shall be equal to the greater of (a) 2% of the balance in the Insurance Continuation Fund determined by the Insurance Company as of the day following the termination of the Retired Employees Coverage, and (b) \$1,000. The last refund shall be equal to the balance in the Insurance Continuation Fund as of the due date of such refund after the addition as of such date of interest and of any supplemental premium charge arising from dividends, and after the deduction as of such date of any supplemental cost of insurance charge, and after making as of such date the capital adjustment applicable to this Rider.

Anything hereinabove to the contrary notwithstanding, the Policyholder and the Insurance Company may at any time and from time to time agree to increase the amount of any one or more of such refunds or to advance the due date thereof, or both.

Termination of Rider

This Rider shall terminate automatically (i) on the day on which the last refund referred to in the preceding section has been made by the

Insurance Company to the Policyholder, or (ii) if the Insurance Company determines that the balance in the Insurance Continuance Fund as of the day following the termination of the Retired Employees Coverage is zero or less than zero.

The Retired Employees Coverage shall, unless otherwise specified in this Rider, be subject to all the terms and conditions of the Policy applicable thereto, provided, however, that by agreement of the Policyholder and the Insurance Company the terms and conditions of the Policy with respect to the Retired Employees Coverage may be changed from time to time.

IN WITNESS WHEREOF, The Prudential Insurance Company of America has caused this Rider to be executed as of the effective date of the Rider indicated above.

Secretary

GC-10442

-8-

Group Policy Nos. G-91207, GH-91207, GI-91207, GM-91207, GS-91207, GZ-91207, G-91555, G-91556, G-91609, G-91665, G-93551, GD-93551, G-93558, GO-93558, G-95305, G-95609 collectively called the Group Contract below.

ADDITIONAL PREMIUMS

for insurance under these Coverages of the Group Contract.

A. DEFINITIONS.

Contract Year means a period of time:

- (1) starting with the Contract Date and ending with the day before the first Contract Anniversary; or
- (2) starting with a Contract Anniversary and ending with the day before the next Contract Anniversary.

Additional Premiums means premiums for the insurance under the Group Contract required by Section B.

Regular Premiums means premiums for the insurance under the Group Contract other than any Additional Premiums.

B. ADDITIONAL PREMIUMS

An Additional Premium is due for the insurance under the Group Contract: (1) on the last day of each Contract Year after these provisions become effective; and (2) on the date the Group Contract ends (if other than the end of a Contract Year).

The Additional Premium for each Contract Year is equal to 10% of the Regular Premium for that Contract Year.

If an Additional Premium is due for a period of less than a Contract Year, because these provisions do not become effective on a Contract Anniversary, or because the Group Contract ends on other than the last day of a Contract Year, that shorter period of time will be used to determine the Additional Premium.

C. CHANGES IN THE PERCENT USED TO COMPUTE ADDITIONAL PREMIUMS.

Prudential may change the percent used to compute the Additional Premiums: (1) on each Contract Anniversary; and (2) at any other time the premium rates under the Group Contract may be changed. Prudential will inform the Contract Holder of any change in the percent.

Percents used to compute the Additional Premium will be applied to the Regular Premium for the part of the Contract Year they were in effect.

83500
APC 1004

#21795

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA
a mutual life insurance company

AMENDMENT TO GROUP POLICY Nos. G-95609, G-91207, GH-91207, GM-91207, GZ-91207, G-91555, G-91556, G-91660, G-91665 and G-93551

(to be attached to and made a part of the Policy)

The Policy holder and the Insurance Company hereby agree as follows:

1. The insurance form listed in Column I below is attached to this Amendment and forms part of the Group Policy as of such form's effective date, the corresponding insurance form, if any, listed in Column II.

Column I	Column II
GC-4204	GC-4204
effective December 31, 1988	effective December 31, 1982

2. Effective December 31, 1988, premiums will be computed on the following basis for the insurance indicated.

BRANCH 01 - Northrop Ventura Division
Applicable Coverage Monthly Rate per Employee

Insurance	Employee Insurance	Dependents
Non-Contributory Term Life	\$6.130	
Accidental Death and Dismemberment Survivor Benefit Life	\$1.086	
	\$0.045 per \$100 of Employee Monthly Benefit.	
Weekly Income Accident and Sickness	\$0.063 per \$10.00 of Weekly Benefit	
Contributory Term Life	\$0.430 per \$1,000 of insurance	
Accidental Death and Dismemberment	\$0.044 per \$1,000 of insurance	
Dependents Term Life		
Weekly Income Accident and Sickness	\$0.063 per \$10.00 of Weekly Benefit	

BRANCH 02 - Precision Products Salaried

Non-Contributory Term Life	Employee Insurance	Dependents Insurance
	\$0.152 per \$1,000 of insurance	
Accidental Death and Dismemberment	\$0.044 per \$1,000 of insurance	
Survivor Benefit Life	\$0.063 per \$100 of Employees Monthly Benefit	

Continued

BRANCH 02 - Precision Products Salaried (Continued)
Applicable Coverage Monthly Rate per Employee

Insurance	Employee Insurance	Dependents
Non-Contributory Dependents Term Life		
Weekly Income Accident and Sickness - Exempt	\$0.213 per \$10.00 of Weekly Benefit	
Contributory Term Life	\$0.425 per \$1,000 of insurance	
Accidental Death and Dismemberment	\$0.044 per \$1,000 of insurance	

BRANCH 03 - Precision Products Hourly

Non-Contributory Term Life	Employee Insurance	Dependents
	\$0.152 per \$1,000 of insurance	
Accidental Death and Dismemberment	\$0.044 per \$1,000 of insurance	
Survivor Benefit Life	\$0.063 per \$100 of Employees Monthly Benefit.	

Dependents Term Life

Weekly Income Accident and Sickness - Exempt	\$1.009 per \$10.00 of Weekly Benefit	
--	---------------------------------------	--

BRANCH 05 - Aircraft Division

Non-Contributory Term Life	Employee Insurance	Dependents
	\$6.130	
Accidental Death and Dismemberment Survivor Benefit Life	\$1.086	
	\$0.045 per \$100 of Employees Monthly Benefit.	

Weekly Income Accident

	and Sickness	\$0.063 per \$10.00 of	
		Weekly Benefit	
	Contributory		
	Term Life	\$0.430 per \$1,000 of	
		insurance	
	Accidental Death		
	and Dismemberment	\$0.044 per \$1,000 of	
		insurance	
	Dependents Term Life		
\$1.203	Weekly Income Accident		
	and Sickness - Exempt	\$0.063 per \$10.00 of	
		Weekly Benefit	
	New York Disability		
	Benefits Law	\$1.862	
Continued			
	BRANCH 06 - Northrop Electronics West Coast		
	Applicable Coverage	Monthly Rate per Employee	
	Non-Contributory	Employee Insurance	Dependents
Insurance			
	Term Life	\$6.130	
	Accidental Death		
	and Dismemberment	\$1.086	
	Survivor Benefit Life	\$0.045 per \$100 of	
		Employees Monthly	
		Benefit.	
	Contributory		
	Term Life	\$0.430 per \$1,000 of	
		insurance	
	Accidental Death		
	and Dismemberment	\$0.044 per \$1,000 of	
		insurance	
	Dependents Terms Life		
\$1.203	Weekly Income Accident		
	and Sickness-Exempt	\$0.063 per \$10.00 of	
		Weekly Benefit	
	BRANCH 17 - Electro-Mechanical Division		
	Non-Contributory		
	Term Life	\$6.130	
	Accidental Death		
	and Dismemberment	\$1.086	
	Survivor Benefit Life	\$0.045 per \$100 of	
		Employees Monthly	
		Benefits.	
	Contributory		
	Term Life	\$0.430 per \$1,000 of	
		insurance	
	Accidental Death		
	and Dismemberment	\$0.044 per \$1,000 of	
		insurance	
	Dependents Terms Life		
\$1.203	Weekly Income Accident		
	and Sickness-Exempt	\$0.063 per \$10.00 of	
		Weekly Benefit	
	BRANCH 23 - Defense Systems Division		
	Non-Contributory	Employee Insurance	Dependents
Insurance			
	Term Life	\$0.123 per \$1,000 of	
		insurance	
	Additional Term Life	\$0.414 per \$1,000 of	
		insurance	
	Accidental Death		
	and Dismemberment	\$0.044 per \$1,000 of	
		insurance	
	Weekly Income Accident		
	and Sickness-Exempt	\$0.446 per \$10.00 of	
		Weekly Benefit	
Continued			
	BRANCH 28 - Northrop International Inc.		
	Applicable Coverage	Monthly Rate per Employee	
	Non-Contributory	Employee Insurance	Dependents
Insurance			
	Term Life	\$6.130	
	Accidental Death		
	and Dismemberment	\$1.086	
	Survivor Benefit Life	\$0.045 per \$100 of	
		Employees Monthly	
		Benefits.	
	Contributory		
	Term Life	\$0.430 per \$1,000 of	
		insurance	
	Accidental Death		
	and Dismemberment	\$0.044 per \$1,000 of	
		insurance	
	Dependents Term Life		
\$1.203	Weekly Income Accident		
	and Sickness-Exempt	\$0.446 per \$10.00 of	
		Weekly Benefit	

BRANCH 30 - Northrop International Inc.
 Non-Contributory
 Term Life \$6.130
 Accidental Death
 and Dismemberment \$1.086
 Survivor Benefit Life \$0.045 per \$100 of
 Employees Monthly
 Benefits.
 Contributory
 Term Life \$0.430 per \$1,000 of
 insurance
 Accidental Death
 and Dismemberment \$0.044 per \$1,000 of
 insurance
 Dependents Term Life

\$1.203
 Weekly Income Accident
 and Sickness-Exempt \$0.063 per \$10.00 of
 Weekly Benefit

BRANCH 23 - Dakota Manufacturing Plant
 Non-Contributory
 Term Life \$0.245 per \$1,000 of
 insurance
 Accidental Death
 and Dismemberment \$1.044 per \$1,000 of
 insurance
 Survivor Benefit Life \$0.045 per \$100 of
 Employees Monthly
 Benefits.
 Contributory
 Term Life \$0.430 per \$1,000 of
 insurance
 Accidental Death
 and Dismemberment \$0.044 per \$1,000 of
 insurance
 Weekly Income Accident
 and Sickness-Exempt \$0.063 per \$10.00 of
 Weekly Benefit

Continued
 BRANCH 39 - NWASI
 Applicable Coverage Monthly Rate per Employee
 Employee Insurance Dependents
 Insurance
 Term Life and Dependents
 Term Life \$8.905 *
 Accidental Death
 and Dismemberment \$1.183
 Weekly Income Accident
 and Sickness-Exempt
 (Non-Contributory) \$18.546
 Dependents Term Life
 (Contributory) \$0.747
 * Included in the Employee Insurance

BRANCH 47 - Northrop International Aircraft
 Non-Contributory
 Term Life \$6.130
 Accidental Death
 and Dismemberment \$1.086
 Survivor Benefit Life \$0.045 per \$100 of
 Employees Monthly
 Benefits.
 Contributory
 Term Life \$0.430 per \$1,000 of
 insurance
 Accidental Death
 and Dismemberment \$0.044 per \$1,000 of
 insurance
 Dependents Term Life

\$1.203
 Weekly Income Accident
 and Sickness-Exempt \$0.063 per \$10.00 of
 Weekly Benefit

BRANCH 55 - Northrop Industries
 Non-Contributory
 Term Life \$6.130
 Accidental Death
 and Dismemberment \$1.086
 Survivor Benefit Life \$0.045 per \$100 of
 Employees Monthly
 Benefits.
 Contributory
 Term Life 0.430 per \$1,000 of
 insurance
 Accidental Death
 and Dismemberment \$0.044 per \$1,000 of
 insurance
 Dependents Term Life

\$1.203
 Weekly Income Accident
 and Sickness-Exempt \$0.063 per \$10.00 of
 Weekly Benefit

BRANCH 72 - Disabled Lives
Applicable Coverage Monthly Rate per Employee

Non-Contributory	Employee Insurance	Dependents
Insurance		
Term Life	\$0.245 per \$1,000 of insurance	
Survivor Benefit Life	\$0.045 per \$100 of Employee Monthly Benefit	

BRANCH 315 - Retired Lives

Term Life (Contributory) \$2.444 per \$1,000 of insurance

3. Effective December 31, 1988, the percent used to calculate the additional premium under for 83500 APC 1004 will be 10%
4. With respect to the Non-Contributory Term Life, Survivor Benefit Life, Dependent Term Life, accidental Death Dismemberment and Weekly Income Accident and Sickness benefits provided for active employees, the premium rates and percent used to calculate the additional premium shown in 2. and 3. above will not be changed prior to January 1, 1993, unless the number of employees insured under the policy decreases to less than 80% of the number of employees insured on December 31, 1988.

It is agreed that such change or changes shall form a part of the Group Policy, but not unless both the Policy holder and the Insurance Company have hereto affixed their respective signatures.

NORTHROP CORPORATION EMPLOYEE INSURANCE
BENEFIT PLANS MASTER TRUST PURSUANT TO
, 19 AN ASSIGNMENT BY NORTHROP CORPORATION
(Full or Corporate Name of Policyholder)

Witness By (Signature and Title) Trustee

Woodland Hills, California THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

November 14, 1989

Assistant Secretary

ORD 23585 (6807a)

Group Policy No.: G-95609, G-91207, GH-91207, GM-91207, GZ-91207, G-91555, G-91556, G-91660, G-91665 and G-93551.

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA
A Mutual Life Insurance Company

(Herein Called The Insurance Company)

Rider To Be Attached To and Made A Part Of Group Policy Nos.: G-95609, G-91207, GH-91207, GM-91207, GZ-91207, G-91556, G-91660, G-91665 and G-93551.

The Insurance Company and the Policy holder, agree that, effective December 31, 1988, the policy is amended by the addition of the following provision:

SPECIAL RESERVE

The Insurance Company may maintain a special reserve to be applied by it from time to time toward stabilizing experience under the Policy with respect to the Non-Contributory Employee Term Life, the Non-Contributory Employees Survivor Benefits Life Insurance, the non-contributory Dependent Term Life Insurance, the Non-contributory Employee Accidental Death and Dismemberment Insurance and the Non-contributory Employee Weekly Income Accident and Sickness Insurance. Such reserve shall be established from premiums paid under the Policy and the amount of such reserve shall be determined by the Insurance Company from time to time. Such reserve shall be credited with interest at the end of each policy year, or in the event of termination of the Policy, at the time of such termination. The interest for the policy year or portion thereof, as the case may be, shall be determined at the rate of not less than 5% per annum and on

the average amount of the reserve during the period with respect to which the interest is being computed, except that after this Rider has been in effect for a period extending from the effective date of this Rider to the next policy anniversary and from time to time thereafter the Insurance Company may change the rate to be used in the computation of the interest on the reserve.

If at any time the Insurance Company shall determine that the amount of the special reserve is then excess of that required, the Insurance Company shall pay such excess to the Policy holder as a return of premium.

Any return to the Policyholder of the balance of the special reserve, or any portion thereof, in accordance with the provisions of this Rider, shall be applied by the Policyholder solely for the benefit of retired employees or active employees, or both.

The Insurance Company has caused this Rider to be executed this fourteenth day of November, 1989.

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By
Assistant Secretary

GC-4204

Group Policy No.: G-95609, G-91207, GH-91207, GI-91207, GM-91207, GZ-91207, G-91555,
G-91556, G-91660, G-91665, G-93551, GD-93551, G-93558 and G-95305.

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA
A Mutual Life Insurance Company
(Herein Called The Insurance Company)

Rider To Be Attached To and Made A Part Of Group Policy Nos.: G-95609, G-91207, GH-91207, GI-91207, GM-91207, GZ-91207, G-91555, G-91556, G-91660, G-91665, G-93551, GD-93551, G-93558 and G-95305.

The Insurance Company and the Policy holder, agree that, effective December 31, 1982, the policy is amended by the addition of the following provision:

SPECIAL RESERVE

The Insurance Company may maintain a special reserve to be applied by it from time to time toward stabilizing experience under the Policy. Such reserve shall be established from premiums paid under the Policy, and the amount of such reserve shall be determined by the Insurance Company from time to time. Such reserve shall be credited with interest at the end of each policy year, or in the event of termination of the Policy, at the time of such termination. The interest for the policy year or portion thereof, as the case may be, shall be determined at the rate of not less than 5% per annum and on the average amount of the reserve during the period with respect to which the interest is being computed, except that after this Rider has been in effect for a period extending from the effective date of this Rider to the next policy anniversary and from time to time thereafter the Insurance Company may change the rate to be used in the computation of the interest on the reserve.

If at any time the Insurance Company shall determine that the amount of the special reserve is then excess of that required, the Insurance Company shall pay such excess to the Policy holder as a return of premium.

In the event of termination of the Policy, any balance remaining in the special reserve after final application of the reserve by the Insurance Company in accordance with the above provisions shall be paid to the Policyholder as a return of premium.

Any return to the Policyholder of the balance of the special reserve, or any portion thereof, in accordance with the provisions of this Rider, shall be applied by the Policyholder solely for the benefit of retired employees or active employees, or both.

The Insurance Company has caused this Rider to be executed this seventeenth day of December, 1982.

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By
Vice President,
Group Insurance Underwriting

Accepted by:

(Date)

NORTHROP CORPORATION
(Policyholder)

Witness

(Signature and Tittle)

GC-4204

Group Policy Nos. G-91207, GH-91207, GI-91207, GM-91207, GS-91207, GZ-91207, G-91555, G-91556, G-91609, G-91665, G-93551, GD-93551, G-93558, GO-93558, G-95305, and G-95609.

Effective Date: August 1, 1984

RIDER FORM MADE A PART OF GROUP POLICIES

G-91207, GH-91207, GI-91207, GK-91207, GM-91207, GS-91207, GZ-91207, G-91555, G-91556, G-91660, G-91665, G-93551, GD-93551, G-93558, GO-93558, G-95305 and G-95609.

issued by

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA
(Herein Called the Insurance Company)

It is hereby agreed that the group policies specified above, collectively, shall be considered as a single group policy, No. GT-91207, for the purpose of determining and crediting the portion, if any, of divisible surplus of the Insurance Company accruing upon said group policies.

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By

Assistant Secretary

GC-3222

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA
a mutual life insurance company

AMENDMENT TO GROUP POLICY NOS. G-6324, GH-91555, G-91556, G-91660, G-91207, GO-91207, GH-91207, GZ-91207, G-93551, G-93558, GO-93558, G-93160, GH-91207 and GY-91207

(to be attached to and mad a part of each of the above numbered Group Policies)

The Policyholder and the Insurance Company hereby agree as follows:

Effective June 1, 1974, the Group Policies are amended to provide that any provisions of the Group Policies to the contrary notwithstanding, an Employee who becomes covered for Term Life Insurance within 31 days after his ceasing to be a covered individual for Term Life Insurance under another Group Policy issued to Northrop Corporation (or a subsidiary or affiliate of Northrop Corporation), hereinafter referred to as Oprior Group Policy0, then, during said 31 day period, his amount of Term Life Insurance under the Group Policy shall be reduced by the amount of Term Life Insurance and the amount of any Survivor Benefits Life Insurance (present value) which he is entitled to convert under the provisions of said prior Group Policy.

It is agreed that such change or changes shall from a part of the Policy, but not unless both the Policyholder and the Insurance Company have hereto affixed their respective signatures.

AUGUST 12,

1974

NORTHROP CORPORATION
(Full or Corporate Name of
Policyholder)

Vice President
Industrial
Relations

Witness _____

By _____

(Signature and Title)

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

Los Angeles, California

_____, 1974 By

ORD 13455-A Ed 5-58

74-2-4355

Exhibit 10(j)
PROVIDENT LIFE &
ACCIDENT INSURANCE
COMPANY
(Herein
called the Provident)

Based on the request for this Policy (herein called the Plan)
made by

NORTHROP GRUMMAN CORPORATION
1840 Century Park East
Los Angeles, California 90067-2199

(herein called the Policyholder)

and based on the payment of the premium when due, the Provident
agrees to pay the benefits as provided on the following pages.

This Plan becomes effective at 12:01 A.M. Standard Time at the
Policyholder's Address on the Effective Date shown below. The
Plan will terminate at 12:00 Midnight on the Expiration Date
shown below or as shown in Section VII - Termination of the Plan.

All matter printed or written by the Provident on the following
pages form a part of this Plan as if recited over the signatures
below.

This Plan is delivered in and, to the extent permitted by Federal
Law, is governed by the laws of the Jurisdiction shown below.
This Plan is subject to the Employee Retirement Income Security
Act of 1974 (ERISA). The general Plan information and a statement
of the Rights of Plan participants are found at the end of this
document.

In witness whereof the Provident has caused this Plan to be
executed at its Home Office in Chattanooga, Tennessee on March
10, 1995.

Secretary President and Chief
Executive Officer

Approved by Vice President-Legislative and Countersigned by
Licensed Resident Agent Industry Affairs

GROUP POLICY NUMBER	GTA-1561
EFFECTIVE DATE	July 1, 1995
EXPIRATION DATE	July 1, 1998
JURISDICTION	California
COVERAGE PROVIDED	Group Accident Insurance

NON-PARTICIPATING
GROUP POLICY

F-66503
A-1

TABLE OF CONTENTS

SECTION I	SCHEDULE OF BENEFITS
SECTION II	DEFINITIONS
SECTION III	ELIGIBILITY AND TERMINATION OF COVERAGE
SECTION IV	BENEFIT PROVISION
SECTION V	CLAIM PAYMENTS
SECTION VI	PREMIUMS

F-66503
B-1

SECTION I - SCHEDULE OF BENEFITS

The following Employees are eligible for coverage:

Class	Hazard	Description of Class
I	17, 17T 20, 26, 28	The Chairman of the Board.
II are Executive	17, 17T Classes 1, 2, 20, 26, 28	All full-time Employees, who 3 and 4, and who are:
United States of		(a) permanent resident aliens of the America; or
America whether		(b) citizens of the United States of employed within or without the
United States of		America.
III are Executive	17, 17T Class 5, and 20, 26, 28	All full-time Employees, who who are:
United States of		(a) permanent resident aliens of the America; or
America whether		(b) citizens of the United States of employed within or without the
United States of		America.
IV are Executive	17, 17T Class 6, and 20, 26, 28	All full-time Employees, who who are:
United States of		(a) permanent resident aliens of the America; or
America whether		(b) citizens of the United States of employed within or without the
United States of		America.
V included in Classes	17, 17T I, II, III or 20, 26, 28	All full-time Employees, not VI, who are:
United States of		(a) permanent resident aliens of the America; or
America whether		(b) citizens of the United States of employed within or without the
United States of		America.

ACCIDENTAL DEATH, DISMEMBERMENT AND PLEGIA INSURANCE

Class	Principal Sum
I	\$1,000,000.
II	An amount equal to six (6) times Base Annual Earnings, subject to a maximum of \$1,000,000.
III	An amount equal to four (4) times Base Annual Earnings, subject to a maximum of \$1,000,000.
IV	\$100,000.
V	\$ 25,000.

Premium Calculation: A monthly premium of \$0.0217 per \$1,000 of Principal Sum.

SECTION II - DEFINITIONS

Injury - Accidental bodily injury which: (i) is direct and independent of any other cause; and (ii) requires treatment by a legally qualified physician or surgeon.

Exposure - Being exposed to the elements following the disappearance, forced landing, stranding, sinking or wrecking of a vehicle. Exposure will be deemed an accidental bodily injury.

Disappearance - Not finding the body within one year after the disappearance, forced landing, stranding, sinking or wrecking of a vehicle. Disappearance will be deemed loss of life.

Subsidiary - Any corporation wholly owned by Northrop Grumman Corporation, or any corporation that Northrop Grumman Corporation owns 50% or more of the outstanding voting stock, including the wholly owned or 50% owned corporations of such corporations.

The Plan applies only to the Policyholder as constituted on the Effective Date of the Plan. Coverage will be extended to Employees of acquired companies or corporations, provided:

1. the Policyholder gives the Provident:

- (i) the names of any newly acquired company or corporation; and
- (ii) all underwriting data required to enable the Provident to determine any additional premium due.

2. coverage for any newly acquired company or corporation will begin on the date acquired and continue for 60 days;

3. coverage will end 60 days after the date a new company or corporation is acquired if:

- (i) all underwriting data is not furnished; or
- (ii) any additional premium is not paid. The Policyholder will remain liable for payment of premiums for the period coverage was available.

SECTION III - ELIGIBILITY AND TERMINATION OF COVERAGE

When Coverage Begins

If an Employee is in an eligible Class, he or she will be covered when he or she has completed:

- (a) a full day of Active Work on that date; or
- (b) a full day of Active Work on his or her last regularly scheduled work day.

If an Employee does not meet the requirements of (a) and (b) above, the coverage will become effective on the date he or she returns to Active Work.

Active Work means performing his or her regular duties for a full work day for the Policyholder.

When Coverage Ends

An Employee's coverage will end the sooner of:

- (a) the date the Plan ends;
- (b) the date ending the period for which his or her last contribution is made, if he or she is required to pay a part of the cost of the Plan; or
- (c) the date he or she is no longer a member of an eligible Class, subject to the following:

- (i) for an Approved Medical Leave, coverage may be continued for up to two years;
- (ii) for an Approved Personal or Educational Leave, coverage may be continued for up to one month; or
- (iii) for an Approved Family Leave, coverage may be continued for up to four months.

For coverage to continue during an Approved Leave, the required contributions for coverage under the Plan must continue to be made on the behalf of the Employee.

Termination of coverage will not affect any claim for loss that begins before termination.

F-66503
D-2, D-3
SECTION IV - BENEFIT PROVISION

Accidental Death, Dismemberment and Plegia Insurance

Benefit Provision

The Provident will pay a benefit for loss due to an Injury to an Employee from a Hazard described on a following page as shown in the table below. The loss must occur within 365 days after the date of the accident. The Employee must be covered under the Plan on the date of the accident.

The benefit is called the Principal Sum and it is shown in the Schedule of Benefits.

The benefit for loss of life will be paid to the named beneficiary. All other benefits will be paid to the Employee.

Table of Losses

For Loss of:

Life.....	100% of the Principal Sum
Eyes.....	100% of the Principal Sum
Foot.....	100% of the Principal Sum
Ears.....	100% of the Principal Sum
Eye.....	100% of the Principal Sum
Quadriplegia.....	100% of the Principal Sum
Ears.....	85% of the Principal Sum
Foot.....	75% of the Principal Sum
Paraplegia.....	75% of the Principal Sum
Hemiplegia.....	

..... 75% of the Principal Sum
 Sight of One
 Eye.....
 60% of the Principal Sum
 Hearing of One
 Ear.....
 .. 25% of the Principal Sum
 Thumb and Index Finger of Same
 Hand..... 25% of the Principal Sum

Maximum-All Losses-Any One
 Accident..... 100% of the
 Principal Sum

Loss shall mean the:

- (i) loss of a hand by total severance at or above the wrist;
- (ii) loss of a foot by total severance at or above the ankle;
- (iii) complete and total loss to the sight of an eye;
- (iv) complete and total loss of speech;
- (v) complete and total loss of hearing;
- (vi) loss of thumb and index finger by total severance at or above the knuckles;
- (vii) total paralysis of both arms and legs for Quadriplegia;
- (viii) total paralysis of both legs for Paraplegia; or
- (ix) total paralysis of the arm and leg on the same side of the body for Hemiplegia.

Paralysis shall mean the total loss of the use of an arm or leg.

F-66503
 E-3
 SECTION IV - BENEFIT PROVISION

HAZARD 17

War Risk Accident Protection

Coverage applies only to a person who is in a Class to which this Hazard applies.

Description of Hazards

Coverage will apply to an Injury sustained by an Employee when caused by or resulting from declared or undeclared war or any act thereof occurring anywhere in the world, excluding the Employee's country of domicile or residence.

HAZARD 17T

Terrorism and Terrorist Acts Accident Protection

Coverage applies only to a person who is in a Class to which this Hazard applies.

Description of Hazards

Coverage will apply to an Injury sustained by an Employee when caused by or resulting from Terrorism or a Terrorist Act anywhere in the world to the extent that coverage for such Terrorism or Terrorist Act is not provided elsewhere under the Policy.

Definitions

The term "Terrorism" means the systematic use of violence by a group or groups in order to intimidate or coerce a population of government into granting the political demands of the group.

The term "Terrorist Act" means any act which is intended to cause Injury or damage to persons or property carried out by an individual or group who systematically use terror as a means of intimidation or coercion.

HAZARD 20

24-Hour All Risk Accident Protection - Business and Pleasure

Coverage applies only to a person who is in a Class to which this Hazard applies.

Description of Hazards

Coverage will apply to an Injury sustained by an Employee anywhere in the world.

Coverage will also apply to an Injury sustained by an Employee while riding as a passenger, pilot, operator or member of the crew in or on, boarding or alighting from, or by being struck or run down by any aircraft piloted by a licensed pilot.

F-66503
F-20
SECTION IV- BENEFIT PROVISION

HAZARD 26

Private Passenger Automobile Seat Belt Accident Protection
Business and Pleasure

Coverage applies only to a person who is in a Class to which this Hazard applies.

Description of Coverage

The Provident will pay an additional benefit of \$5,000 for loss of life due to Injury as described below.

Coverage will apply to an Injury sustained by an Employee while operating or riding as a passenger in a private passenger automobile provided the Employee was wearing a properly fastened seat belt at the time of the accident.

Seat Belt means a properly installed seat belt, lap and shoulder restraint, child restraint or other restraint approved the National Highway Traffic Safety Administration.

No Benefit is payable if the Employee was under the influence of alcohol or drugs.

Seat belt usage must be verified by:

- (i) a doctor;
- (ii) a coroner;
- (iii) a police officer; or
- (iv) any other person of competent authority.

F-66503
F-26
SECTION IV - BENEFIT PROVISION

HAZARD 28

Aircraft Sky-Jacking and Air Piracy Accident Protection
Business and Pleasure

Coverage applies only to a person who is in a Class to which this Hazard applies.

Description of Hazards

Coverage will apply to an Injury sustained by an Employee resulting from an aircraft "sky-jacking" or an act of "air piracy" while riding as a passenger, pilot, operator or member of the crew, in or on, boarding or alighting from any aircraft.

Definition

The term "sky-jacking" and "air piracy" means any illegal, non-governmental, forceful commandeering of an aircraft.

F-66503

F-28

SECTION IV - BENEFIT PROVISION

Beneficiary

An Employee may name anyone as his or her beneficiary. The Employee must file the name or names on a form approved by the Provident.

An Employee may change his or her beneficiary at any time by giving notice in writing. The effective date of the change is the date the request is signed. However, the Provident is not liable for any amount paid before the request is received.

If an Employee names more than one beneficiary, they will share equally unless he or she provides otherwise.

If a beneficiary dies before an Employee, his or her share will be paid equally to the surviving beneficiaries, unless the Employee states otherwise. Any amount for which a beneficiary is not named will be paid to the Employee's estate.

General Exclusions

Benefits are not paid for any loss caused by or resulting from:

- (a) suicide or self-inflicted Injury, whether sane or not (in Missouri, while sane);
- (b) bacterial infections, except those which occur with a cut or wound at the time of the accident;
- (c) any kind of disease;
- (d) medical or surgical treatment (except surgical treatment required by the accident);
- (e) war or any act of war;
- (f) Injury sustained while in any of the armed forces (land, sea or air) of any country or international authority except while on temporary domestic National Guard or Reserve duty for less than 30 days; or
- (g) Injury sustained while an Employee is riding in, boarding or alighting from an aircraft other than as provided under a Hazard described on a

preceding page.

SECTION V - CLAIM PAYMENTS

Notice of Claim

Written notice of a claim must be given within 20 days after the loss, or as soon as possible. The notice must be given to the Provident or an authorized agent with information identifying the Employee.

Claim Forms

When a notice of claim is received, the Provident will provide claim forms for the filing of proofs of loss. If such forms are not sent within 15 days, an Employee will have met the proof of loss requirement if he or she gives the Provident a written statement of the nature and extent of the loss within the time fixed in this Plan.

Proofs of Loss

Written proof must be given to the Provident within 90 days after the date of loss. However, a claim will still be considered if it was not possible to furnish proof within this time and the proof was furnished as soon as possible. Except in the absence of legal capacity, in no event will a loss be considered if proof for that loss is furnished more than 2 years after the date the loss was incurred.

F-66503

G-1,H-1

SECTION V - CLAIM PAYMENTS (continued)

Time of Payment of Claims

All benefits provided by the Plan will be paid upon receipt of proof of loss.

Payment of Claims

Any benefits paid for loss of life will be paid as follows:

- (1) to the beneficiary or beneficiaries designated in writing by the Employee, otherwise;
- (2) to the beneficiary or beneficiaries designated in writing by the Employee under the Group Life Insurance policy issued to the Policyholder, otherwise;
- (3) to the Employee's widow or widower, if surviving the covered person, otherwise;
- (4) to the Employee's surviving child or children, in equal shares, otherwise;
- (5) to the Employee's parents in equal shares, or the surviving parent, otherwise;
- (6) to the Employee's surviving brothers and sisters in equal shares, or the survivors of them, otherwise; or
- (7) to the Employee's estate.

Physical Examination and Autopsy

The Provident will have the right to examine any person as often as it may require and to perform an autopsy where not forbidden by law. This will be at the expense of the Provident.

Legal Actions

No action may be brought to recover under the Plan until 60 days after proof of loss has been given. No action can be brought after 3 years from the date written proof of loss was required to be furnished.

SECTION VI - PREMIUMS

Premium Payments

The first premium for coverage under the Plan is due on the effective date. After that, premiums are due as shown under Premium Calculation - Schedule of Benefits.

Premiums can be paid to the Provident's Home Office, or to an authorized agent of the Provident. Each premium paid continues the Plan in force until the Expiration date, except as shown under Grace Period.

When asked, the Provident will consider changing the way in which premium payments are made.

Grace Period

A period of 31 days, without interest, is allowed for paying any premium other than the first one. The Plan will remain in force during the Grace Period, unless the Provident has been advised in writing that the Plan is to cease prior to the end of the Grace Period. If any premium is not paid before the Grace Period ends, the Plan will cease. However, the Policyholder will be liable

for all premiums not paid. In addition, a pro rata premium will be due for the time the Plan was in force during the Grace Period.

F-66503
H-1,J-1
SECTION VII - TERMINATION OF THE PLAN

The Plan will cease if the Policyholder fails to pay the premium before the end of the Grace Period.

After the end of the first Plan year, the Provident or the Policyholder has the right to cancel the Plan on the day prior to the date any premium is due by giving 31 days written notice.

SECTION VIII - GENERAL PROVISIONS

Entire Contract

The entire contract consists of:

- (1) the Plan; and
- (2) the Attached Amendments and request, if any.

All statements made by the Policyholder or by the Employees are true and complete to the best of the knowledge and belief of the persons making them. No statement will be used in any contest unless:

- (a) the statement is in writing; and
- (b) a copy of the statement is given to the Employee or to his or her beneficiary.

Agreements

All agreements made by the Provident must be signed by an executive officer. No agent may modify or waive any of the terms of the Plan. An endorsement or amendment changing this Plan must be signed by an executive officer of the Provident.

Incontestability

There will be no contest of the Plan, except for failure to pay the premium, after it has been in force for 2 years from its date of issue. There will be no contest of an Employee's coverage after it has been in force, during the lifetime of the Employee, for 2 years from the date of coverage.

Data Required

The Policyholder will furnish all information and proofs which the Provident may reasonably require with regard to the Plan.

Clerical Error

Clerical error by the Policyholder will not end coverage or continue terminated coverage. In the event of such clerical error, a premium adjustment will be made. However, such adjustment will not be made beyond the preceding renewal date of the Plan.

Individual Certificates

The Provident, if required by law, will give the Policyholder a certificate for each Employee. The certificate will set forth:

- (1) the Employee's coverage;
- (2) to whom benefits will be paid; and
- (3) the rights and privileges under the Plan.

F-66503
J-1,K-1,L-1
SECTION IX - THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974 (ERISA)

STATEMENT OF RIGHTS AND INFORMATION

HOW TO FILE A CLAIM

If you should suffer a loss covered by the Policy, either you or your beneficiary should contact the plan administrator to obtain claim forms. Read the instructions on these forms carefully and be sure that all the questions are answered. Remember to include any required attachments when you return the completed forms. After your claim has been processed you will be notified in writing if any additional information is required or if any benefits are denied in whole or in part.

YOUR RIGHT TO APPEAL

If you have any questions about a claim payment, call or write the plan administrator. If your claim has been denied in whole or in part and you do not agree, you should write, within 60

days, to the claim office which advised you of the denial. Be sure you state why you believe the claim should not have been denied, and submit any data you think is appropriate. Your appeal will be reviewed by the office that processed your claim. Any appeal that cannot be resolved by that office will be forwarded to the insurance company's home office for review and final decision. The party hearing the appeal has the discretionary authority to interpret the Plan and the Policy and to determine eligibility for benefits. You will be notified of the final decision within 60 days after the date of your appeal unless there are special circumstances in which case you will be notified within 120 days.

NAME OF PLAN

Group Accident Plan for Employees of Northrop Grumman Corporation.

PLAN ADMINISTRATOR

Employee Welfare Benefits Committee
Northrop Grumman Corporation
1840 Century Park East
Los Angeles, California 90067-2199
(310) 553-6262

PLAN IDENTIFICATION

Employer Identification No. 95-1055798
Plan No. 501

TYPE OF ADMINISTRATION

Contract administration. All benefits provided by Group Policy Number GTA-1561 issued to the Plan sponsor by Provident Life & Accident Insurance Company. You may inspect this Policy and the annual report filed with the U.S. Department of Labor at the Corporate Office of Northrop Grumman Corporation.

FUNDING

All payments to support the Plan are made by Northrop Grumman Corporation.

END OF BENEFIT PLAN YEAR

June 30th.

END OF ERISA PLAN YEAR

December 31st.

DESIGNATED AGENT FOR SERVICE OF LEGAL PROCESS

Legal process may be made upon the plan administrator at the address above.

F-66503

ERISA-1

YOUR ERISA RIGHTS

As a participant in this plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all plan participants shall be entitled to:

1) Examine, without charge, at the plan administrator's office, all plan documents, including insurance contracts and copies of all documents filed by the plan with the U.S. Department of Labor, such as detailed annual reports and plan descriptions.

2) Obtain copies of all plan documents and other plan information upon written request to the administrator. The administrator may make a reasonable charge for the copies.

3) Receive a summary of the plan's annual financial report. The plan administrator is required by law to furnish each participant with a copy of this summary annual report.

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of this plan. The people who operate your plan, called "fiduciaries" of the plan, have a duty to do so prudently and in the interest of you and the other plan participants and beneficiaries.

No one, including your employer or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your rights under ERISA.

If your claim for welfare benefit is denied in whole or in part, you must receive a written explanation of the reason for the denial. You have the right to have your plan reviewed and reconsider your claim.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials from the plan and do not receive them within 30 days, you may file suit in a federal court. In such case, the court may require the plan

administrator to provide the materials and pay you up to \$100 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court. If it should happen that plan "fiduciaries" misuse the plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous. If you have any questions about your plan, you should contact the plan administrator.

The right is reserved in the Plan for the Plan Sponsor to terminate, suspend, withdraw, amend or modify the Plan, covering any active employee, or current retiree or future retiree, in whole or in part at any time. Any such change or termination in benefits (i) will be based solely on the decision of the Plan Sponsor and (ii) may apply to all active employees, current retirees or future retirees, as either separate groups or as one group. This is subject to the applicable provisions of the Plan.

If you have any questions about this statement or about your rights under ERISA, you should contact the nearest office of the U.S. Labor-Management Services Administration, Department of Labor.

!090005 fixed
Employer: Northrop Corporation

090008 Group Policy No.: 91360-G

090010 Date of Issue: July 1, 1995

&090018 Type of Coverage: Long Term Disability

090012
In return for the payment of the premiums when they fall due

090014 fixed

Metropolitan Life Insurance Company
(Herein Called Metropolitan)

090016 fixed
will pay the insurance and other benefits which are described in the Exhibits, subject to the terms and provisions of this Policy. The Schedule of Exhibits sets forth each Exhibit which is to be attached to and made a part of this Policy and to whom each such Exhibit applies.
!090020 fixed

Christine N. Markussen Vice-President and Secretary T. Athanassiades President and Chief Operating Officer

090021 Premiums Are To Be Paid On A Monthly Basis

090024 fixed

The Dividend, If Any, Is To Be Determined Each Year.

!090050 Leading Adjustment, Page Numbering "i", Margins, Tab Setting

TABLE OF CONTENTS

	Page
Section 1. DEFINITIONS	1
Section 2. ELIGIBILITY AND EFFECTIVE DATES OF INSURANCE	1
Section 3. CONTRIBUTIONS	1
Section 4. CESSATION OF INSURANCE	1
Section 5. SCHEDULE OF INSURANCE	1
Section 6. PREMIUM RATES	2
INITIAL RATES	2
COMPUTATION OF PREMIUM	2
PREMIUM ADJUSTMENTS	2
CHANGES IN RATES	2
Section 7. PREMIUM DUE DATES	2
Section 8. PAYMENT OF PREMIUMS	2
Section 9. GRACE PERIOD	3
Section 10. CERTIFICATES	3
Section 11. ASSIGNMENT	3
Section 12. RECORDS TO BE MAINTAINED	3
Section 13. INFORMATION TO BE FURNISHED	4

Section 14.	ENTIRE CONTRACT	4
Section 15.	INCONTESTABILITY; STATEMENTS	4
Section 16.	MISSTATEMENT OF AGE	4
Section 17.	CHANGES IN THE POLICY	5
Section 18.	PARTICIPATION	5
Section 19.	DIVIDENDS	5
Section 20.	DISCONTINUANCE OF THE POLICY	5
Section 21.	ADDITIONAL PROVISIONS	6
SCHEDULE OF PREMIUMS		7
SCHEDULE OF EXHIBITS		8

2. DEFINITIONS

090118The term "Employee" means any person defined as such in an Exhibit listed in the Schedule of Exhibits.

090122The term "Personal Insurance" means insurance on account of an Employee.

090126The term "Personal Insurance Eligibility Date" means the date an Employee is eligible for Personal Insurance.

090130The term "Premium Due Date" means the first day of each month after the Date of Issue.

090132The term "Policy Period" means a period beginning with any July 1st and ending with the next June 30th.

090136 The term "Non-Contributory Insurance" means insurance for which the Employee does not have to pay the cost.

!090139

3. ELIGIBILITY AND EFFECTIVE DATES OF INSURANCE

090140The provisions regarding eligibility and effective dates of insurance with respect to any Employee are set forth in the Exhibit which applies to such Employee.

!090143 fixed

Section 3. CONTRIBUTIONS

090148The Employer does not require Employees to contribute to

the cost of the Non-Contributory insurance.

!090160 fixed

Section 3. CESSATION OF INSURANCE

An Employee's insurance will cease as set forth in the Exhibit which applies to the Employee. The insurance on all Employees will cease on the date this Policy is discontinued.

!090164

4. SCHEDULE OF INSURANCE

090166The amounts of insurance which are in force on account of an Employee will be as set forth in the Exhibit which applies to such Employee.

!090182 fixed

Section 4. PREMIUM RATES

INITIAL RATES

The initial premium rates are set forth in the Schedule of Premiums.

COMPUTATION OF PREMIUM

The premium is the sum of the premiums for the total amounts of all of the types of insurance then in force, subject to premium adjustments, if any. Such premium is determined on the basis of the premium rates which are then in effect.

In the computation of the premium which is due on any Premium Due Date, Metropolitan may use any equitable method which is agreeable to both the Employer and Metropolitan.

PREMIUM ADJUSTMENTS

A premium adjustment which involves a credit to the Employer will be limited to the period of twelve months before the date of the receipt by Metropolitan of evidence that such an adjustment should be made.

CHANGES IN RATES

090200Metropolitan may change any or all of the premium rates if there is a change in the terms of this Policy. Metropolitan may also change any or all of the premium rates on any Premium Due Date, provided Metropolitan has given the Employer written notice of such change thirty-one days prior to the date such change is to become effective.

!090244 fixed

Section 4. PREMIUM DUE DATES

The initial premium is due on the Date of Issue. All other premiums will be due on each Premium Due Date.

090248The premium payment must be paid on a monthly basis unless

the Employer requests in writing a change in the mode of premium

payments to an annual, semi-annual or quarterly basis.

Any change in the mode of premium payments must be approved by

Metropolitan.

!090250 fixed

Section 4. PAYMENT OF PREMIUMS

All premiums which fall due, with the adjustments, if any, will be payable by the Employer on or before their respective due dates. All such premiums are to be paid at the Home Office of Metropolitan (or at such office as Metropolitan may designate for that purpose) or to an authorized representative of Metropolitan. The payment of a premium will not maintain the insurance in force beyond the day before the date the next premium is due, except as set forth in Section 9.

!090254

5. GRACE PERIOD

090256A grace period of thirty-one days will be granted by Metropolitan for the payment of any premium which falls due after the Date of Issue.

During the grace period this Policy will continue to be in force.

090264If the Employer fails to pay the premium within the grace period, Metropolitan will discontinue this Policy on the last day of the grace period.

However, if notice in writing is given by the Employer to Metropolitan prior to the end of the grace period that this Policy is to be discontinued before the end of the grace period, this Policy shall be discontinued on the later of (a) the date of receipt of such notice by Metropolitan or (b) the date specified in the notice for such discontinuance.

In any case, the Employer will be liable to Metropolitan for the payment of the pro-rata premium which accrues for the period the Policy is in force.

!090270 fixed

Section 5. CERTIFICATES

Metropolitan will furnish certificates to the Employer for delivery to each Employee who is insured. The certificate will state the insurance protection to which the Employee is entitled

and to whom the benefits will be paid. The certificate will set forth the provisions of this Policy which mainly affect the Employee. The word "certificate" includes riders and supplements to the certificate, if any.

!090274 conditional end of page

6. ASSIGNMENT

090278An Employee's certificate may not be assigned. The Employee's insurance and benefits may not be assigned prior to a loss.

!090292 fixed

Section 6. RECORDS TO BE MAINTAINED

Records which relate to the insurance under this Policy will be maintained. Such records will include the following:

- a. The names and ages of all Employees who are insured.
- b. The amounts of insurance in force on each Employee.
- c. The effective date of each Employee's insurance.
- d. The effective date of any change in an amount of an Employee's insurance.

Such records will be maintained by Metropolitan; the records may, with the consent of Metropolitan, be maintained by the Employer.

!090300 fixed

Section 6. INFORMATION TO BE FURNISHED

The Employer and the Employees will furnish to Metropolitan all of the information which Metropolitan may reasonably require with regard to the matters which relate to the insurance. The Employer will allow Metropolitan to inspect all documents, books and records of the Employer which relate to the insurance or to the premiums.

!090310 fixed

Section 6. ENTIRE CONTRACT

This Policy and the application of the Employer constitute the entire contract between the parties. A copy of the application is attached to this Policy.

Section 7. INCONTESTABILITY; STATEMENTS

090316Any statement made by the Employer or by an Employee will

be deemed a representation and not a warranty. No such statement

will avoid the insurance or reduce the benefits under this Policy

or be used in defense to a claim under this Policy unless it is

contained in a written application. No such statement of the

Employer will be used at all after the Policy has been in force

for two years from its Date of Issue.

No such statement made by an Employee which relates to

insurability will be used in contesting the validity of the

insurance with respect to which such statement was made or to

reduce the benefits unless the conditions listed in items (a) and

(b) below have been met.

a . The statement must be contained in a written application which has been signed by the Employee.

b . A copy of the application has been furnished to the Employee or to the Employee's beneficiary.

No such statement of the Employee will be used at all after such insurance has been in force prior to the contest for a period of two years during the lifetime of the person to whom the statement applies.

!090326 fixed

Section 6. MISSTATEMENT OF AGE

In the case of the misstatement of the age of an Employee, an adjustment of the premium will be made, if appropriate.

090330If an amount of insurance is based on the age of the Employee, such amount will be adjusted to the amount to which such Employee would have been entitled at the Employee's correct age. The adjustment of the premium will be based on the adjusted amount of the Employee's insurance.

!090332 fixed

Section 6. CHANGES IN THE POLICY

No change in this Policy will be valid unless it is approved by an authorized officer of Metropolitan. Each such change must be evidenced by an amendment signed by both the Employer and by Metropolitan or by an endorsement signed by Metropolitan.

No agent may make a change in this Policy or waive any of its provisions.

!090338 fixed

Section 6. PARTICIPATION

This Policy is a participating contract.

Section 7. DIVIDENDS

Each year Metropolitan will determine the dividend, if any, to which this Policy may be entitled. Such determination will be within the sole discretion of Metropolitan's Board of Directors.

090345However, in view of the manner in which Metropolitan has determined premium rates, Metropolitan does not anticipate that this Policy will be entitled to any dividend.

090348All such dividends may be paid in cash to the Employer.

Upon the request of the Employer, in writing, a dividend will be applied to the payment of the premiums. The Employer may apply a dividend to reduce the Employer's cost of this Policy.

090354In any case, if the Employees' total contributions to the cost of the insurance are in excess of the net cost of the insurance, the Employer must distribute or apply the amount of such excess for the sole benefit of the Employees.

!090356

7. DISCONTINUANCE OF THE POLICY

090364Metropolitan will have the right to discontinue this Policy if less than 100% of the eligible Employees are insured for Non-Contributory Insurance.

090370E Metropolitan will also have such right if less than 10 Employees are insured. Such right may be exercised by Metropolitan only on the last day of the first Policy Period or on the day before any Premium Due Date which occurs after the last day of the first Policy Period. Notice, in writing, that this Policy is to be discontinued must be given to the Employer by Metropolitan. The notice must be given at least thirty-one days prior to the date this Policy is to be discontinued.

!090382

8. ADDITIONAL PROVISIONS

090384This Policy is not in lieu of and does not affect any requirement for coverage by workers' compensation insurance.

090404E MISSTATEMENT OR CLERICAL ERROR

If relevant facts about an Employee were not accurate:

- a . a fair adjustment of premium will be made; and
- b . the true facts will decide whether and in what amount insurance is valid under this Policy.

A clerical error will not void insurance which should be in force. Nor will it continue insurance which should have ended. When an error is found, Metropolitan will make a fair adjustment in the premium.

APPLICABLE TO EMPLOYEES COVERED UNDER A PRIOR PLAN WHICH THIS PLAN REPLACES

It is agreed that as to an Employee insured on the day prior to the Date of Issue of this Policy under the Employer's prior Group Insurance Plan for any insurance coverage that for the purpose of determining effective dates of such insurance under this Policy the Employee will be deemed to be actively at work on the Date of Issue of this Policy.

!090415

SCHEDULE OF PREMIUMS

The initial monthly premium rates for the insurance specified below are as follows:

090437E Long Term Disability Benefits: - Total Insured Payroll.

Plan IIA - \$124.13 per Employee per month

Plan IIB - \$99.30 per Employee per month

Plan IIC - \$45.66 per Employee per month

090440E Total Insured Payroll means the sum of each Employee's Basic Monthly Earnings up to a maximum of:

Plan IIA \$16,667 per Employee
Plan IIB \$13,333 per Employee
Plan IIC \$10,000 per Employee

!090455

SCHEDULE OF EXHIBITS

090459E Exhibit No.	Form	Applicable To
1	G.23000 Series with any numerical and alphabetical suffix as shown in the Exhibit	All Presidents, Group Vice President, Senior Chief & Chairman of the Board (Key Officers/Executive Class I)
2	G.23000 Series with any numerical and alphabetical suffix as shown in the Exhibit	All Corporate Officers (Executive Classes 2 & 3)
3	G.23000 Series with any numerical and alphabetical suffix as shown in the Exhibit	All Executives earning more than \$96,000 annually

!090462

NOTICES TO THE HOLDER OF THIS POLICY

VOTING PRIVILEGE. An election of Directors is held in New York, New York, on the second Tuesday of April in each year. If this Policy has been in force for at least one year and while it remains in force, the holder of this Policy will have a right to vote. For the details as to how to vote, apply to the Secretary at the Home Office.

NOMINATIONS. The New York Insurance Law requires the Board of Directors to nominate candidates described as the "Administration Ticket". Other nominations may be made by groups of policyholders. All such nominations must be made not less than five months prior to the election.

METROPOLITAN LIFE INSURANCE COMPANY

HOME OFFICE
One Madison Avenue
New York, New York
10010

090476E Countersigned _____
Date

By _____
Licensed Agent

Employer: Northrop Corporation

Long Term Disability

91360-G

!000001 end of document

DOCPRINT: LAND MET

QMS 1725 Print System!080008 a1pb format!080018 tab
setting!080010E E

YOUR EMPLOYEE
BENEFIT PLAN

Plan IIA

!080005 hardpage
!000002

Northrop Corporation
1800 Century Park East
Los Angeles, California 90067

TO OUR EMPLOYEES:

All of us appreciate the protection and security insurance provides.

This certificate describes the benefits that are available to you. We urge you to read it carefully.

Benefits are provided through a group policy issued to Northrop Corporation by Metropolitan Life Insurance Company.

Northrop Corporation

!003326 fixed

!002150 fixed

Certifies that, under and subject to the terms and conditions of the Group Policy issued to the Employer, coverage is provided for each Employee as defined herein.

The date when an Employee is eligible for coverage is set forth in the form with the title Eligibility for Benefits.

The date when an Employee's Personal Benefits become effective is set forth in the form with the title Effective Dates of Personal Benefits.

!012096 fixed

The amounts of coverage are determined by the form with the title Schedule of Benefits.

!000102

METROPOLITAN LIFE INSURANCE COMPANY,
!003328 conditional end of page, advance up

T. Athanassiades
President and Chief Operating Officer

002180

Employer: Northrop Corporation

Group Policy No.: 91360-G
!002190 fixed

Form G.23000-Cert.-1

!080016

TABLE OF CONTENTS

Section	Page
SCHEDULE OF BENEFITS (Also see SCHEDULE SUPPLEMENT)	1
SCHEDULE SUPPLEMENT	3
DEFINITIONS OF CERTAIN TERMS USED HEREIN	4
ELIGIBILITY FOR BENEFITS	5
EFFECTIVE DATES OF PERSONAL BENEFITS	6
LONG TERM DISABILITY BENEFITS	6
CLAIM PROCEDURE FOR LONG TERM DISABILITY BENEFITS	15
WHEN BENEFITS END	16
CONDITIONS UNDER WHICH YOUR ACTIVE WORK IS DEEMED TO CONTINUE	17
NOTICES	18
EARLY INTERVENTION PROGRAM FOR LONG TERM DISABILITY BENEFITS	19
ERISA INFORMATION	22

!080005 hardpage
!002254 page numbering !002255

SCHEDULE OF BENEFITS
(Also see SCHEDULE SUPPLEMENT)

!080020 tab setting
002262 BENEFITS (EMPLOYEE ONLY)

060000E LONG TERM DISABILITY

Elimination Period
6 months
!060004
Monthly Benefit:

060008The Monthly Benefit is the least of:

- 1 .The Maximum Monthly Benefit shown below minus Other Income Benefits; or
 - 2 .60% of Basic Monthly Earnings minus Other Income Benefits.
- Maximum Monthly Benefit \$10,000
- 3 .60% of Basic Monthly Earnings minus Other Income Benefits.

060018Other Income Benefits are described in Section C of LONG TERM DISABILITY BENEFITS.

060019 When you work while Disabled, you will receive the sum of the following amounts:

9. Your Monthly Benefit;
10. The amount of your earnings for working while Disabled;
11. The amount of Child Care Expense Benefit for which you are eligible.

060023 However, after the first 24 months of Monthly Benefit payments if you are

performing any gainful work or service while Disabled, the Monthly Benefit will be reduced by 50% of any compensation earned. Any evidence needed to verify your earnings must be given to us when requested.

060025E During any period of Disability, the total of Monthly Benefit plus income earned while Disabled plus Child Care Expense Benefit cannot exceed 100% of your Indexed Basic Monthly Earnings.

060027E REHABILITATION INCENTIVE

While Disabled, when you participate in a rehabilitation program approved by us, your Monthly Benefit percentage is increased by 5%.

060029E CHILD CARE EXPENSE BENEFIT

Up to \$250.00 incurred per month for each eligible child during the first 24 months of Monthly Benefit payments.

!060026
Maximum Benefit Duration:

!060028E E
The Maximum Benefit Duration shall be the Benefit Duration limit as shown in the table below.

Age on Date Maximum Benefit Disability Starts Duration
Under age 60 Until the 1st of the month after your 65th birthday
Age 60 but under age 65 54 months
Age 65 but under age 70 30 months
Age 70 but under age 75 18 months
Age 75 or older 12 months

060038Increases and Decreases in Amount of
Monthly Benefit

The amount of your Monthly Benefit may change as a result of a change in your earnings or class. The new Monthly Benefit amount:

- 1 .will take effect on the date of the change; and
- 2 .will apply only to Disabilities commencing thereafter.

060046There is an exception if you are not Actively at Work on the above date. In this case, the new Monthly Benefit amount will take effect on the date of return to Active Work.

!080018 tab setting!021185 fixed

Form G.23000-B

!019930

SCHEDULE SUPPLEMENT

B. Statements Made by You Which Relate to Insurability

Any statement made by you will be deemed a representation and not a

warranty.

No such statement made by you which relates to insurability will be used:

1. in contesting the validity of the benefits with respect to which such statement was made; or
2. to reduce the benefits;

unless the conditions listed in items (a) and (b) below have been met.

a . The statement must be contained in a written application which has been signed by you.

b . A copy of the application has been furnished to you.

No such statement made by you will be used at all after such benefits have been in force prior to the contest for a period of two years during the lifetime of the person to whom the statement applies.

C. Time Limit on Certain Defenses

After This Plan has been in force 2 years from the date of its issue, no statement of this Employer shall be used to void This Plan.

D. Assignment

This certificate may not be assigned by you. Your benefits may not be assigned prior to a loss.

!020115

E. Refund to Us for Overpayment of Benefits

900410 If at any time we determine that the total amount paid on a claim is more than the total amount due, including any overpayment resulting from retroactive awards received from sources listed in Other Income Benefits, we have the right to recover the excess amount from the person to whom such payment was made. However, we, at our option, may recover the excess amount by reducing or offsetting against any future benefits payable to such person.

!020745

F. Additional Provisions

001430 3. The benefits under This Plan do not at any time provide paid-up insurance, or loan or cash values.

2. No agent has the authority:

a . to accept or to waive the required notice or proof of a claim; nor

b . to extend the time within which a notice or a proof must be given.

!021190 fixed

Form G.23000-B1

!000111

DEFINITIONS OF CERTAIN TERMS USED HEREIN

001400 "Doctor" means a person who is legally licensed to practice medicine. A licensed practitioner will be considered a Doctor if:

3. There is a law which applies to This Plan and that law requires that any service performed by such a practitioner must be considered for benefits on the same basis as if the service were performed by a Doctor; and

4. The service performed by the practitioner is within the scope of his or her license.

019675E "Employee" means a person classified as a President, Group Vice President, Senior Chief & Chairman of the Board (Key Officers/Executive Class I) who is employed and paid for services by the Employer on a Full-time basis. "Full-time" means an Employee is regularly scheduled to work at least 20 hours per week for the Employer.

900396"Employer" means the individual, firm, or other organization in whose name the Group Policy is issued. Subsidiaries and/or affiliates of the Employer are not covered under This Plan unless they are specified or approved in writing by us.

019845"Personal Benefits" mean the benefits which are provided on account of an Employee under This Plan.

019000"This Plan" means the Group Policy which is issued by us to provide Personal Benefits.

!000113
"We", "us" and "our" mean Metropolitan.

!019002
"You" and "your" mean the Employee who is covered for Personal Benefits.

!019740 fixed

Form G.23000-A

!002510

ELIGIBILITY FOR BENEFITS

!003044
Personal Benefits Eligibility Date

!003607E E
Your Personal Benefits Eligibility Date is July 1, 1995, or the first day of the calendar month after the date you complete 30 days of continuous service as an Employee of the Employer, whichever is later.

!002945 fixed

Form G.23000-C

!002950

EFFECTIVE DATES OF PERSONAL BENEFITS

003043Your Personal Benefits will become effective on your Personal Benefits Eligibility Date provided you are then actively at work as an Employee. If you are not then actively at work as an Employee, your Personal Benefits will become effective on the date of your return to active work as an Employee.

!009350 fixed

Form G.23000-D1

!060048

LONG TERM DISABILITY BENEFITS

G. Definitions

"Actively at Work" or "Active Work" means that you are performing all of the material duties of your job with the Employer where these duties are normally carried out. If you were

Actively at Work on your last scheduled working day, you will be deemed Actively at Work:

1. on a scheduled non-working day;
2. provided you are not disabled.

060052E "Basic Monthly Earnings" means your monthly rate of pay from the Employer, including lead person differentials, shift differentials, cost of living adjustments and for cafeteria covered employees the value of meals provided by the participating company. Basic Monthly Earnings do not include bonuses, incentive compensation, overtime, relocation allowances, payment for extra hazardous work, per diems, extended work week allowances, cost of living allowances for service abroad, or other bonuses, premiums, differentials or adjustment not specifically included in the definition of Basic Monthly Earnings.

060058 "Disability" or "Disabled" means that, due to an Injury or Sickness, you require the regular care and attendance of a Doctor and:

3. you are unable to perform each of the material duties of your regular job; and

060057E 2. after the first 18 months of benefit payments, you must also be unable to perform each of the material duties of any gainful work or service for which you are reasonably qualified taking into consideration your training, education, experience and past earnings; or

060059E 3. you, while unable to perform all of the material duties of your regular job on a full-time basis, are:

- a . performing at least one of the material duties of your regular job or any other gainful work or service on a part-time or full-time basis; and
- b . earning currently at least 20% less per month than your Indexed Basic Monthly Earnings due to that same Injury or Sickness.

NOTE: Flight personnel cannot prove Total Disability solely on the basis of failure to pass the periodic physical examinations required by the Federal Aviation Administration (FAA).

060072E "Elimination Period" means the number of consecutive days of Disability before Long Term Disability Benefits become payable under This Plan. Your Elimination Period:

6. is set forth in the SCHEDULE OF BENEFITS; and
7. begins on the first day of Disability.

Limited interruption of the Elimination Period is allowed for up to 14 days provided you have been disabled for at least one month. However, any days of Active Work during this time will not count toward satisfying the Elimination Period. Further, this limited interruption of the Elimination Period will not apply if, while you are Actively at Work, you become eligible for any other group long term disability insurance.

!060078 "Indexed Basic Monthly Earnings" means Basic Monthly Earnings in effect on the date Disability began,

increased by 7%.

060079 The first increase will take place on the first of the month immediately following 12 months of continuous Disability. Subsequent increases will be compounded each year and take place on the anniversary of the first increase, provided you have been continuously receiving Disability Benefits under This Plan.

060080 "Injury" means accidental bodily injury resulting independently of all other causes. The Injury must occur and Disability must begin while you are covered under This Plan.

060084 "Mental Illness" means a mental, emotional or nervous condition of any kind.

060092 "Recurrent Disability" means a Disability which is related or due to the same cause or causes as a prior Disability for which a Monthly Benefit was paid under This Plan.

060096 "Retirement Plan" means a plan which provides retirement benefits to employees and which is not funded wholly by employee contributions. The term shall not include a profit sharing plan, a thrift plan, an individual retirement account (IRA), a tax-sheltered annuity (TSA), a stock ownership plan, a non-qualified plan of deferred compensation, or a 401(k) plan.

When used with the term Retirement Plan, "Disability Benefit" means money which:

8. is payable under a Retirement Plan, due to disability as defined in that plan; and
9. does not reduce the amount of money which would have been paid as retirement benefits at the normal retirement age under the plan if the disability had not occurred. (If the payment does cause such a reduction, it will be deemed a Retirement Benefit as defined below.)

When used with the term Retirement Plan, "Retirement Benefit" means money which:

10. is payable under a Retirement Plan either in a lump sum or in the form of periodic payments;
11. does not represent contributions made by you; and

NOTE: Payments which represent your contributions are deemed to be received over your expected remaining life regardless of when such payments are actually received.

060099 3. is payable upon:

- a . voluntarily elected early retirement; or
- b . normal retirement.

060100 "Sickness" means illness, disease or pregnancy.

H. Benefits

1. Disability Benefit

When we receive proof that you are Disabled, we will pay a Monthly Benefit in accordance with the SCHEDULE OF BENEFITS.

060113 However, the amount of the Monthly Benefit when added to any

compensation you may earn while Disabled, cannot exceed your Indexed Basic Monthly Earnings. When this happens, your Monthly Benefit will be reduced by the amount in excess of your Indexed Basic Monthly Earnings.

060115 The Monthly Benefit will be paid to you after completion of the Elimination Period, shown in the SCHEDULE OF BENEFITS, provided you remain Disabled and proof of continued Disability is submitted, at your expense, to us upon request.

060119 The Monthly Benefit will stop on the earliest of:

- a . the date that you cease to be Disabled;
- b . the date of your death;
- c . completion of the Maximum Benefit Duration shown in the SCHEDULE OF BENEFITS.

060130 2. Waiver of Payments Benefit

Payments normally required for you toward the cost of LONG TERM DISABILITY BENEFITS are waived during any period of Disability for which a Monthly Benefit is payable.

060111 3. Child Care Expense Benefit

While Disabled, when you participate in rehabilitative employment approved by us, you will be reimbursed for Child Care Expense, as described in the Schedule of Benefits, for each eligible child, which is incurred during the first 24 months of Monthly Benefit payments.

An eligible child is your dependent child under age 13 who lives with you and is:

- a . your child or your spouse's child;
- b . your legally adopted child; or
- c . a child for whom you are legal guardian.

Child Care Expense is the amount charged by a licensed child care provider who is not a member of your immediate family or living in your residence.

I. Reduction of Benefits

The Monthly Benefit, as reduced by Other Income Benefits shown in the Table of Other Income Benefits, will be subject to the following:

1. Minimum Benefit Amount

The amount of the Monthly Benefit payable to you will not be less than the Minimum Monthly Benefit shown in the SCHEDULE OF BENEFITS.

!060135

2. Cost of Living Freeze

!060137

The Monthly Benefit will not be further reduced due to cost of living increases:

060139 i. that are payable under Other Income Benefits; and

- b . that occur after the initial reduction for these Other Income Benefits has been determined.

060140 3. Lump Sum Payments

If Other Income Benefits are paid in a lump sum, the sum shall be spread on a monthly basis over the period of time stated in the calculation of such sum. If no period of time is stated, the sum will be spread on a monthly basis over your life expectancy, using appropriate actuarial tables.

4. Estimating Social Security Benefits

- a . We reserve the right to reduce your Monthly Benefit by estimating Social Security benefits.
- b . However, for the first 3 months of Monthly Benefit Payments, we will not reduce the Monthly Benefit by estimated Social Security benefits. And if, prior to the end of this 3 month period:
- i . we receive proof that you have applied for Social Security benefits; and
- ii . you have signed the Agreement Concerning Long Term Disability Benefits, explained below;

then continued Monthly Benefits during the first 24 months of Monthly Benefit payments will not be reduced by an estimate of Social Security benefits.

- c . The Agreement Concerning Long Term Disability Benefits:

- i . confirms that you will repay all overpayments; and
- ii . authorizes us to obtain the information on awards directly from the Social Security Administration.

- d . If you have not received approval or final denial of your claim from the Social Security Administration by the end of this 24 month period, we will begin reducing your Monthly Benefit by an estimate of Social Security benefits. For purposes of this section, final denial of your claim means that you have received a "Notice of Denial of Benefits" from an Administrative Law Judge.

- e . In any case, when you do receive approval or final denial of your claim from the Social Security Administration:

- i . your Monthly Benefit will be adjusted; and
- ii . you must promptly refund to us an amount equal to all overpayments. If you do not promptly make such refund to us, we may, at our option, reduce or offset against any future benefits payable to you.

!060142 conditional end of page

5. Table of Other Income Benefits

060145 "Other Income Benefits" are those benefits below which apply to you and to your spouse, child or children as indicated.

060144 The Other Income Benefits are:

060172 a. The amount you receive or for which you are eligible under:
(a) any Workers' or Workmen's Compensation law; (b) occupational disease law; and (c) any other act or law of like intent.

- b . The amount of disability income benefits you receive or for which you are eligible under any Compulsory Benefit act or law.

060146 c. The amount of any disability

income benefit for which you are eligible under: (a) any other group insurance plan of the Employer; and (b) any governmental retirement system as a result of your job with the Employer.

060150 d. The amount of benefits you receive under the Employer's Retirement Plan as follows: (a) any disability benefit; (b) any retirement benefits.

e . The amount of disability or retirement benefits under the United States Social Security Act or any other governmental disability or retirement program as follows: (a) disability or unreduced retirement benefits for which you, your spouse, child or children are eligible; or (b) reduced retirement benefits received by you, your spouse, child or children.

060123E The above amounts, except for retirement benefits, are benefits resulting from the same disability for which a Monthly Benefit is payable under This Plan.

J. Recurrent Disability

1. If, after a period of Disability for which a Monthly Benefit has been paid under This Plan, you:

- a . resume your regular job on a full-time basis; and
- b . perform all the material duties for less than four consecutive weeks;

any Recurrent Disability will be a part of the same period of Disability. Our liability for the entire period will be subject to the terms of This Plan for the prior Disability.

2. If, after a period of Disability for which a Monthly Benefit has been paid under This Plan, you:

- a . resume your regular job on a full-time basis; and
- b . perform all the material duties for four consecutive weeks or more;

any Recurrent Disability will be treated as a new period of Disability. You must complete a new Elimination Period before Monthly Benefits are payable.

060155 3. If you become eligible for coverage under any other group long term disability policy, this Recurrent Disability provision will not apply.

K. Exclusions/Limitations

General Exclusions

This Plan does not cover any Disability which results from or is caused or contributed to by:

- 1. war, insurrection, or rebellion;
- 060153 2. active participation in a riot;
- !060157 conditional end of page
- 3. intentionally self-inflicted injuries or attempted suicide;
- 4. the commission of a felony.

060158E Mental Illness Limitation

While you are Disabled due to a Mental Illness and confined in a hospital or institution, the Monthly Benefit will

be payable up to the Maximum Benefit Duration shown in the SCHEDULE OF BENEFITS.

While you are Disabled due to a Mental Illness and not confined in a hospital or institution, the Monthly Benefit will be payable up to the lesser of:

5. 24 months; or
6. the Maximum Benefit Duration shown in the SCHEDULE OF BENEFITS.

In no event will the Monthly Benefit be payable for longer than the Maximum Benefit Duration during a period of continuous Disability due to a Mental Illness if you are not confined in a hospital or institution.

If you are confined in a hospital or institution at the end of the 24 month period for which payments have been made, your benefit payment will not stop. Your Benefits will continue to be payable until the earliest of:

- a. The date that confinement ends, if it has continued for less than 14 days;
- b. Up to 90 days after confinement ends, if it has continued for 14 or more days. You might be confined again during these 90 days. If you are confined for less than 14 days, benefits will be payable through the end of that confinement. If you are confined for 14 or more days, benefits will continue to be payable through that confinement and for the 90 days after it.
- c. The Maximum Benefit Duration shown in the SCHEDULE OF BENEFITS.

No benefits are payable for any time that you are not Disabled.

L. Continuity of Coverage Upon Transfer of Insurance Carriers

In order to prevent loss of your coverage because of a transfer of insurance carriers, This Plan will provide coverage for you as follows:

Failure To Be Actively At Work Due To Injury Or Sickness

This Plan will cover you, if you:

- a. were covered under the prior carrier's plan at the time of transfer; and
- b. are not Actively at Work due to Injury or Sickness;

provided the required payment toward the cost of LONG TERM DISABILITY BENEFITS is made to us for you.

The benefit payable will be that which would have been paid by the prior carrier had coverage remained in force, less any benefit for which the prior carrier is liable.

!060169 fixed
Form G.23000-6B

!008696

CLAIM PROCEDURE FOR
LONG TERM DISABILITY BENEFITS

!002706 fixed
A. When Notice of Claim Must be Given

002707 Written notice of a claim must be given to us during the Elimination Period.

!008700 fixed
A.Claim Forms

When we receive written notice of a claim, we may furnish printed forms for filing proof of the claim. If we do not furnish printed forms within 15 days after you give us notice, you must furnish your own form of proof in writing.

Proof must describe the event, the nature and the extent of the cause for which a claim is made; it must be satisfactory to us.

!008701 fixed
A.When Proof of Claim Must Be Given

!001582 fixed
Written proof of a claim must be given to us not later than 90 days following the end of the Elimination Period.

!003630 fixed
A.Late Notice or Proof

If notice or proof is not given on time, the delay will not cause a claim to be denied or reduced as long as the notice or proof is given as soon as possible.

!008710 fixed
A.Time Limits on Starting Lawsuits

No lawsuit may be started to obtain benefits until 60 days after proof is given.

900358 No lawsuit may be started more than 3 years after the time proof must be given.

!017865
M. Medical Examinations

While a claim is pending, we, at our expense, have the right to have you examined by Doctors of our choice when and as often as we reasonably choose.

!002735
N. Time Limit for Payment of a Claim

002763 If the written proof of a claim:

- a . has been made on time; and
- b . is satisfactory to us;

we will pay the accrued benefits monthly at the end of the period for which they are due.

!021201 fixed

Form G.23000-H3

!017830

WHEN BENEFITS END

O. All of your benefits will end on the last day of the calendar month in which your employment ends. Your employment ends when you cease active work as an Employee. However, for the purpose of benefits, the Employer may deem your employment to continue for certain absences. See CONDITIONS UNDER WHICH YOUR ACTIVE WORK IS DEEMED TO CONTINUE.

P. If This Plan ends in whole or in part, your benefits which are affected will end.

Q. Your Long Term Disability Benefits will end as set forth in the LONG TERM DISABILITY BENEFITS provisions.

!020950
The end of any type of benefits on your account will not affect a claim which is

incurred before those benefits ended, except as noted in both the definition of Elimination Period and the Recurrent Disability provision found in LONG TERM DISABILITY BENEFITS.

!007320 fixed

Form G.23000-F

!017900

CONDITIONS UNDER WHICH YOUR ACTIVE WORK IS DEEMED TO CONTINUE

018715If you are not actively at work as an Employee because of a situation set forth below, the Employer may deem you to be in active work as an Employee only for the purpose of continuing your employment and only for the periods specified below in order that certain of your benefits under This Plan may be continued.

!017910 fixed

All such benefits will be subject to prior cessation as set forth in WHEN BENEFITS END.

In any case, the benefits will end on:

- 1.the date the Employer notifies us that your benefits are not to be continued; or
- 2.the end of the last period for which the Employer has paid premiums to us for your benefits.

002871Your Sickness or Injury

The period determined in accordance with the Employer's general practice for an Employee in your job class.

!017970 E

Your Leave of Absence

!003113E E

The Employer may continue your coverage for an approved leave of absence by paying the required premium payments, until the earliest of these events takes place:

- a.the date the Employer stops paying the required premium;
- b.the date the leave ends;
- c.the date the leave has continued one month beyond the end of the month in which the leave began.

If the leave of absence is an approved FMLA leave, coverage will continue until the date the leave has continued 4 months beyond the end of the month in which the leave began.

Layoff

If you are temporarily laid off, coverage will terminate on the date your employment terminates. If you return to work within 6 months you will be reinstated as of the date you return to work.

!021075 fixed

Form G.23000-L

!020915

NOTICES

This certificate is of value to you. It should be kept in a safe place.

!020925 fixed

As soon as your benefits end, you should

consult your Employer to find out what rights, if any, you may have to continue your protection.

900414The insurance evidenced by this certificate is not in lieu of and does not affect any requirement for coverage by workers' compensation insurance.

020927If you had coverage under a prior plan of benefits, please consult your Employer to determine if there are any additional provisions which affect your benefits under This Plan.

!020930
Our Home Office is located at One Madison Avenue, New York, New York 10010.
!021065 fixed

Form G.23000-E

!060170

EARLY INTERVENTION PROGRAM FOR
LONG TERM DISABILITY BENEFITS

060173The Early Intervention Program is a disability management program that involves the early identification of a potential Long Term Disability Candidate who may benefit from rehabilitative disability management. Its purpose is to enable a Long Term Disability Management Coordinator to work with the disabled person to complete vocational analyses and to develop disability management schedules during the optimal time for initiating rehabilitation attempts.

R. Definitions

"Candidate" means an Employee who is determined by us to be a potential claimant for Long Term Disability Benefits and eligible for participation in the Early Intervention Program.

"Long Term Disability Management Coordinator" (herein called Coordinator) means an individual who is employed by us to coordinate the Early Intervention Program.

"Disability Management Benefits Schedule" (herein called Schedule) means the specific schedule of benefits for rehabilitation services developed by the Coordinator for each Candidate.

"Early Intervention Program" (herein called Program) means the program established by us wherein we identify Employees, during their elimination period, who may benefit from a program of disability management with a rehabilitation goal.

S. How the Program Works

Early Warning Table

Amputations	Back Problems
Burns (severe)	Carpal Tunnel
Head Injuries	Syndrome
Spinal Cord	Chronic Fatigue
Injuries	Syndrome
Neurological	Cardiovascular
Conditions	Conditions
Severe	Muscle and Joint
Traumatic	Injuries or
Injuries	Diseases
Vision or	Obesity or Eating
Hearing Loss	Disorders
Alcoholism or	Osteomyelitis
Substance	Psychiatric
Abuse	Conditions

1. Notice

A Coordinator must be notified in order for an Employee who has a disabling condition listed in the Early Warning Table to be considered as a potential Candidate for the Early Intervention Program.

060176 If the Employee is determined by the Coordinator to be a potential Candidate, the Employer must complete the Employer portion of the Notice Of Claim form and then obtain the Employee's signed authorization before submitting the Notice Of Claim form to us.

060177 2. Evaluation

After receipt by us of the Notice Of Claim form, the Coordinator will:

- a . contact the Employee about the Early Intervention Program;
- b . obtain sufficient information to monitor the benefits for the Employee's current diagnosis and projected medical treatment, and also obtain vocational information; and
- c . determine whether the Employee is a Candidate for the Early Intervention Program.

2. Development

The Coordinator will develop for each Candidate a proposed Disability Management Benefits Schedule that meets the guidelines of our Early Intervention Program.

3. Offer

The proposed Disability Management Benefits Schedule will then be offered to the Candidate and the attending Doctor. The attending Doctor can recommend the Disability Management Benefits Schedule, and the Candidate can consent to obtaining the services contained in the Schedule. Under this Program, all treatment decisions are the responsibility of the Candidate and attending Doctor. MetLife does not engage in the practice of medicine and is not responsible for the quality of services provided and for which benefits are listed in the Disability Management Benefits Schedule.

If the proposed Disability Management Benefits Schedule is recommended by the attending Doctor, and the services contained in the Schedule are consented to by the Candidate, we will pay for specific expenses for rehabilitation services, vocational services, and other approved medical services listed in the Schedule and for which benefits are not payable under any other plan that covers the Candidate (including, but not limited to the Candidate's medical plan, automobile liability coverage, no-fault auto insurance, Workers' Compensation, or other state or federally sponsored programs).

4. Reevaluation

While a Disability Management Benefits Schedule is in progress, the Coordinator will continue to monitor such Schedule. If it is deemed appropriate, the Coordinator, with the recommendation of the attending Doctor and consent of the Candidate for different services, will modify such Schedule.

We retain the right to terminate the Candidate's participation in the Early Intervention Program upon notice to the Candidate and the attending Doctor.

You are not required to participate in the Early Intervention Program in order to be eligible for Long Term Disability Benefits.

!021245

ERISA INFORMATION

021250E NAME OF THE PLAN

Northrop Corporation

021255E Leading AdjustmentNAME AND ADDRESS OF EMPLOYER WHO IS THE PLAN SPONSOR

Northrop Corporation
1800 Century Park East
Los Angeles, California 90067
(213) 553-6262

021330E EMPLOYER IDENTIFICATION NUMBER AND PLAN NUMBER

95-1055798 503

PLAN TYPE

The Plan described in this Summary Plan Description is a "Welfare Benefit Plan" for purposes of ERISA.

PLAN ADMINISTRATOR

Northrop Corporation
1840 Century Park East
Los Angeles, California 90067

The Plan Administrator has the authority to control and manage the operation and the administration of the Plan.

021340TYPE OF ADMINISTRATION

The Plan is insured by Metropolitan Life Insurance Company.

900426AGENT FOR SERVICE OF LEGAL PROCESS

For disputes arising under the Plan, service of legal process may be made upon the Plan administrator at the above address. For disputes arising under those portions of the Plan insured by Metropolitan Life Insurance Company, service of legal process may be made upon Metropolitan Life Insurance Company at one of its local offices, or upon the supervisory official of the Insurance Department in the state in which you reside.

!900433 CONTRIBUTIONS

900439No contribution is required for Long Term Disability Benefits.

!900452 PLAN YEAR

900454The Plan's fiscal records are kept on a policy year basis beginning each July 1st and ending on the following June 30th.

021351

CLAIMS INFORMATION

Procedures for Presenting Claims for Benefits

All claim forms needed to file for benefits under the group insurance program

can be obtained from your employer who will also be ready to answer questions and to assist you or, if applicable, your beneficiary in filing claims. The instructions on the claim form should be followed carefully. This will expedite the processing of the claim. Be sure all questions are answered fully.

021240The completed claim form should be returned to your employer who will certify that you are insured under the Plan and will then forward the claim form to Metropolitan.

009385When the claim has been processed, you or, if applicable, your beneficiary will be notified of the benefits paid. If any benefits have been denied, you or, if applicable, your beneficiary will receive a written explanation.

Routine Questions

If there is any question about a claim payment, an explanation may be requested from the employer who is usually able to provide the necessary information.

009400

Requesting a Review of Claims Denied In Whole or In Part

In the event a claim has been denied in whole or in part, you or, if applicable, your beneficiary can request a review of your claim by Metropolitan. This request for review should be sent to Group Insurance Claims Review at the address of Metropolitan's office which processed the claim within 60 days after you or, if applicable, your beneficiary received notice of denial of the claim. When requesting a review, please state the reason you or, if applicable, your beneficiary believe the claim was improperly denied and submit any data, questions or comments you or, if applicable, your beneficiary deems appropriate.

Metropolitan will re-evaluate all the information and you or, if applicable, your beneficiary will be informed of the decision in a timely manner.

Discretionary Authority of Plan Administrator and Other Plan Fiduciaries

In carrying out their respective responsibilities under the Plan, the Plan administrator and other Plan fiduciaries shall have discretionary authority to interpret the terms of the Plan and to determine eligibility for and entitlement to Plan benefits in accordance with the terms of the Plan. Any interpretation or determination made pursuant to such discretionary authority shall be given full force and effect, unless it can be shown that the interpretation or determination was arbitrary and capricious.

!021125

STATEMENT OF ERISA RIGHTS

021129The following statement is required by federal law and regulation.

As a participant in This Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all participants shall be entitled to:

Examine, without charge, at the Plan administrator's office and at other

specified locations, all Plan documents, including insurance contracts and copies of all documents filed by the Plan with the U.S. Department of Labor, such as detailed annual reports and Plan descriptions.

Obtain all copies of all Plan documents and other Plan information upon written request to the Plan administrator. The administrator may make a reasonable charge for the copies.

In addition, ERISA provides that if there are 100 or more participants in the Plan, all such participants shall be entitled to receive a summary of the Plan's financial report. In such event, the Plan administrator is required by law to furnish each participant with a copy of this summary annual report.

In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants and beneficiaries.

No one, including your employer or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your rights under ERISA. If your claim for a welfare benefit is denied in whole or in part, you must receive a written explanation of the reason for denial. You have the right to have the Plan review and reconsider your claim.

021130Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials from the Plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan administrator to provide the materials and pay you up to \$100 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court.

If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court.

The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees.

If you lose, the court may order you to pay these costs and fees; for example, if it finds your claim is frivolous. If you have any questions about your Plan, you should contact the Plan administrator. If you have any questions about this statement or about your rights under ERISA, you should contact the nearest Area Office of the U.S. Labor-Management Services Administration, Department of Labor.

FUTURE OF THE PLAN

It is hoped that This Plan will be continued indefinitely, but Northrop Corporation reserves the right to change or terminate This Plan in the future. Any such action would be taken only after careful consideration.

Corporation shall be empowered to amend or terminate This Plan or any benefit under This Plan at any time.
!000001 end of document

Key Executive Medical Plan Benefit Summary

The Key Executive Medical Plan provides up to 100% cost reimbursement for designated procedures with a lifetime maximum up to \$1,000,000.

DELTA DENTAL PLAN

(A Not-for Profit Corporation Incorporated in California
and a Member of the Delta Dental Plans Association)

Home Office: P.O. Box 7736, San Francisco, California 94
120

(Herein referred to as "Delta")

Group Numbers 5134 and 5135

IN CONSIDERATION of the application made by NORTHROP GRUMMAN CORPORATION, referred to in this Contract as "Northrop Grumman Corporation" and IN CONSIDERATION of payment by Northrop Grumman Corporation as stated in Article 3, Delta agrees to administer the Benefits in Article 4 below for a period of three (3) years, beginning at 12:01 a.m., Standard Time, on July 1, 1995, and from year to year thereafter, unless this Contract is terminated in accordance with Article 9.

The following documents are attached to this Contract and made a part hereof:

Appendix A Benefits
Appendix B Dental Procedure Numbers
Appendix C Orthodontic Benefits Rider

This Contract contains the following Articles:

Article 1 Definitions
Article 2 Eligibility
Article 3 Payments
Article 4 Benefits Provided; Limitations and Exclusions
Article 5 Deductibles & Maximum Amounts
Article 6 Coordination of Benefits
Article 7 Conditions Under Which Delta Will Provide Benefits
Article 8 Other Delta Obligations
Article 9 Termination and Renewal
Article 10 Continued Coverage Option
Article 11 General Provisions
ARTICLE -- 1 DEFINITIONS

These terms, when used in this Contract, mean the following:

1.1 "Attending Dentist's Statement" is the form completed by the Dentist to request Delta's payment for dental services or predetermination for proposed dental treatment.

1.2 "Benefits" means those dental services which are available under the terms of this Contract as set out in Article 4.

1.3 "Contract" means this agreement between Delta and Northrop Grumman Corporation including the attached appendices. This Contract is the entire Contract between the parties.

1.4 "Contract Term" means the period beginning on July 1, 1995 and ending on June 30, 1996, and each subsequent yearly period during which this Contract remains in effect.

1.5 "Dentist" means a duly licensed Dentist legally entitled to practice dentistry when and where services are provided.

1.6 "Eligible Dependent" means any of an employee's dependents who is eligible for Benefits under Article 2 of this Contract.

1.7 "Eligible Employee" means any employee who is eligible for Benefits under Article 2 of this Contract.

1.8 "Eligible Person" means an employee or a dependent who is eligible for Benefits under Article 2 of this Contract, or a person ceasing to meet such conditions who chooses continued coverage as set out in Article 10, and for whom Delta receives the appropriate monthly payment set out in Article 3.

1.9 "Eligibility Date" means the date an employee's eligibility for Benefits becomes effective under the terms of this Contract.

1.10 "Fee Actually Charged" means the fee for a particular dental service or procedure which a Dentist submits to Delta on an Attending Dentist's Statement, less any portion of such fee which is discounted, waived, or rebated, or which the Dentist does not use good faith efforts to collect.

1.11 "Participating Dentist" means a Dentist who has signed an agreement with Delta, agreeing to provide services under the terms and conditions established by Delta.

1.12 "Participating Plan" means Delta and any other member of the Delta Dental Plans Association with which Delta contracts to assist it in administering the Benefits described in this Contract.

1.13 "Patient Copayment" means the portion of the Dentist's fees or allowances charged for Benefits which is the Eligible Person's responsibility.

1.14 "Prevailing Fee" is the fee for a Single Procedure which satisfies the majority of Dentists in California, as determined by Delta based upon confidential fee listings accepted by Delta from Participating Dentists.

1.15 "Procedure Numbers" means the Procedure Numbers shown on Appendix B.

1.16 "Single Procedure" means a dental procedure listed in Appendix B to which Delta has assigned a separate Procedure Number, e.g., a three-surface amalgam restoration of a single permanent tooth (Procedure 02160) or a complete upper denture, including adjustments for a six month period following installation (Procedure 05110).

1.17 For a Dentist who has signed a Participating Dentist Agreement with Delta, his or her "Usual, Customary, and Reasonable Fee" for any Single Procedure is the fee which the Dentist has filed with Delta and which Delta has accepted. For these Dentists, the words "Usual, Customary and Reasonable" mean the following:

USUAL -- A usual fee is the amount which a Dentist regularly charges and receives for a given service. If the Dentist charges more than one fee for a given service, the "Usual" fee for that service is the lowest fee which the Dentist regularly charges or offers to patients.

CUSTOMARY -- A fee is customary when it is within the range of usual fees charged and received for a particular service by Dentists of similar training in the same geographic area which Delta determines is statistically relevant.

REASONABLE -- A fee is reasonable if it is "usual" and "customary", or if Delta agrees that a fee that falls above customary is justified by a superior level of care or by the extraordinary circumstances of the case in question.

1.18 However, when a nonparticipating Dentist provides services to an Eligible Person, his or her "Usual, Customary, and Reasonable" fee is presumed to be the "Prevailing Fee" for that procedure.

ARTICLE 2 -- ELIGIBILITY

2.1 All present and future regular Eligible Employees of Key Executive Group and Supplemental Executive Plan are eligible for this program. Key Executive Group shall be in Group #5134. Supplemental Executive Plan shall be in Group #5135.

2.2 Enrollment for Eligible Employees and their enrolled dependents will be effective beginning on

July 1, 1995.

- 2.3 If both husband and wife are eligible, dependent children may qualify to be enrolled as the Eligible Dependents of only one of such Eligible Employees.
- 2.4 Eligible Employees who elect family medical coverage may only elect family dental coverage. Eligible Employees who elect single medical coverage may only elect single dental coverage.
- 2.5 Eligible Dependents are the employee's legal spouse and unmarried dependent children from birth to age 19, or to age 25 if enrolled as full-time students in an accredited school, college, or university. Children include step-children, adopted children, children placed for adoption and foster children, provided they depend upon the employee for support and maintenance. The dependents of Eligible Employees become Eligible Dependents on the same date that the employee of whom they are a dependent becomes an Eligible Employee. Later-acquired dependents become Eligible Dependents as soon as they acquire dependent status.
- 2.6 An unmarried child, 19 years old or older, may continue to be an Eligible Dependent even though not enrolled as a full-time student if they are incapable of self-support because of physical handicap or mental incapacity if that handicap or incapacity began before they reached age 19 and if they are chiefly dependent upon the Eligible Employee for support and maintenance. Proof of such handicap or incapacity and dependency must be submitted within thirty-one (31) days after request for such proof from either Northrop Grumman Corporation or Delta, and subsequently as may be required by either Northrop Grumman Corporation or Delta. Neither Delta nor Northrop Grumman Corporation will request such proof more frequently than annually after the child in question has reached age 21.
- 2.7 Dependents in military service are not eligible.
- 2.8 Every employee and dependent meeting the preceding conditions of eligibility is an Eligible Person. However, Delta will not provide Benefits for any employee or his or her dependents unless (1) the employee is included on the list of Eligible Employees submitted as required by this Article (or any revision or correction of such a list), and (2) the appropriate monthly payment is made as required by Article 3 of this Contract, for the months in which Delta provides covered dental services.
- 2.9 Northrop Grumman Corporation agrees to enroll all of its "Eligible Persons" in this program. All employees of Northrop Grumman Corporation meeting the eligibility requirements of this Article are "Eligible Employees" under this program unless Northrop Grumman Corporation offers one or more alternate programs of dental coverage. In that event, Eligible Employees will continue to be eligible under this program unless they file a choice card with Northrop Grumman Corporation electing an alternate program during an open enrollment period agreed upon between Delta and Northrop Grumman Corporation. Northrop Grumman Corporation agrees to bear the entire expense of Dues payments for employees who continue to be Eligible Persons under this program.
- 2.10 On or prior to the first day of every month, commencing on July 1, 1995, Northrop Grumman Corporation will compile and furnish Delta with a list of all Eligible Employees, showing their federally-assigned Social Security numbers, the dates of hire, and, if applicable, the location code. Northrop Grumman Corporation also agrees to include in the list all persons electing continued coverage under Article 10, showing their federally-assigned Social Security numbers and dates of election.
- 2.11 Northrop Grumman Corporation will offer continued coverage to employees who are laid off from work. These employees will have coverage until the end of the month plus sixty (60) days. These employees will be terminated and a weekly report will be issued listing who are eligible and their reinstatement date and new termination date after

sixty (60) days. This is only for employees who do not have other group medical coverage. Therefore, not all terminated and/or laid off employees would be eligible. Employees on a medical leave will continue coverage for two (2) years provided they pay any required payroll deductions. Employees on personal or educational leave can continue coverage for one (1) month. Employees on family leave can continue coverage for four (4) months. Employees on military leave for six (6) months or less can continue coverage. If the employee is called to active military duty, the dental coverage will stop, but the dependent coverage continues for twelve (12) months, provided the employees pays for any required payroll deductions.

2.12 An employee's eligibility ends on the day full-time service ends, unless they choose to continue coverage under Article 10. A dependent's eligibility ends along with the Eligible Employee's, or sooner if the dependent loses his or her dependent status, unless continued coverage is chosen in a timely fashion by or on behalf of the dependent(s) under Article 10. Eligibility for such continued coverage will continue for the period required by the Option. In any event, eligibility ends immediately when this Contract ends.

2.13 Northrop Grumman Corporation agrees to permit Delta, by its auditors or other authorized representatives, on reasonable advance written notice, to inspect Northrop Grumman Corporation's records in order to verify the accuracy of lists of Eligible Employees prepared by Northrop Grumman Corporation and submitted to Delta and to verify Northrop Grumman Corporation's compliance with Article 3 of this Contract.

ARTICLE 3 -- DUES PAYMENTS

3.1 Northrop Grumman Corporation agrees to pay the following monthly Dues to Delta, at the address shown on the first page of this Contract, for all of Northrop Grumman Corporation's employees and their dependents who are enrolled "Eligible Persons" as set forth in Article 2 of this Contract:

Effective July 1, 1995 through December 31, 1995 for Group #5134:

\$86.17 for each Eligible Employee.

Effective July 1, 1995 through December 31, 1995 for Group #5135:

\$18.90 for each employee with no dependents; \$41.19 for each employee with one or more dependents.

Effective January 1, 1996 through June 30, 1997 for Group #5134:

\$93.61 for each Eligible Employee.

Delta shall use the plus stabilization to subsidize the sum of \$7.79 for each Eligible Employee for a total rate of \$101.40 for each Eligible Employee.

Effective January 1, 1996 through June 30, 1997 for Group #5135:

\$20.53 for each employee with no dependents; \$44.75 for each employee with one or more dependents.

Delta shall use the plus stabilization to subsidize the sum of \$1.71 for each employee with no dependents for a total rate of \$22.24 for each employee with no dependents; the sum of \$3.72 for each employee with one or more dependents for a total rate of \$48.47 for each employee with one or more dependents.

Northrop Grumman Corporation agrees to bear the cost of such Dues without withholding or otherwise charging Eligible Employees for their coverage.

3.2 The Dues for each person electing continued coverage under the Continued Coverage Option in Article 10 for himself or herself only will be the same as for a single Eligible Employee. The Dues for a person who also elects continued coverage for his or her dependents will be the same as for an Eligible Employee with the same number of dependents. Northrop Grumman Corporation may charge persons choosing coverage under Article 10 such amounts as are permitted by law.

3.3 In addition to the amounts, if any, which Delta withholds from payments to Dentists as provided in Delta Participating Dentists Rules, Northrop Grumman Corporation authorizes Delta to deduct from each of its monthly payments to Delta 8.22% as compensation for Delta's administration of this dental program.

- 3.4 After the end of each Contract Term, the excess, if any, of the total monthly Dues paid by Northrop Grumman Corporation since July 1, 1995 over the amounts paid or otherwise discharged by Delta for Benefits since that date (plus the compensation for administration deducted under the preceding paragraph), less a reasonable reserve for incurred but unreported obligations, shall be held in the experience stabilization fund, will be relected in the calculation of the renewal rate for succeeding Contract Terms and/or may be used to offset the additional cost of increased Benefits for succeeding Contract Terms. In no event, however, shall this excess or any part of it be returned to Northrop Grumman Corporation in a cash transaction and any such excess remaining upon termination of the program shall remain with Delta.
- 3.5 This Contract is not in effect until Delta receives the Initial Dues from Northrop Grumman Corporation. Northrop Grumman Corporation agrees to pay subsequent Dues to Delta on or before the tenth (10th) day of each month thereafter.
- 3.6 If this Contract terminates for any reason, Northrop Grumman Corporation agrees to pay all Dues earned by Delta but unpaid by Northrop Grumman Corporation.
- 3.7 Except as provided in the next paragraph, an agreement between Delta and Northrop Grumman Corporation is required to change Northrop Grumman Corporation Dues rate during a Contract Term.
- 3.8 During a Contract Term, if any government agency imposes any new tax on Delta based on the amount of Dues payable or the number of persons covered under this Contract, or if the rate of any existing tax on the amount of Dues or the number of persons covered under this Contract increases, the Dues stated in this Article will increase by the amount of any such new or increased tax(es).
- 3.9 If Delta or Northrop Grumman Corporation discover clerical errors or delays regarding eligibility data, Dues and eligibility will be adjusted for all affected months of the current Contract Term.

ARTICLE 4 -- BENEFITS PROVIDED; LIMITATIONS AND EXCLUSIONS

- 4.1 Subject to the limitations and exclusions set forth below, the following services are Benefits when they are provided by a Dentist and when they are necessary and customary as determined by the standards of generally accepted dental practice.
- 4.2 DIAGNOSTIC AND PREVENTIVE BENEFITS. Delta agrees to satisfy the applicable percentage shown in Appendix A of the Dentist's Usual, Customary, and Reasonable fees or of the Fees Actually Charged, whichever is less, for the following Diagnostic and Preventive Benefits:
 - Diagnostic - oral examinations
 x-rays
 diagnostic casts
 biopsy/tissue examination
 - emergency palliative treatment
 - specialist consultation
 - Preventive - Cleaning (prophylaxis)
 topical application of fluoride solution
 space maintainers
- 4.3 BASIC BENEFITS. Delta agrees to satisfy the applicable percentage shown in Appendix A of the Dentist's Usual, Customary, and Reasonable fees or of the Fees Actually Charged, whichever is less, for the following Basic Benefits:

- Oral Surgery - extractions and certain other surgical procedures, including preoperative and postoperative care
- Restorative - amalgam,

synthetic porcelain and plastic restorations (fillings) for treatment of carious lesions (visible destruction of hard tooth structure resulting from the process of tooth decay)

Endodontic - treatment of the tooth pulp

Periodontic - treatment of gums and bones supporting teeth

Sealants - topically-applied acrylic, plastic, or composite material used to seal developmental grooves and pits in teeth for the purpose of preventing dental decay

4.4 LIMITATION ON BASIC BENEFITS:

Procedures for removal of stitches or post-operative examination are not provided.

4.5 CROWNS, JACKETS, INLAYS, ONLAYS, AND CAST RESTORATIONS. Delta agrees to satisfy the applicable percentage shown on Appendix A of the Dentist's Usual, Customary, and Reasonable fees or of the Fees Actually Charged, whichever is less, for the following Crowns, Jackets, Inlays, Onlays, and Cast Restorations Benefits:

Crowns, Jackets, Inlays, Onlays, and Cast Restorations for treatment of carious lesions (visible destruction of hard tooth structure resulting from the process of dental decay) which cannot be restored with amalgam, synthetic porcelain, or plastic restorations.

4.6 PROSTHODONTIC BENEFITS. Delta agrees to satisfy the applicable percentage shown on Appendix A of the Dentist's Usual, Customary, and Reasonable fees or of the Fees Actually Charged, whichever is less, for the following Prosthodontic Benefits:

Procedures for construction or repair of fixed bridges, partial or complete dentures.

4.7 LIMITATIONS ON PROSTHODONTIC BENEFITS:

Applicable only to dependents of Executive employees:

A patient shall be eligible for the replacement of prosthodontic appliances only following such patient's continuous enrollment under this Contract for a period of twelve (12) months. This waiting period shall be waived for patients who have satisfied the waiting period under the previous dental plan.

4.8 ORTHODONTIC BENEFITS. Delta agrees to provide Orthodontic Benefits in accordance with the Orthodontic Benefit Rider attached hereto as Appendix C.

4.9 EXCLUSIONS: The following services are not Benefits:

(a) Services for injuries or conditions which are covered under Workers' Compensation or Employer's Liability Laws.

(b) Services which are provided to the Eligible Person by any Federal or State Government Agency or are provided without cost to the Eligible Person by any municipality, county or other political subdivision, except as provided in California Health and Safety Code Section 1373(a).

(c) Treatment by someone other than a Dentist or physician, except where performed by a duly qualified technician under the direction of a Dentist or physician.

(d) Services or supplies with respect to cosmetic surgery or dentistry for purely cosmetic reasons.

(e) Training in or supplies used for dietary

counseling, oral hygiene or plaque control.

(f) Procedures, restorations, and appliances to increase vertical dimension or to restore occlusion.

(g) Services and supplies in connection with injury caused by war whether declared or not, or by international armed conflict.

(h) Services and supplies furnished in a U.S. Government hospital; which the person would not be required to pay if there were no dental program.

(i) Benefits to which a dependent is entitled as an employee or former employee of Northrop Grumman Corporation.

(j) Prosthetic services or any Single Procedure started prior to the date the person became eligible for such services under this program.

(k) Specialized techniques involving precision attachments, personalization or characterization and additional charges for adjustments within 6 months for installation of prosthetic appliances.

(l) Orthodontic services (treatment of malalignment of teeth and/or jaws), except those services provided in accordance with the Orthodontic Benefit Rider attached hereto as Appendix C.

4.10 An agreement between Northrop Grumman Corporation and Delta is required to change Benefits during a Contract Term.

ARTICLE 5 -- DEDUCTIBLES & MAXIMUM AMOUNTS

5.1 Each Eligible Person must satisfy the amount as shown in Appendix A ("deductible amount") of fees for services which are Benefits received by an Eligible Person during the term of this Contract and otherwise covered by this Contract. Such deductible amount will not exceed the amount as shown in Appendix A for all Eligible Persons in a single family, consisting of an Eligible Employee and their Eligible Dependents, as defined. Delta will compute these fees based on the Dentist's Usual, Customary, and Reasonable fees.

5.2 Such deductible amounts shall apply once each plan year (July 1 - June 30) or portion thereof during which the patient is continuously eligible under the Contract.

5.3 Eligible husband and wife both covered as Eligible Employees of Northrop Grumman Corporation will be allowed to satisfy the deductible as a combined deductible.

5.4 The maximum amount Delta will pay for Diagnostic and Preventive, Basic, Crowns, Jackets, Inlays, Onlays, and Cast Restorations and Prosthodontic Benefits provided to any one person in any plan year (July 1 - June 30) shall be the amount shown in Appendix A.

ARTICLE 6 -- COORDINATION OF BENEFITS:

6.1 If a group insurance policy or any other group health benefits program, including another Delta program, entitles a person to receive or be reimbursed for the cost of dental services which are also Benefits under this program, and if this program is "primary" under the rules described below, Delta will provide Benefits as if the other program did not exist. If the other program is "primary" under these rules, then Delta will provide Benefits under this program only to the extent that the other program does not fully provide the dental services.

6.2 If the other program mainly covers services or expenses other than dental care, this program is "primary". Otherwise, Delta will use the following rules to determine which program is "primary":

(a) The program which covers the person as other than a dependent is primary over the

program which covers the person as a dependent, with the following exception:

If the person is also a Medicare Beneficiary and Medicare is:

(i) secondary to the program covering the person as a dependent; and

(ii) primary to the program covering the person as other than a dependent (for example, a retired employee),

then the Benefits of the program covering the person as a dependent are determined before the Benefits of the program covering the person as other than a dependent.

(b) The program which covers a child as a dependent of a parent whose birthday occurs earlier in a calendar year is primary over the program which covers a child as a dependent of a parent whose birthday occurs later in a calendar year (except for a dependent child whose parents are separated or divorced as described in (c) below).

(c) In the case of a dependent child whose parents are legally separated or divorced:

(i) If the parent with custody has not remarried, the program which covers the child as a dependent of the parent with custody is primary over the program which covers the child as a dependent of the parent without custody.

(ii) If the parent with custody has remarried, the program which covers the child as a dependent of the parent with custody is primary over the program which covers the child as a dependent of the step-parent, and the program which covers the child as a dependent of the step-parent is primary over the policy or program which covers the child as a dependent of the parent without custody.

(iii) If there is a court decree that establishes financial responsibility for dental services which are Benefits under this program, then notwithstanding (i) and (ii), the program which covers the child as a dependent of the parent with such financial responsibility is primary over any other program which covers the child.

6.3 The Benefits of a program covering a laid-off or retired employee (or dependent of such person) shall be determined after the Benefits of any other program covering such person as an employee.

6.4 If a person whose coverage is provided under federal or state law requiring continuation is covered under more than one program, Benefit order shall be determined as follows:

(a) The Benefits of the program covering the person as an employee or dependent shall be primary.

(b) The Benefits under continuation coverage shall be secondary.

6.5 If the primary program cannot be determined by the rules described in this Article 6, the program which has covered the person longer shall be primary.

6.6 An Eligible Person will provide Delta with any information about the person that is needed to administer this Article, and Delta may release any information to or obtain any information from any insurance company or other organization in order to

coordinate the Benefits of an Eligible Person. Delta in its sole discretion will determine whether any reimbursement is warranted to an insurance company or other organization under this provision, and it is agreed that any such reimbursement paid by Delta will be Benefits under this Contract. Delta has the right to recover the value of any Benefits provided by Delta which exceed its obligations under the terms of this provision from a Participating Dentist, Eligible Person, insurance company or other organization, as Delta chooses.

ARTICLE 7 -- CONDITIONS UNDER WHICH DELTA WILL PROVIDE BENEFITS

- 7.1 Benefits, unless otherwise provided in Article 4, are available from the Eligibility Date of an Eligible Person.
- 7.2 An Eligible Person may choose the services of any licensed Dentist, but neither Delta nor Northrop Grumman Corporation guarantees the availability of any particular Dentist.
- 7.3 Before Delta is obligated to approve and/or satisfy any claims under this Contract, Delta is entitled to receive, to such extent as is lawful, such information and records relating to attendance to or examination of or treatment provided to an Eligible Person from any attending or examining Dentist, or from hospitals in which a Dentist's care is provided, as may be required in the administration of such claims, or to require that an Eligible Person be examined by a dental consultant retained by Delta in or near his or her community or residence. Delta agrees in every case to hold such information and records as confidential.
- 7.4 The amounts payable by Delta with respect to services provided by a Dentist who is not a Participating Dentist shall not exceed the applicable percentage herein specified of the fees charged, or of the Prevailing Fee, whichever is less.
- 7.5 Delta will pay a Participating Dentist directly for services provided by that Dentist. CONTRACTS BETWEEN DELTA AND ITS PARTICIPATING DENTISTS PROVIDE THAT, IN THE EVENT DELTA FAILS TO PAY THE DENTIST, THE ELIGIBLE PERSON WILL NOT OWE THE DENTIST FOR ANY SUMS OWED BY DELTA.
- 7.6 Delta will pay an Eligible Person directly for services provided by a Dentist who is not a Participating Dentist, and those payments are not assignable. IN THE EVENT DELTA FAILS TO PAY THE DENTIST WHO HAS NOT CONTRACTED WITH DELTA AS A PARTICIPATING DENTIST, THE ELIGIBLE PERSON MAY BE LIABLE TO THE DENTIST FOR THE COST OF SERVICE.
- 7.7 Delta is not obligated to pay claims submitted more than six (6) months after the date the service was provided. If a claim is denied because a Participating Dentist failed to make timely submission, the Eligible Person does not owe that Dentist the amount which would have been payable by Delta, provided that the Eligible Person advised the Dentist of his or her eligibility for Benefits at the time of treatment.
- 7.8 Delta, with the assistance of Participating Plans, will give each Participating Dentist, and any other Dentist or Eligible Person on request, a standard form to make a claim for payment for services covered by this Contract. In order to make a claim for payment, such form, completed by the Dentist who provided the services and by the Eligible Person (or the patient's parent or guardian if such patient is a minor) must be submitted to Delta at the address on the form.
- 7.9 Delta agrees to notify the Eligible Person if any services submitted on a claim under the preceding paragraph are denied coverage as Benefits, in whole or in part, stating the reason(s) for the denial. Within sixty (60) days after receipt of such notice, the Eligible Person may make a written request for review of such denial. Such request for review must be addressed to Delta, P.O. Box 7736, San Francisco, California 94120, Telephone (415) 972-8300, Attention: Benefit Services Department. Such request for review must state the reason(s) why the Eligible Person believes that the

denial of the claim was in error and must request any pertinent documents which they wish to review. Delta's Benefit Services Department will make a full and fair review of the claim. If the review involves a determination as to the quality of services provided or the appropriateness of fees charged, and the matter cannot be resolved by Delta to the satisfaction of the claimant, the review will be referred to a peer review committee of the appropriate dental society or association which will accept jurisdiction, and Delta agrees to be bound by the decision of that peer review committee. Unless the review is referred to a peer review committee or other unusual circumstances arise, Delta agrees to provide a decision on a request for review to the Eligible Person in writing within 120 days after Delta receives the request for review.

- 7.10 The Benefits which Delta provides are limited to the applicable percentages of Dentist's fees or allowances specified in Article 4. Northrop Grumman Corporation requires the Eligible Person to pay the balance of any such fee or allowance, known as the "Patient Copayment", as a method of sharing the costs of providing dental Benefits between Northrop Grumman Corporation and Eligible Persons. If the dentist discounts, waives or rebates any portion of the Patient Copayment to the Eligible Person, Delta only provides as Benefits the applicable percentages of the Dentist's fees or allowances reduced by the amount that such fees or allowances are discounted, waived or rebated.

ARTICLE 8 -- OTHER DELTA OBLIGATIONS

- 8.1 Delta shall encourage Participating Dentists to submit a standardized Attending Dentist Statement (ADS) before providing service, showing the patient's dental needs and the treatment necessary in the professional judgement of the Dentist.

Delta shall predetermine, from the ADS and other data, what would be payable by Delta and an Eligible Person for the proposed services under the terms of this program as of the date of predetermination.

Such predetermination shall not constitute a guaranty or authorization of Benefits under this Contract, and any actual payments by Delta will depend on the patient's eligibility and remaining annual maximum when completed services are reported by Delta.

Delta shall advise Participating Dentists to notify the patient of all information provided by Delta in the predetermination.

- 8.2 A Dentist may file an Attending Dentist Statement before treatment, showing the services to be provided to an Eligible Person. Delta shall predetermine the amount of Benefits payable under this Contract for the listed services. Predeterminations are valid for sixty (60) days from the date of the predetermination but not longer than the Contract's term nor beyond the date the patient's eligibility ends.

- 8.3 Delta will not make any payment for services provided to a patient who is not an Eligible Person under this Contract when the service is provided. Northrop Grumman Corporation agrees to reimburse Delta for any erroneous payments made as a result of incorrect eligibility reporting by Northrop Grumman Corporation.

- 8.4 Delta will provide professional review of the adequacy of service provided by Participating Dentists.

- 8.5 Delta agrees to furnish to Northrop Grumman Corporation on July 1, 1995 and at reasonable times thereafter, a directory of Participating Dentists who have agreed to provide the services described in this Contract. It is understood that the Dentists listed in that directory may change from time to time and Delta reserves the right to update the directory without prior notice to Northrop Grumman Corporation. However, Delta agrees to give notice to Northrop Grumman Corporation within a reasonable time of any Participating Dentist's termination or breach of contract, or inability to perform, which will materially and adversely affect Northrop Grumman Corporation. Current information

concerning the Participating Dentist status of any Dentist may be obtained by telephoning the Delta Membership and Fee Listing Department at (415) 972-8300. The Dentists providing or contracting to provide dental services under this Contract are solely responsible for those dental services, and in no case will Delta or Northrop Grumman Corporation be liable for any act or omission by such Dentists, their agents or employees.

8.6 Delta agrees to give to Northrop Grumman Corporation, and Northrop Grumman Corporation agrees to make available to each Eligible Employee, an evidence of coverage summarizing the Benefits to which the employee is entitled and other provisions of this Contract. If an amendment to this Contract materially affects any Benefits described in such evidence of coverage, Delta will issue a corrected evidence of coverage, rider or inserts.

ARTICLE 9 -- TERMINATION AND RENEWAL

9.1 This Contract may be terminated for the following causes:

(a) By Delta, if Northrop Grumman Corporation fails (1) to give Delta a list of all Eligible Employees, as required under Article 2, or (2) to permit the inspection of Northrop Grumman Corporation's records as called for under Article 2, or (3) to pay Dues, in the amounts and manner required in Article 3, provided Northrop Grumman Corporation has been duly notified of such failure and at least fifteen (15) days have elapsed since the date of notification.

(b) By either Northrop Grumman Corporation or Delta, upon expiration of a Contract Term.

9.2 If Delta terminates this Contract under paragraph 9.1(a), all Benefits end and Delta is released from all further obligations of this Contract, effective the last day of the month in which notice is given. Northrop Grumman Corporation will remain liable to Delta for the greater of: (1) the unpaid Dues applicable for the period this Contract was in effect before termination; or (2) the full amount of all Attending Dentist Statements paid or otherwise discharged by Delta pursuant to this Contract, plus 8.22% of such amount as provided in paragraph 3.1, less amounts actually paid by Northrop Grumman Corporation to Delta.

9.3 A party choosing to terminate this Contract at the end of a Contract Term must give at least ninety (90) days written notice of termination to the other party. If Delta wants to change the administration or Benefits effective at the beginning of the next Contract Term, Delta will give at least ninety (90) days' advance written notice of such changes to Northrop Grumman Corporation. Such an advance notice will have the effect of a notice of termination as of the end of the Contract Term, unless Northrop Grumman Corporation agrees to the new Contract provisions.

9.4 If Northrop Grumman Corporation notifies Delta in writing of its intention to terminate this Contract as of any date other than the end of the Contract Term, such notice will be treated as a failure to pay Dues, and such notice will constitute a waiver of the notification and billing required of Delta by Paragraph 9.1(a)(3).

9.5 If an Eligible Person believes that this Contract, or coverage hereunder, has been terminated or not renewed due to their health status or requirements for health care services, they may request a review by the California Commissioner of Corporations under California Health and Safety Code Section 1365(b).

9.6 If this Contract is terminated for any cause, Delta is not required to predetermine services beyond the termination date or to pay for services provided after such termination date, except for the completion of Single Procedures begun while this Contract was in effect which are otherwise Benefits under this Contract.

9.7 If at the end of the Contract, Northrop Grumman Corporation has paid Dues to Delta applicable to a

time period after the termination date, Delta will return a portion of Dues to Northrop Grumman Corporation together with the amount due on claims, if any, less any amounts due to Delta within thirty (30) days after termination.

9.8 Within 30 days after the end of this Contract, Delta will return to Northrop Grumman Corporation any Dues paid which are applicable to a time period after the termination date, together with amounts due on claims, if any, less any amounts due to Delta.

9.9 If Delta accepts the proper amount of Dues, after termination of this Contract and without requiring a new application, that acceptance will reinstate the Contract as though never terminated, unless Delta, within five (5) business days after it receives such payment, either (1) refunds the payment so made or (2) issues to Northrop Grumman Corporation a new Contract accompanied by written notice stating clearly those respects in which the new Contract differs from the terminated Contract in Benefits, coverage, or otherwise.

9.10 All Benefits end for all Eligible Persons when this Contract ends, and Delta will not provide continuation of Benefits to such persons in that event.

9.11 Delta must notify Northrop Grumman Corporation in writing of any termination by Delta under paragraph 9.1, and Northrop Grumman Corporation shall promptly mail a copy of such notice to each Eligible Employee and provide Delta with proof of mailing and date thereof.

ARTICLE 10 -- CONTINUED COVERAGE OPTION

10.1 For purposes of this Option, the following are "Qualifying Events":

(a) Termination of an Eligible Employee's employment with Northrop Grumman Corporation (for other than gross misconduct), or a reduction in the number of hours worked by the Eligible Employee.

(b) Death of an Eligible Employee.

(c) Divorce or legal separation from the Eligible Employee.

(d) An Eligible Employee becoming entitled to Medicare benefits.

(e) A dependent child ceasing to meet the description of dependent child.

(f) Northrop Grumman Corporation's federal Chapter 11 bankruptcy proceeding which (within one year before or one year after Northrop Grumman Corporation's bankruptcy filing) causes a substantial elimination of coverage of a retired Eligible Employee (who retired on or before the date of substantial elimination of coverage), or of the Eligible Dependents of a retired Eligible Employee.

10.2 Eligible Persons whose coverage under this program ends due to Qualifying Event 10.1(a) may choose to continue coverage for eighteen (18) months following the month in which the Qualifying Event occurs.

10.3 If there is a determination that the Eligible Person was disabled under Title II or Title XVI of the Social Security Act at the time Qualifying Event 10.1 (a) occurred, the Eligible Person may choose to continue coverage under this program for a total of twenty-nine (29) months following the month in which the Qualifying Event occurred. Delta must receive notice of that determination during the original eighteen (18) months and within sixty (60) days after the date of the determination. This extended coverage based on disability terminates on the first day of the month that begins more than thirty (30) days after the date of the final determination that the person is no longer disabled.

10.4 Eligible Dependents who choose to

continue their coverage based on Qualifying Event 10.1(a), described above, and for whom a second Qualifying Event [but not 10.1(a) or (f)] occurs within the period of continued coverage may choose to continue their coverage for a maximum of thirty-six (36) months following the month in which the first Qualifying Event occurred [in the case of a second Qualifying Event described in 10.1(b), (c), or (e)], or for a maximum of thirty-six (36) months following the month in which the second Qualifying Event occurred [in the case of the Qualifying Event 10.1(d)].

10.5 Eligible Dependents whose coverage under this program ends due to Qualifying Events 10.1(b), (c), (d), or (e), may choose to continue their coverage for thirty-six (36) months following the month in which the Qualifying Event occurs.

10.6 Eligible Persons whose coverage under this program ends due to Qualifying Event 10.1(f) may choose to continue their coverage until death (in the case of a retired Eligible Employee), or for thirty-six (36) months after the date of death of the retired Eligible Employee (in the case of Eligible Dependents of a retired Eligible Employee).

10.7 Continued coverage can be chosen only by notice to Northrop Grumman Corporation, which must be given no later than sixty (60) days after a termination of coverage by reason of a Qualifying Event, or within sixty (60) days after the Eligible Person receives a notice from Northrop Grumman Corporation about his or her rights to continued coverage because of the particular Qualifying Event, whichever is later. Persons for whom a Qualifying Event described in 10.1(c) or (e) occurs must report it to Northrop Grumman Corporation within sixty (60) days, or lose their right to choose continued coverage.

10.8 Continued coverage chosen by a person under this Article is effective on the first day of the month following the applicable Qualifying Event described above. However, Benefits are not available to a person choosing continuing coverage until Delta receives the data about such person as required hereunder, along with all premiums then due for such person. Delta will not, in any event, make Benefits available hereunder with respect to any person for whom Delta does not receive such information and Premiums within sixty (60) days after the date such person is required under this Option to notify Northrop Grumman Corporation of his or her election.

10.9 Continued coverage will be the same as the coverage for similarly situated Eligible Persons under this Contract, and if coverage is modified for such Eligible Persons coverage for persons having continued coverage will be modified at the same time and in the same manner.

10.10 A person's continued coverage chosen under this Article will end on the last day of the month in which any of the following events first occurs:

(a) The period of continued coverage specified in Paragraphs 10.2, 10.3, 10.4, or 10.5 ends.

(b) This Contract ends.

(c) Northrop Grumman Corporation fails to pay Dues for the person as required by Article 3 of this Contract.

(d) The person with continued coverage becomes covered for dental Benefits under another group health plan (as an employee or otherwise) which does not contain any exclusion or limitation with respect to any pre-existing condition of such person covered under this program.

(e) The person becomes eligible for Medicare benefits.

10.11 Once continued coverage under this Option ends, it cannot be reinstated.

ARTICLE 11 -- GENERAL PROVISIONS

11.1 No agent has authority to change this Contract or waive any of its provisions. No change in this Contract is valid unless approved by an executive officer of Delta and included in this Contract by written amendment.

11.2 Any dispute arising out of or relating to this Contract or its breach between Northrop Grumman Corporation, Delta, a Participating Dentist, and an Eligible Person, or any of them, including any disagreement with a claim determination made by Delta after exhaustion of the review procedure outlined in Article 6 of this Contract, will be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("AAA"). Any party to a dispute, including an Eligible Person, may initiate arbitration by written notice to each other party to such dispute, stating the intention to arbitrate and describing the nature of the dispute, the amount involved, if any, and the remedy sought, and by filing two copies of such notice with the American Arbitration Association Regional Office at the nearest metropolitan area to the party initiating arbitration.

11.3 The provisions of this Contract are severable. If any portion of this Contract or any Amendment of it is determined to be illegal, void, or unenforceable by any arbitrator, court, or other competent authority, all other provisions of this Contract will remain in effect.

11.4 The parties agree that all questions regarding the interpretation or enforcement of this Contract are governed by the laws of the State of California, where the Contract was entered into and is to be performed. Delta is subject to the requirements of Chapter 2.2 of Division 2 of the California Health and Safety Code and of Subchapter 5.5 of Chapter 3 of Title 10 of the California Administrative Code. Any provisions required to be in the Contract by those laws bind Delta whether or not stated in this Contract.

11.5 Delta and Northrop Grumman Corporation agree to consult each other to the extent reasonably practical concerning all materials published or distributed relating to this Contract. Neither Delta nor Northrop Grumman Corporation will publish or distribute materials which are contrary to the terms of this Contract.

11.6 Delta and Northrop Grumman Corporation agree to permit and encourage the professional relationship between Dentist and patient to be maintained without interference.

11.7 Any notice under this Contract will be sufficient if given by either Northrop Grumman Corporation or Delta to the other or, in the case of Northrop Grumman Corporation, to its Group Representative at the addresses below:

For the Group:

Benefits Administrator
William M. Mercer, Incorporated
777 South Figueroa Street
Los Angeles, CA 900179

For Delta:

P.O. Box 7736
San Francisco, CA 94120

Such notice will be effective forty-eight (48) hours after deposit in the United States mail with postage fully prepaid thereon.

NORTHROP GRUMMAN CORPORATION

BY: _____

1

BY:

Chairman of the Board

and

2

BY:

Vice President
Underwriting, Actuarial and
Research

DATE: February 12, 1996

Appendix B

PROCEDURE NUMBERS

Procedure Number Procedure

00100-00999 -- DIAGNOSTIC

Clinical oral examinations

00110 Initial oral examination
00120 Periodic oral examination
00130 Emergency oral examination

Radiographs

00210 Intraoral -- complete series (including
 bitewings)
00220 Intraoral -- periapical -- first film
00230 Intraoral -- periapical -- each
 additional film
00240 Intraoral -- occlusal film
00250 Extraoral -- first film
00260 Extraoral -- each additional film
00270 Bitewings -- single film
00272 Bitewings -- two films
00273 Bitewings -- three films
00274 Bitewings -- four films
00330 Panoramic film
00340 Cephalometric film

Tests and laboratory examinations

00470 Diagnostic casts
00501 Histopathologic examinations

01000-01999 -- PREVENTIVE

Dental prophylaxis

01110 Prophylaxis -- adult
01120 Prophylaxis -- child to age 14

Topical fluoride treatment (office procedure)

01201 Topical application of fluoride
 (including prophylaxis) -- child to age 14
01205 Topical application of fluoride
 (including prophylaxis) -- adult
01203 Topical application of fluoride
 (excluding prophylaxis) -- child to age 14
01204 Topical application of fluoride
 (excluding prophylaxis) -- adult

Space maintenance (passive appliances)

01510 Space maintainer -- fixed unilateral
01515 Space maintainer -- fixed bilateral

01520 Space maintainer -- removable unilateral
01525 Space maintainer -- removable bilateral

02000-02999 -- RESTORATIVE

Amalgam restorations (including polishing)

02110 Amalgam -- one surface, primary
02120 Amalgam -- two surfaces, primary
02130 Amalgam -- three surfaces, primary
02131 Amalgam -- four or more surfaces, primary
02140 Amalgam -- one surface, permanent
02150 Amalgam -- two surfaces, permanent
02160 Amalgam -- three surfaces, permanent
02161 Amalgam -- four or more surfaces,
permanent

Silicate restorations

02210 Silicate cement -- per restoration

Filled or unfilled resin restorations

02330 Resin -- anterior
02335 Resin -- four or more surfaces or
involving incisal angle (anterior)
02380 Resin -- one surface, posterior --
primary
02381 Resin -- two surfaces, posterior --
primary
02382 Resin -- three or more
surfaces, posterior, primary
02385 Resin -- one surface, posterior --
permanent
02386 Resin -- two surfaces, posterior --
permanent
02387 Resin -- three or more surfaces,
posterior --permanent

Inlay restorations

02510 Inlay -- metallic -- one surface
02520 Inlay -- metallic -- two surfaces
02530 Inlay -- metallic -- three surfaces
02540 Onlay -- metallic -- per tooth (in
addition to inlay)
02650 Inlay -- composite/resin -- one surface,
(laboratory processed)
02651 Inlay -- composite/resin -- two surfaces,
(laboratory processed)
02652 Inlay -- composite/resin -- three
surfaces, (laboratory processed)

Crowns -- single restoration only

02710 Crown -- resin (laboratory)
02740 Crown -- porcelain/ceramic substrate
02750 Crown -- porcelain fused to high noble
metal
02751 Crown -- porcelain fused to predominantly
base metal
02752 Crown -- porcelain fused to noble metal
02790 Crown -- full cast high noble metal
02791 Crown -- full cast predominantly base
metal
02792 Crown -- full cast noble metal
02810 Crown -- 3/4 cast metallic

Other restorative services

02910 Recement inlay
02920 Recement crown
02930 Prefabricated stainless steel crown --
primary tooth
02931 Prefabricated stainless steel crown --
permanent tooth
02932 Prefabricated resin crown
02933 Prefabricated stainless steel crown with
resin window
02950 Crown buildup (substructure), including
any pins
02951 Pin retention -- per tooth, in addition
to restoration
02952 Cast post and core in addition to crown
02954 Prefabricated post and core in addition
to crown
02960 Labial veneer (laminate) -- chairside
02961 Labial veneer (resin laminate) --
laboratory
02962 Labial veneer (porcelain laminate) --
laboratory
02980 Crown repair, by report

Pulp capping

03110 Pulp cap -- direct (excluding final restoration)
03120 Pulp cap -- indirect (excluding final restoration)

03000-03999 -- ENDODONTICS

Pulpotomy

03220 Therapeutic pulpotomy (excluding final restoration)

Root canal therapy (including treatment plan, clinical procedures, and follow-up care)

03310 Root canal therapy -- anterior (excluding final restoration)
03320 Root canal therapy -- bicuspid (excluding final restoration)
03330 Root canal therapy -- molar (excluding final restoration)
03350 Apexification/recalcification -- per treatment visit (includes apical closure/calific repair of perforations, root resorption, etc.)

Periapical services

03410 Apicoectomy/periradicular surgery -- anterior
03421 Apicoectomy/periradicular surgery -- bicuspid (first root)
03425 Apicoectomy/periradicular surgery -- molar (first root)
03426 Apicoectomy/periradicular surgery (each additional root), by report
03430 Retrograde filling -- per root, in addition to apicoectomy/ periradicular surgery
03450 Root amputation -- per root

Other endodontic procedures

03920 Hemisection (including any root removal), not including root canal therapy

04000-04999 -- PERIODONTICS

Surgical services (including usual postoperative services)

04210 Gingivectomy or gingivoplasty -- per quadrant
04211 Gingivectomy or gingivoplasty -- single tooth
04220 Gingival curettage, surgical -- per quadrant, narrative report required
04240 Gingival flap procedure, including root planning -- per quadrant
04249 Crown lengthening -- hard and soft tissue, by report
04250 Mucogingival surgery -- per quadrant
04260 Osseous surgery (including flap entry, all grafts and closure) -- per quadrant
04268 Guided tissue regeneration, includes surgery and re-entry, narrative report required
04270 Pedicle soft tissue graft procedure
04271 Free soft tissue graft procedure (including donor site)

Adjunctive periodontal services

04341 Periodontal root planing - per quadrant

Other periodontal services

04910 Periodontal maintenance procedures following active therapy (periodontal prophylaxis)
04920 Unscheduled dressing change (by someone other than treating dentist), by report

05000-05899 -- PROSTHODONTICS (REMOVABLE)

Complete dentures (including routine postdelivery care)

05110 Complete denture, upper
05120 Complete denture, lower
05130 Immediate denture, upper
05140 Immediate denture, lower

Partial dentures (including routine postdelivery care)

- 05211 Upper partial denture -- resin base (including any conventional clasps, rests and teeth)
- 05212 Lower partial denture -- resin base (including any conventional clasps, rests and teeth)
- 05213 Upper partial denture -- metal base with resin saddles (including any conventional clasps, rests and teeth)
- 05214 Lower partial denture -- metal base with resin saddles (including any conventional clasps, rests and teeth)
- 05281 Removable unilateral partial denture -- one piece metal base casting, clasp attachments -- per unit (including pontics)

Adjustments to dentures

- 05410 Adjust complete denture -- upper
- 05411 Adjust complete denture -- lower
- 05421 Adjust partial denture -- upper
- 05422 Adjust partial denture -- lower

Repairs to complete dentures

- 05510 Repair broken complete denture base
- 05520 Replace missing or broken teeth -- complete denture (each tooth)

Repairs to partial dentures

- 05610 Repair resin saddle or base
- 05620 Repair cast framework, by report
- 05630 Repair or replace broken clasp
- 05640 Replace broken teeth -- per tooth
- 05650 Add tooth to existing partial denture
- 05660 Add clasp to existing partial denture

Denture rebase procedures

- 05710 Rebase complete upper denture
- 05711 Rebase complete lower denture
- 05720 Rebase upper partial denture
- 05721 Rebase lower partial denture

Denture reline procedures

- 05730 Reline complete upper denture (chairside)
- 05731 Reline complete lower denture (chairside)
- 05740 Reline upper partial denture (chairside)
- 05741 Reline lower partial denture (chairside)
- 05750 Reline complete upper denture (laboratory)
- 05751 Reline complete lower denture (laboratory)
- 05760 Reline upper partial denture (laboratory)
- 05761 Reline lower partial denture (laboratory)

Other removable prosthetic services

- 05820 Temporary partial -- stayplate denture (upper)
- 05821 Temporary partial -- stayplate denture (lower)
- 05850 Tissue conditioning, upper -- denture
- 05851 Tissue conditioning, lower -- denture

06200-06999 -- PROSTHODONTICS, FIXED
(Each abutment and each pontic constitutes a unit in bridge)

Bridge pontics

- 06210 Pontic -- cast high noble metal
- 06211 Pontic -- cast predominantly base metal
- 06212 Pontic -- cast noble metal
- 06240 Pontic -- porcelain fused to high noble metal
- 06241 Pontic -- porcelain fused to predominantly base metal
- 06242 Pontic -- porcelain fused to noble metal

Retainers

- 06520 Inlay -- metallic -- two surfaces
- 06530 Inlay -- metallic -- three or more surfaces
- 06540 Onlay -- metallic per tooth in addition to inlay
- 06545 Retainer -- cast metal for acid etch

bridge

Bridge retainers -- crowns

06750 Crown -- porcelain fused to high noble
metal
06751 Crown -- porcelain fused to predominantly
base metal
06752 Crown -- porcelain fused to noble metal
06780 Crown -- 3/4 cast high noble metal
06790 Crown -- full cast high noble metal
06791 Crown -- full cast predominantly base
metal
06792 Crown -- full cast noble metal

Other fixed prosthetic services

06930 Recement bridge
06940 Stress breaker
06970 Cast post and core addition to bridge
retainer
06972 Prefabricated post and core in addition
to bridge retainer
06973 Retainer crown buildup (substructure)
including any pins
06980 Bridge repair, by report

07000-07999 -- ORAL SURGERY

Extractions -- includes local anesthesia and routine
postoperative care

07110 Single tooth
07120 Each additional tooth
07130 Root removal -- exposed roots

Surgical extractions -- includes local anesthesia and
routine postoperative care

07210 Surgical removal of erupted tooth
07220 Removal of impacted tooth -- soft tissue
07230 Removal of impacted tooth -- partially
bony
07240 Removal of impacted tooth -- completely
bony
07250 Surgical removal of residual tooth roots
(cutting procedure)

Other surgical procedures

07260 Oral antral fistula closure
07270 Tooth reimplantation and/or stabilization
of accidentally evulsed or displaced tooth
and/or alveolus
07272 Tooth transplantation
07281 Surgical exposure of impacted or
unerupted tooth to aid eruption
07285 Biopsy of oral tissue -- hard
07286 Biopsy of oral tissue -- soft

Alveoloplasty -- surgical preparation of ridge for
dentures

07310 Alveoloplasty in conjunction with
extractions -- per quadrant
07320 Alveoloplasty not in conjunction with
extractions -- per quadrant

Vestibuloplasty

07340 Vestibuloplasty -- ridge extension
(secondary epithelialization)
07350 Vestibuloplasty -- ridge extension
(including soft tissue grafts, muscle
reattachments, revision of soft tissue
attachment and management of hypertrophied and
hyperplastic tissue)

Removal of tumors, cysts and neoplasms

07430 Excision of benign tumor -- lesion
diameter up to 1.25 cm
07431 Excision of benign tumor -- lesion
diameter greater than 1.25 cm
07440 Excision of malignant tumor -- lesion
diameter up to 1.25, by report
07441 Excision of malignant tumor -- lesion
diameter greater than 1.25 cm, by report
07450 Removal of odontogenic cyst or tumor --
lesion diameter up to 1.25 cm
07451 Removal of odontogenic cyst or tumor --
lesion diameter greater than 1.25 cm
07460 Removal of nonodontogenic cyst or tumor -

- lesion diameter up to 1.25 cm
- 07461 Removal of nonodontogenic cyst or tumor -
- lesion diameter greater than 1.25 cm
- 07465 Destruction of lesion(s) by physical methods, by report

Excision of bone tissue

- 07470 Removal of exostosis -- maxilla or mandible
- 07480 Partial ostectomy (guttering or saucerization), by report
- 07490 Radical resection of mandible with bone graft, by report

Surgical incision

- 07510 Incision and drainage of abscess -- intraoral soft tissue
- 07520 Incision and drainage of abscess -- extraoral soft tissue
- 07530 Removal of foreign body, skin or subcutaneous areolar tissue
- 07540 Removal of foreign bodies -- musculoskeletal system
- 07550 Sequestrectomy for osteomyelitis
- 07560 Maxillary sinusotomy for removal of tooth fragment or foreign body

Treatment of fractures -- simple

- 07610 Maxilla -- open reduction (teeth immobilized if present)
- 07620 Maxilla -- closed reduction (teeth immobilized if present)
- 07630 Mandible -- open reduction (teeth immobilized if present)
- 07640 Mandible -- closed reduction (teeth immobilized if present)
- 07650 Malar and/or zygomatic arch -- open reduction, by report
- 07660 Malar and/or zygomatic arch -- closed reduction, by report
- 07670 Alveolus -- stabilization of teeth, open reduction splinting
- 07680 Facial bones -- complicated reduction with fixation and multiple surgical approaches, by report

Treatment of fractures -- compound

- 07710 Maxilla -- open reduction
- 07720 Maxilla -- closed reduction
- 07730 Mandible -- open reduction
- 07740 Mandible -- closed reduction
- 07750 Malar and/or zygomatic arch -- open reduction, by report
- 07760 Malar and/or zygomatic arch -- closed reduction, by report
- 07770 Alveolus -- stabilization of teeth, open reduction splinting, by report
- 07780 Facial bones -- complicated reduction with fixation and multiple surgical approaches, by report

Reduction of dislocation and management of other temporomandibular joint dysfunctions

- 07810 Open reduction of dislocation, by report
- 07820 Closed reduction of dislocation
- 07830 Manipulation under anesthesia

Repair of traumatic wounds

- 07910 Suture of recent small wounds up to 5 cm, by report

Complicated suturing (reconstruction requiring delicate handling of tissues and wide undermining for meticulous closure)

- 07911 Suture of complex wounds up to 5cm, by report
- 07912 Suture of complex wounds greater than 5 cm, by report

Other repair procedures

- 07960 Frenulectomy (frenectomy or frenotomy) -- separate procedure
- 07970 Excision of hyperplastic tissue -- per arch
- 07971 Excision of pericoronal gingiva
- 07980 Sialolithotomy
- 07981 Excision of salivary gland, by report

07982 Sialodochoplasty
07983 Closure of salivary fistula

09000-09999 -- ADJUNCTIVE GENERAL SERVICES

Unclassified treatment

09110 Palliative (emergency) treatment of
dental pain -- minor procedures

Anesthesia

09211 Regional block anesthesia
09212 Trigeminal division block anesthesia
09220 General anesthesia -- first 30 minutes
09221 General anesthesia -- each additional 15
minutes

Professional consultation

09310 Special consultation (specialist only --
separate fee only if patient not treated by
consultant) Professional visits

09430 Office visit for observation (during
regularly scheduled hours) -- no other
services performed

09440 Office visit -- after regularly scheduled
hours

Drugs

09610 Therapeutic drug injection, by report

Miscellaneous services

09930 Treatment of complications (postsurgical)
-- unusual circumstances, narrative report
required

09951 Occlusal adjustment -- limited

APPENDIX C

ORTHODONTIC BENEFIT RIDER

EFFECTIVE: July 1, 1995

Orthodontic Benefits are available only to persons enrolled in Group #5134-0014 and the Delta Care Plus Plan, Group #5134-0301.

In consideration of the payments specified in paragraph 3.1 of the attached Contract, and subject to all of the terms and conditions thereof, except as herein otherwise specified, Delta agrees to provide Orthodontic Benefits to Eligible Persons, as follows:

1. Orthodontics are defined as the procedures performed by a licensed Dentist, involving surgical repositioning of the teeth or jaws in whole or in part and/or the use of an active orthodontic appliance and post-treatment retentive appliances for treatment of malalignment of teeth and/or jaws which significantly interferes with their function.
2. Delta will pay or otherwise discharge 50% of the lesser of the Usual, Customary and Reasonable fees or of the fees actually charged for Orthodontics.
3. The lifetime maximum amount payable by Delta for all Orthodontics rendered to each Eligible Person shall be \$1,000.00 for Group #5134-0014 and \$2,000.00 for Group #5134-0301, and the limitations on maximum amounts payable during a calendar year, if any, specified in the attached Agreement, shall not apply to Orthodontics.
4. EXCLUSIONS AND LIMITATIONS: In addition to Exclusions and Limitations stated in Article IV to the attached Contract, the following exclusions and limitations shall apply to Orthodontic Benefits:
 - (a) The obligation of Delta to make payments for an Orthodontic treatment plan begun prior to the eligibility date of the patient shall commence with the first payment due following the patient's eligibility date. The above-mentioned maximum amount payable will apply fully to this and subsequent payments.
 - (b) The obligation of Delta to make payments for Orthodontics shall terminate on the

payment due date next following the date the dependent loses eligibility or the employee loses eligibility, or upon termination of treatment for any reason prior to completion of the case, or upon termination of the Contract, whichever shall occur first.

(c) Delta will not make any payment for repair or replacement of an Orthodontic appliance furnished, in whole or in part, under this Program.

(d) X-rays and extraction procedures incident to Orthodontics are not covered by Orthodontic Benefits, but may be covered under the provisions of the attached Contract, subject to all of the terms and provisions thereof.

(e) Applicable to Group #5134-0014:

An Eligible Person is eligible for Orthodontic Benefits only after they have been continuously enrolled under this Contract for twelve (12) months.

The Buckeye Union Insurance Company
 Continental
 Home Office: 1111 East Broad Street
 Insurance
 Columbus, Ohio 43205
 Administrative Office: 180 Maiden Lane
 POLICY
 New York, New York 10038
 (212) 440-3400

GROUP EXCESS LIABILITY

DECLARATIONS

Policy
 Number GPE002253

Policy Issued by Buckeye Union Insurance Company
 180 Maiden Lane
 New York, New York 10038
 Producer's Name Johnson & Higgins of California
 2029 Century Park East
 and Address Los Angeles, CA 90067
 Senior Vice Presidents, Division Benefit Managers and
 Corporate Named Officers, All Other Vice Presidents and Designated
 Retirees of
 Insured Northrop Grumman Corporation and as per Endorsement No. 1a &
 No. 1b.
 Sponsoring Northrop Grumman Corporation
 Organizatio 1840 Century Park East
 n and Los Angeles, CA 90067
 Address
 Policy From November 1, 1995 to November 1, 1996
 Period Month Day Year Month Day Year
 12:01 a.m. Standard Time at the Address of the Sponsoring
 Organization as stated herein
 Limit of Liability \$ See End. 1a & 1b Each Occurrence
 Retained \$ 500.00 Each Occurrence
 Limits

The Named Insured agrees to maintain during the term of the policy at least the following underlying coverages and minimum required underlying limits for: Automobile Liability (Cars or Recreational Vehicles) and Comprehensive Personal Liability. If exposure exists, the Named Insured further agrees to maintain at least the following underlying coverages and minimum Required Underlying Limits for Watercraft and Employers Liability.

Limit	Exposures	Coverages	Minimum Required U / L
\$500,000	Automobile)	Bodily Injury	\$250,000 Per Person, Per Occurrence
	(Cars and Recreational Vehicles except snowmobiles Homeowners	Property Damage - or- Combined Single Limit	\$50,000 Per Occurrence \$300,000 Per Occurrence (\$325,000 in Texas)
	Personal Liability Watercraft	Combined Single Limit (Required for all property owned or rented)	\$100,000 Per Occurrence
	Schedule of Required	Bodily Injury/Property Occurrence	\$100,000 Per Occurrence
Underlying Limits	Liability	Damage or Combined Single Limit	\$100,000 Per Occurrence
	Employers Liability Snowmobile	Combined Single Liability Bodily Injury	\$100,000 Per Occurrence \$300,000 Per Occurrence
	Liability	Property Damage or Combined Single Limit	\$25,000 Per Occurrence \$300,000 Per Occurrence
	\$500,000	UM/UIM (only when) coverage is provided under this policy	Bodily Injury \$250,000 Per Person, Per Occurrence Property Damage \$50,000 Per Occurrence -or- Combined Single Limit \$300,000 Per Occurrence (\$325,000 in Texas)

Premium \$ See End. No. 2
 \$ 108,975.00 Rate per Participant
 Advance Premium Payable at inception
 Endorsement Forming a part of this policy at inception
 s No. 1 - 5 Endorsement

Dated at New York, New York this 7th day of December, 1995 THE BUCKEYE UNION INSURANCE COMPANY

Countersigned
 by _____ Authorized
 Representative

GROUP EXCESS LIABILITY

INTRODUCTION

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the "Named Insured" shown in the declarations. "Named Insured" means the person shown as the Named insured in the Policy Declarations and that person's spouse, if he or she lives in the same household.

Wherever used in this policy, "We," "us" and "our" refer to the company providing this insurance.

INSURING AGREEMENT

If the Sponsoring Organization pays the premium, and you and the Sponsoring Organization comply with policy terms, we agree with you as follows

We will pay all sums, more fully defined by the term net loss, that the Insured becomes legally obligated to pay for Personal Injury or Property Damage in excess of the Required Underlying Limit or in excess of the Retained Limited, if applicable

This insurance applies to Personal Injury and Property Damage only if:

- a. The Personal Injury or Property Damage is caused by an occurrence that takes place in the policy territory; and
- b. The Personal Injury or Property Damage occurs during the policy period.

WHAT WE DO NOT COVER

We do not provide coverage for:

1. Personal Injury or Property Damage caused intentionally by any person. This does not apply to:
 - (a) any act by an Insured while trying to prevent or eliminate danger in the use of Cars or watercraft; or
 - (b) while trying to protect persons or property;
2. Personal Injury or Property Damage arising out of the ownership, maintenance or use of any aircraft or hovercraft. Aircraft does not include model airplanes of the hobby type which do not carry people or cargo.
3. Personal Injury or Property Damage arising out of any watercraft your own, rent or use, or is in your care custody or control if it is:
 - (a) powered by an inboard or inboard/outboard motor of more than 50 horsepower;
 - (b) a sailing vessel'. (with or without auxiliary power) 26 feet or more in overall length;
 - (c) powered by any outboard motor(s), singly or in combination, of more than 25 total horsepower.

Page 1 of 9

CES 12469 (04/93)

This restriction does not apply to such watercraft if they are covered by required underlying liability insurance. We will not pay for or defend any claims that are, or should be, covered under any kind of maritime statutes.

4. Personal Injury or Property Damage arising out of the use of any car or watercraft in any prearranged or organized race, speed contest, other competition or practice. However, this exclusion does not apply to sailboats.
5. Personal Injury or Property Damage resulting from any act or failure to act by any Insured as a director or officer of any organization. This does not apply to such positions in a non-profit organization from which the Insured does not receive pay.
6. Personal Injury or Property Damage for providing or failing to provide professional services by:
 - (a) the Insured or;
 - (b) any Person for whom the Insured is legally responsible.
7. Personal Injury or Property Damage resulting from business activity or business property. This exclusion does not apply to:
 - (a) housing property you rent out or are holding for rental for use as a place to live. But such property must be covered by

required underlying limits. By "housing property", we mean 1,2,3, or 4 family houses, and any smaller detached structures on the property such as a garage or storage shed, the grounds, and private roads on the property. Housing property also includes that part of any other dwelling that you are occupying as your residence. Those parts of any housing property that you're renting out or holding for rental as a place to live are not considered business property unless more than two roomers or boarders per family are living there. Parts of housing property that you rent out or hold for rental for use as private garages are not considered business property.

- (b) activities which are described in an endorsement attached to this policy;
- (c) the use of any Private Passenger Car provided it is not used to carry persons or property for a fee. This exclusion does not apply to a share-the-expense ride.

8. Personal Injury or Property Damage covered by a nuclear energy liability policy or that would have been covered by any such policy if its limit had not been exceeded.

9. Personal Injury arising out of the transmission of, or threat of transmission of, a communicable sickness or disease by an Insured.

10. Bodily Injury to any person eligible to receive any benefits under any workers compensation, non-occupational disability, unemployment compensation, or similar law

11. Property Damage to:

- (a) property owned by an Insured.
- (b) any other property which is rented to, used by, occupied by, or in the care, custody, or control of an insured. However, this only applies to the extent that the Insured has agreed in writing to provide insurance for this property.

12. The owner or lessee of a Car or watercraft loaned to or hired by you.

13. Sums which an Insured is entitled to recover from the owner or operator of an "uninsured motor vehicle."

Page 2 of 9

CES 12469 {04/93}

DEFENSE OF SUITS NOT COVERED BY OTHER INSURANCE

DEFENSE

We will defend any suit for damages which is not covered by the types of policies described in the Schedule of Underlying Limits of the Declarations or any other available insurance. This applies only if the basis of the suit is covered by this policy. We will settle or defend any claim or suit as we see fit appropriate. Our duty to settle or defend ends when our limit of liability has been exhausted.

The Insured must reimburse us for any amount within the Retained Limit

If the law does not permit us to comply with this agreement, we will pay any expense that is incurred with our consent.

SUPPLEMENTARY PAYMENTS

In addition to our limit of liability, we will pay on behalf of an Insured:

1. The cost of bail bonds required because of an occurrence. This includes related traffic law violations, resulting in Bodily Injury or Property Damage covered under this policy.
 2. All costs taxed against an Insured.
 3. Premiums on appeal bonds and bonds to release attachments in any suit we defend.
 4. Interest accruing after a judgment is entered in any suit we defend. Our duty to pay interest ends when we offer to pay that part of the judgment which does not exceed our limit of liability for this coverage.
 5. Other reasonable expenses incurred at our request. This does include loss of earnings up to \$100 per day or a maximum of \$5,000.
- The amounts we pay for defense, and the other supplementary payments described above, will not reduce the limits of insurance.

LIMITS OF LIABILITY

The limit of liability shown in the Declarations is the amount you have selected and is the maximum amount that we will pay for all damages for Personal Injury and Property Damage from any one occurrence. This amount is the most we will pay and will not be added to in any way, multiplied by any factor, or otherwise increased for any reason, regardless of the number of:

Insureds
Claims Made
premiums charged or premiums shown, either separately or collectively, in the Declarations, or in any other document attached to or made part of your policy

cars or watercraft owned or involved in the occurrence.

We will be liable only for the Net Loss resulting from any one occurrence:

1. in excess of your Required Underlying Limit or
2. if applicable, in excess of your Retained Limit or
3. in excess of valid and collectible insurance, or a \$35,000 Retained Limit, whichever is greater, if the occurrence arises from the use of a car or motorcycle which is hired by you or loaned to you for a period of thirty (30) days or less. Any car or motorcycle hired by you or loaned to you for a period of more than thirty (30) days shall be subject to the required underlying limit for Automobile Liability on the Policy Declarations.

Page 3 of 9

CES 12469 (04/93)

4. in excess of valid and collectible insurance or a \$35,000 Retained Limit, whichever is greater, if the occurrence arises from the use of a watercraft which is hired by you or loaned to you for a period of thirty (30) days or less. Any watercraft hired by you or loaned to you for a period of more than thirty (30) days shall be subject to the Required Underlying Limit for watercraft liability on the Policy Declarations.

GENERAL CONDITIONS

DUTIES AFTER AN OCCURRENCE

As soon after an injury or occurrence takes place that is likely to involve coverage under this policy, we must be notified promptly. You or the Sponsoring Organization should tell us how, when and where the occurrence happened. You or the Sponsoring Organization should also include the names and address of any injured persons and of any witnesses.

A person seeking any coverage must:

1. Cooperate with the underlying insurers, as required by their policies and with us in the investigation, settlement or defense of any claim or suit.
2. Promptly tell us if a claim is made or a suit is brought. That person must also send to us or the underlying insurer copies of any notices of legal papers received concerning the occurrence.
3. Attend hearings and trials
4. Help in securing and giving evidence
5. Help in having witness attend.
6. At our request enforce any right of contribution or indemnity against any person or organization who may be liable to the Insured, because of a loss covered under this policy

APPEALS

If the Insured or any underlying insurer elects not to appeal a judgment which exceeds the underlying or Retained Limit, we may elect to do so. We shall be responsible for all costs, taxes, expenses and interests on judgments incidental to the appeal.

WHEN LOSS PAYABLE

The Insured may make claim for payment after the Net Loss has been determined in excess of:

1. the Required Underlying Limit or
2. the Retained Limit, if applicable.

This will be determined after a trial or by written agreement of the Insured, the claimant and us.

LEGAL ACTION AGAINST US

No legal action may be brought against us:

1. until there has been full compliance with all the terms of this policy;
2. until:
 - (a) we agree in writing that the Insured has an obligation to pay, and
 - (b) the amount of that obligation has been determined by judgment after trial or written agreement as required in the previous condition.

No person or organization has any right under this policy to bring us into any action to determine the liability of an Insured. No Insured can bring us into an action against another party.

Page of 4 of 9

CES 1 (04/93) (04/93)

OTHER INSURANCE

Our coverage is excess over any other insurance. This applies whether the other insurance is primary, contributing, excess or contingent. If the other insurance provides coverage only in excess of a stated amount of liability for each occurrence, we shall pay that part of the Net Loss covered by this policy. In such cases we will pay only our share. Our share is the proportion that our limit of liability bears to the total of all limits of all other excess indemnity policies applicable to the loss.

OUR RIGHT TO RECOVER PAYMENT

1. If we make a payment under this policy, we will share recovery rights with the Insured and any underlying insurer. If the person to

- or for whom payment was made has a right to recover damages from another we shall be subrogated to that right. That person shall:
- (a) do whatever is necessary to enable us to exercise our rights and
 - (b) shall do nothing after loss to prejudice them.
2. if we make a payment under this policy and the person to or for whom payment is made recovers damages from another, that person shall hold in trust for us the proceeds of the recovery. That person shall reimburse us to the extent of our payment.
3. Recoveries shall be applied
- (a) first to reimburse any party (including the Insured) that may have been paid any amount in excess of our limit of liability;
 - (b) then to reimburse us up to the amount paid;
 - (c) last, to reimburse any interests (including the Insured) that may have paid any amount either under underlying policies or otherwise.
- A different sharing may be made by a written agreement signed by all interested parties. Any expenses incurred in making recoveries shall be shared by interested parties in the ratio of their respective losses.

CHANGES

This policy contains all the agreements between you and us. Its terms may not be changed or waived except by endorsement issued by us. If a change requires a premium adjustment, we will adjust the premium as of the effective date of change.

TRANSFER OF YOUR INTEREST IN THIS POLICY

Your rights and duties under this policy except as provided for the Sponsoring Organization in this policy may not be assigned without our written consent. However, if a Named Insured shown in the Policy Declarations dies, coverage will be provided until the end of the policy period for:

1. the surviving spouse if resident in the same household at the time of death; or
2. the legal representative of the deceased Insured as if a Named Insured shown in the Policy Declarations.

IF YOU GO BANKRUPT

Bankruptcy or insolvency of any Insured does not relieve us of any of our obligations under this policy.

KEEPING REQUIRED UNDERLYING INSURANCE IN FORCE

If you fail to keep Required Underlying policies in force for the full amount of the Required Underlying Limits, we will not provide coverage unless and until the amount of all claims resulting from 2 single occurrences exceed the Required

Page 5 of 9

CES 12469 (04/93)

Underlying Limits. If any underlying policy has an aggregate limit which is not reinstated after a loss, you must try, within reason, to have coverage reinstated promptly.

FALSE INFORMATION

If you or someone on your behalf has given us false information:

1. in the application, or
2. in any other notice regarding underlying insurance, we may refuse to make payments under this policy.

PREMIUM

The Sponsoring Organization is responsible for the payment of all premiums to us. ALL return Premiums, if any, will be sent to the Sponsoring Organization.

NOTICE OF CANCELLATION OR COVERAGE TERMINATION

Cancellation:

(a) The Sponsoring Organization may cancel the coverage afforded by this policy at any time. To do so, the Sponsoring Organization must notify us in advance of the date cancellation is to take place and return this policy to us.

(b) We may cancel this policy at any time by giving the Sponsoring Organization at the address shown on the Policy Declarations written notice:

1. at least 10 days in advance of the date cancellation is to take effect, if cancellation is for non-payment of premium, or
2. at least 45 days in advance of the date cancellation is to take effect for any reason other than non-payment of premium.

(c) We may deliver any notice of cancellation instead of mailing it. Proof of mailing any notice shall be sufficient proof of notice.

(d) If the policy is cancelled a return premium may be due. This refund will be promptly forwarded to the Sponsoring Organization. No refunds will be made by us to individual Named Insureds. Should the policy be cancelled at the request of the Sponsoring Organization, the amount to be refunded will be computed at 90% of pro-rata. If we cancel the policy, the return premium will be computed pro-rata. However, making or offering to make the refund is not a condition of cancellation.

TERMINATION:

Should an individual for ANY reason no longer qualify as a Named Insured as defined in the Policy Declarations or other, provisions of this policy, coverage will cease thirty (30) days from the date of such termination or the policy expiration or cancellation date whichever comes first. Again, no refunds will be made by us to individual Named Insureds.

DEFINITIONS

Bodily Injury means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.

Business Activity means any full or part time gainful employment, trade, profession, or occupation, other than farming as defined in the policy. Business activity does not mean part time jobs of Insureds who are students under the age of 23 or activities which are ordinarily incident to non-business pursuits

Page 6 of 9

CES 12469 {04/93}

Business property means property on which a business is conducted and property, or any part of it, rented to others or held for rental.

Car means a land motor vehicle designed for travel on public roads or subject to motor vehicle registration, including trailers, or semi-trailers, farm tractors, trailers and implements.

Private Passenger Car means a private passenger, station wagon or jeep type auto or motorcycle.

Your Car means any car or motorcycle owned or hired by you, or loaned to you.

Farming means agricultural operations or the raising of animals which produced \$2,500 or less in gross annual revenues.

Insured means:

1. You or any relative;
2. a Any person:
 - (1) using your car or watercraft, or
 - (2) having custody of any of your animals.
 - b. Such person must
 - (1) have your permission for such use or custody, and
 - (2) limit the use or custody as you may require.
3. Any other person or organization. Coverage is only for the legal responsibility for acts or omissions of those persons for whom coverage is afforded above.

Named Insured(s) means individuals who are members of the group as defined in the Policy Declarations.

Net Loss means the sum actually paid or payable due to a claim for which the Insured is liable either by a settlement we agreed to or a final judgment. Such sums will include proper adjustment for recoveries and salvage.

Occurrence means:

1. an accident or
2. the continuous or repeated exposure to substantially the same conditions neither expected nor intended by the insured except to protect persons or property.

Occupying means in, upon, getting in, on, out or off.

Personal Injury means:

1. bodily injury, shock, mental anguish, mental injury, sickness or disease, including death resulting therefrom;
2. injury because of false arrest, detention or imprisonment, malicious prosecution, wrongful entry or eviction, humiliation, libel, slander, defamation of character or invasion of privacy.

Policy Period means the time the policy is in effect

Policy Territory means anywhere in the world.

Property Damage means physical injury to or destruction of tangible property. This includes loss of use of such property.

Recreational Vehicle means a motorized land vehicle that: 1. is designed for recreational use of public roads; and 2. is not subject to motor vehicle registration.

This includes all terrain vehicles, antique vehicles, classes or special interest vehicles, dune buggies, motor homes, replica vehicles, snowmobiles, motorscooters, trail bikes, mopeds, motorized bikes, mini-bikes and pedacycles. A golf cart is a recreational
Page 7 of 9

CES 12469 (04/93)
vehicle; except that for the purposes of underlying insurance, the required underlying limit for golf carts is equivalent to the required underlying limit for Homeowners Personal Liability in the Policy Declarations.

Relative means a person related to you by blood, marriage or adoption who is a resident of your household. This includes a ward or foster child. or other person under the age of 21 who is in your care.

Required Underlying Limit means the minimum limits you are required to maintain in force for the types of insurance and exposures described in the Schedule of Required Underlying Limits in the Policy Declarations.

Retained Limit means the amount stated in the Policy Declarations, if underlying insurance does not cover the occurrence, or an amount applying to specific circumstances outlined in Items 3 and 4 of the Limits of Liability section of the policy.

Sponsoring Organization means the company, corporation, association, partnership or sole proprietorship which sponsors and defines the criteria for qualification as a Named Insured For the purpose of this policy, the Sponsoring Organization shall be the agent of the Named Insured.

Uninsured motor vehicle means a car or motorcycle:
1) For which no liability bond or policy applies at the time of the occurrence;

2) That is an underinsured motor vehicle.

An underinsured motor vehicle is a car or motorcycle for which a bodily injury liability bond or policy applies at the time of an occurrence but the amount paid under that bond or policy to an Insured is not enough to pay the full amount the Insured is legally entitled to recover as damages caused by the occurrence.

3) For which an insuring or bonding company denies coverage or is or becomes insolvent; or

4) That is a hit-and-run vehicle and neither the driver nor owner can be identified. The vehicle must:

- (a) hit you or any relative, your car or a vehicle you or any relative are occupying;
- or (b) cause an occurrence resulting in bodily

injury -c you or any relative without hitting you, any relative, your car or a vehicle you or any relative are occupying.

If there is no physical contact with the hit-and-run vehicle, the facts of the occurrence must be proved. We will accept only competent evidence other than the testimony of a person making claims under this or any similar coverage.

However, uninsured motor vehicle does not include any vehicle:

- a. Owned or operated by a self-insurer under any applicable motor vehicle law except a self-insurer who is or becomes insolvent and cannot provide the amounts required by that motor vehicle law;
- b. Owned by a governmental unit or agency;
- c. Designed for use mainly off public roads while not on public roads; or
- d. Owned by or furnished or available for the regular use of you or any relative.

Page 8 of 9

CES 12469 (04/93)

In Witness Whereof, we have caused this policy to be executed and attested, and, if required by state law, this policy shall not be valid unless countersigned by our authorized representative

Secretary

Chairman

Page 9 of 9

CES 12469 (04/93)

Abelson, Rose Mary	Garone, Joseph C.
Amato, Carl	Gifford, James R.
Anderson, Terry J.	Gilmartin, George F.
Apodaca, Louis	Gingery, David W.
Arlotta, Frederick R.	Glennan III, Thomas
K.	
Armen Jr., Harry	Gobler, John F.
Armijo, Deborah	Goldberg, Robert M.
Armstrong, Carter M.	Goode, Richard D.
Attridge, Kent T.	Goodyear, William G.
Auffrey, Lawrence A.	Gordan, Barry
Babb, Steven C.	Granata, Arthur J.
Babich, Nicholas G.	Graves Jr., Harry
M.	
Ball, John J.	Gregor, Richard J.
Battaglia, Richard S.	Grieves, Richard
W.	
Battaglia, Vincent J.	Griothé, Robert N.
Beach, Melody J.	Guma Jr., Anthony
C.	
Beard, David C.	Gunter, Richard R.
Belfils, Kurt E.	Haas, Dr. Gerald
N.	
Belmont, John	Halloran, Edward
G.	
Bernard, Thomas W.	Harmon, Gordon V.
Bercier, Russell J.	Harris, Herbert
F.	
Bernardo, Dom M.	Head, Barry
Blancett, David A.	Hernandez, Christopher
M.	
Blyseth, Martin C.	Higgins, Robert F.
Boudreaux III, Numa	Hines, Michael L.
Bowman, Larry L.	Hoppe, David R.
Broto, Robert M.	Horn, Leroy F.
Brown, Howard Lowell	Horner, Lawrence E.
Buck, Lawrence A.	Howell, Eric B.
Bughman, Edward G.	Hunt, Brian L.
Burton, Dale E.	Janiesch, Henry
Busch, Carl J.	Jordan, Gregory W.
Byrne, James E.	Katz, Michael P.
Cagnazzi, Joseph M.	Kazan, Elliot C.

Christensen, Mark J. D.	Keller Jr., Robert
Ciminera, Michael V.	Kent Jr., J. Gaston
Cockroft, Daniel S.	Kozak, Michael J.
Consdorf, Jeffrey	Kwong, Stanley W.
Cool, Christopher B.	Landers, Thomas E.
Costello, Joseph O.	Lange, Richard A.
Craven Jr., Robert J. J.	Langietti, Ronald
Dasal, Ramon P.	Lapins, Maris
Davis, Robert C.	Lawrence, Gerard M.
Davis, Thomas C.	Leahy, Michael V.
Di Marzo, Pasquale	Lennon, Michael
Dogaer, Frank J.	Lepoint, William R.
Dutka, Gerald L.	Lindsay, Donald
Dyson, Norman L.	Lippon, Frank C.
Eakin, Donald R.	Liu, Dr. Yu Ping
Eckroth Jr., Joseph F. M.	Llinares, Richard
Ensor, John R.	Lloyd, Patrick F.
Faeth, George F.	Lowe, William H.
Farrell, Timothy M. S.	Mac Kenzie, Alan
Feldman, Mark	Major, Michael G.
Fera, Peter	Marquis, Roland P.
Frankenberger Jr., Charles E.	Mars, Kenneth L.
Freeze, C. Douglas	Marxen, Frank W.
Freibert, George J. K.	Matter, Terrence
Mattern, Richard W. A.	Stappaerts, Dr. Eddy
Mc Cabe, John J.	Stark, John C.
Mc Cabe, John M.	Stewart, Howard L.
Mc Connell, William P.	Stopper, Joseph
Mc Coy, Ira J. D.	Sutton, Robert
Mc Kinley Jr., Dr. Howard L. R.	Swenson Jr., Stanley
Meehan, Robert	Swift, Malcolm S.
Mennona, Pasquale V. F.	Tartas, Theophilios
Mercier, Jean E.	Taylor, Charles E.
Michaelsen, John D.	Taylor, Dana H.
Michelon, Lawrence J.	Thomas Jr., Robert W.
Mihelich, Robert B.	Thompson Jr., John B.
Milburn, Richard A.	Timmerman, Steven D.
Moghe, Sanjay S.	Tisone, Patricia A.
Montana, Roy	Tomita, Charles Y.
Moynes, John F.	Tomlinson, George F.
Mullan, John H.	Tomlinson, Thomas W.
Muller, Owen B.	Tucker, Mark A.
Myers, Steven R.	Underhill, Richard A.
Newman, Burton A.	Urbanski, John
Newquist, Lance G.	Uzemeck, Alec M.
Nool, James C.	Van Weele, Alan P.
Ober II, William T.	Vance, Richard M.
Olinger, Eugene	Weil Jr., David S.
Olson Jr., Jarvis L.	Weir, Thomas J.
Olson, David H. W.	Werkheiser, David
Ostermann, Louis E.	Wes, James A.
Petty, Raymond	West, G. Allen
Phillips, Thomas E. V.	Wickman, Douglas
Pickett, George E. T.	Williams, Charles
Piscitelli, Nataline F.	Williams, Roger B.
Plancon, Paul A. L.	Williams, Thomas
Pozza, Scott J.	Wilson, Patrick J.
Prueter, Michael R. A.	Wolff, Georgetta
Quandt, Harry A.	Wood, Douglas E.
Renshaw, Ramon D. T.	Wooler, Dr. Peter
Rhoades, Mark A.	Yates, Victor J.
Roehrig, Gary P.	Young, Raymond F.
Romano, Dennis G.	Zottoli, Robert
Root, Steven J.	
Roth, Alan	
Sachs, Edward P.	
Salmon, Ernest P.	
Samford, Lester L.	
Sancer, Dr. Maurice I.	
Sanford, James L.	
Schutte, Robert J.	
Serio, Gary F.	
Shea, Richard D.	
Shelman, Thomas	
Siconolfi, Paul R.	
Sims, James M.	
Sloan, Steven A.	
Smith, George W.	

Soloway, Richard S.	
Sowa, Kurt A.	
Sperling, Harris	
Spira, Vicki E.	
Abbott, Richard I.	Mc Millan, William
J.	
Anderson, Herbert W.	Mc Niff, Gerald J.
Arthurs, Thomas Desmond	Mendell, Robert W.
Baker, Dr. W. Dean	Miller, Mark F.
Barry, Patrick E.	Molleur, Richard R.
Bavitz, Paul	Montgomery, Monte
D.	
Berchtold, Kenneth J.	Movius, Stephen C.
Beroiz, Denny J.	Mroz, Mitchell D.
Bonkowski, Steven	Mulderig, Joseph P.
Boyer, Brian E.	Muller Jr., Charles
F.	
Brackney, William O.	Myers, Albert F.
Braga, Gerald A.	Myers, Robert G.
Breitfeller, John F.	Nelson, Robert E.
Broomall, Vernon H.	Odum, Richard F.
Brown, Gary L.	Packard, Jan R.
Cantafio, Anthony W.	Parker, Margo B.
Carrier III, William D.	Parsons, Lawrence D.
Carrier Jr., Louis M.	Peterson, Shirley V.
Cincotta, Eugene A.	Phillips, John C.
Clark Jr., Martin F.	Porter, Biggs C.
Coco, Paul J.	Rheinlander, Thomas
W.	
Coles, Robert J.	Rice, Dr. Dennis K.
Crosby Jr., Ralph D.	Roche, Dr. James G.
Dandridge, Martin E.	Ross, David A.
De Iasi, Dr. Richard J.	Rubenstein,
Lawrence	
De Stefano, Vincent G.	Rumbaugh, Michael
G.	
Diaz, Jorge H.	Ryder, John V.
Edwards Jr., James J.	Schaum, Craig O.
Elkin, Marvin	Schwarz, Robert E.
Ficarra, Molly A.	Seymour, Scott J.
Foley, Edward D.	Silverstein, Robert
L.	
Frankenberg, Henry	Simpson, John L.
Gibbs Jr., Nelson F.	Smith Jr., Wylie B.
Grady, Arthur L.	Snow Jr., Murray
Haise Jr., Fred W.	Soikkeli, Robert
J.	
Hanlon III, Daniel E.	Solberg, Wallace
C.	
Hanson, Stanley C.	St. Germain, Robert
P.	
Harris, Clifford P.	Steele, Stuart A.
Harrison, John E.	Stevens, Lynn H.
Hateley, J. Michael	Stout, Wesley R.
Hatten, Donald E.	Tackabury, Paul D.
Helm, Robert W.	Terry, William B.
Holcombe, Pierson J.	Thompson, Fred L.
Hoover, Jim C.	Vernor, Lawrence
Hutter, Christopher P.	Wachino, William
James, William J.	Waugh Jr., Richard
B.	
Johnson, James C.	Weiss, Dr. Max T.
Johnson, Nils E.	Whitehead, Robin S.
Jones Jr., Charles L.	Williams, Gordon L.
Kaufold, Mark A.	Wilson Jr., Joseph
Kresa, Kent	Wulf, Robert E.
Kump, Donald H.	Yslas, Stephen D.
Lawler, William H.	Zakrzewski, Alexander
Lawson, Anthony E.	Zehner, Thomas H.
Mayhew, Bruce F.	
Mc Cann, James K.	
Mc Connell, James A.	
Mc Hugh Jr., Marion E.	

RATE AND PREMIUM SCHEDULE

Rate per Participant Participants	Policy Limit	No. of	
	Total Premium		
\$275.00	\$2,000,000.00	213	\$ 58,575.00
\$450.00	\$5,000,000.00	112	\$ 50,400.00
			\$108,975.00

The total premium for this policy is \$108,975.00

May 1, 1996

Six Month Update

At six months into the policy period, and at renewal, the name and

address listing of participants should be updated and furnished to CNA Excess & Select . The appropriate premium adjustment will be made annually.

All other terms and conditions remain unchanged.

SERVICE OF SUIT CLAUSE

It is agreed that in the event of the failure of the Company to pay any amount claimed to be due hereunder, the company, at the request of the Named Insured, will submit to the jurisdiction of any court of competent jurisdiction within the United States of America, and will comply with all requirements necessary, to give such court the jurisdiction and all matters arising hereunder shall be determined in accordance with the law and practice of such court.

It is further agreed that service of process in such suit may be made

upon Martin Haber, Vice President and General Counsel c/o The Buckeye Union Insurance Company, 180 Maiden Lane, New York, New York 10038 and that in any suit instituted against the Company upon this policy the Company will abide by the final decision of such court or of any appellate court in the event of an appeal.

The above Named is authorized and directed to accept service of process on behalf of the Company in any such suit and/or upon the request of the Named Insured to give a written undertaking to the Named Insured that it will enter a general appearance upon the Company's behalf in the event such a suit shall be instituted. Further, pursuant to any statute of any state, territory, or district of the United States of America, which makes provision therefor, the Company hereby designates the Superintendent, Commissioner or Director of Insurance or other Officer specified for that purpose in the statute or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Named Insured or any beneficiary hereunder arising out of this contract of insurance, and hereby designate the above named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

DIRECTORS AND OFFICERS LIABILITY EXCLUSION

As respects "What We Do Not Cover", Exclusion 5, page 2 of 9, is amended to read as follows:

We do not provide coverage for:

5. Personal Injury or Property Damage resulting from any act or failure to act by any Insured as a director or officer of any organization. FOLLOWING FORM ENDORSEMENT

In consideration of the premium charged, it is understood and agreed that the coverage under GPE 002253 will apply in so far as coverage is afforded by primary comprehensive liability insurance.

All other terms and conditions remain unchanged.

AMENDED AND RESTATED
SPECIAL SEVERANCE PAY AGREEMENT

Exhibit 10(r)

The Special Severance Pay Agreement entered into as of the 25th day of February, 1994 by and between Northrop Corporation, a Delaware corporation, name changed to Northrop Grumman Corporation (the "Company") and (the "Employee"), in consideration of the mutual benefits to be obtained from the amendments thereto contained herein, is hereby amended and, as so amended, is restated for convenience of reference and as so amended and restated is the "Agreement."

RECITALS

Employee is a key member of the Company's management team and has been designated by the Compensation and Management Development Committee (the "Committee") of the Board of Directors (the "Board") of the Company as a key employee to whom the protection of the Company's Special Severance Pay Plan (the "Plan") are extended. The purpose of the Plan is to reinforce and encourage the continued attention and dedication of employees like Employee to their assigned duties without distraction in the face of the potentially disturbing circumstances that arise from the possibility of a change in control of the Company.

NOW, THEREFORE, in consideration of the mutual benefits to be derived from this Agreement, including the continued employment and rendition of services by Employee, it is agreed as follows:

1. Company's Right to Terminate. No provision contained herein shall affect the Company's ability to terminate Employee's employment at any time, with or without cause. Nothing in this Agreement shall in any way require the Company to provide any Benefits prior to a change in Control nor shall this Agreement ever be construed in any way as establishing any policies or requirements for severance benefits for Employee if he terminates employment with the Company prior to a change in control

2. Change in Control. Benefits provided herein shall be payable only in the event there shall have occurred a "Change in Control" as defined below, and Employee's employment by the Company shall thereafter have been

terminated in accordance with Section 3 below. Each event constituting a "Change in Control" as defined below shall be considered a separate "Change in Control" entitling Employee to the Benefits provided herein if his employment by the Company shall have been terminated in accordance with Section 3 below following such "Change in Control." For purposes of this Agreement a "Change in Control" shall be deemed to have occurred if (i) there shall be consummated (x) any consolidation or merger of the Company in which (A) the Company is not the continuing or surviving corporation, other than a merger in which the holders of the Common Stock of the Company immediately prior to the merger have the same proportionate ownership of common stock of the surviving corporation immediately after the merger, or (B) the Common Stock of the Company outstanding immediately prior to the merger would amount to less than 50% of the common stock of the surviving corporation outstanding immediately after the merger or (y) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, of the assets of the Company, or (ii) the stockholders of the Company approve a plan or proposal for the liquidation or dissolution of the Company, or (iii) any "person" (as defined in Sections 13(d) and 14(d) of the Securities Exchange act of 1934, as amended (the "Exchange Act"), but not including any trust established pursuant to an employee benefit plan of the Company, shall become the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of fifteen percent or more of the Company's outstanding Common Stock, or (iv) during any period of two consecutive years, a majority of the directors of the Company shall cease to be "Continuing Directors," as defined below. As used herein, "Continuing Director" shall mean a person who was a director of the Company at the beginning of any specified two-year period and any person whose election or nomination as a director during such period was approved by two-thirds of the then Continuing Directors.

3. Termination Following Change in Control. In the event a Change in Control shall have occurred, Employee shall be entitled to the Benefits provided in Section 4 hereof upon any termination of his employment with the

Company within the 30-month period following such Change in Control except a termination of employment (a) because of his death, (b) by the Company for "Cause" or "Disability" or (c) by him other than for "Good Reason."

(i) Disability. For the purposes of this Agreement only, and for no other benefit program or policy of the Company, termination for "Disability" shall mean termination of Employee's employment because of his absence from duties with the Company on a full-time basis for 130 consecutive business days, as a result of incapacity due to physical or mental illness, unless he shall have returned to the full-time performance of his duties within 30 days after "Notice of Termination" (as described in (iv) below) is given in connection with such absence.

(ii) Cause. Termination by the Company of Employee's employment for "Cause" shall mean termination within the 30-month period following a Change in Control by reason of:

(A) the willful and continued failure by Employee to substantially perform his duties with the Company (other than any such failure resulting from his incapacity due to physical or mental illness), for a period of 30 or more days after a written demand for substantial performance is delivered to him by the Chief Executive Officer (the "Officer") of the Company or the Committee, which demand specifically identifies the manner in which such Officer or the Committee believes that Employee has not substantially performed his duties.

(B) the willful engaging by Employee in misconduct which is materially injurious to the Company, monetarily or otherwise. For purposes of this paragraph, no act, or failure to act, on Employee's part shall be considered "willful" unless done, or omitted to be done, by Employee not in good faith and without reasonable belief that his action or omission was not opposed to the best interest of the Company.

Notwithstanding the foregoing, Employee shall not be deemed to have been terminated for Cause unless and

until there shall have been delivered to Employee a copy of a Notice of Termination from the Officer or the Committee after reasonable notice to Employee and an opportunity for him, together with his counsel, to be heard before the Committee (or, if there be no such Committee or such Committee delivers the Notice of Termination, the Board), finding that, in the good faith opinion of such Committee (or the Board), he was guilty of conduct set forth above in clauses (A) or (B) of the first sentence of this paragraph (ii) and specifying the particulars thereof in detail.

(iii) Good Reason. Termination by Employee of his employment for "Good Reason" shall mean the termination by Employee of his employment within the 30-month period following a Change in Control:

(A) if within the 30-month period following a Change in Control, the Company reduces Employee's base salary in effect immediately prior to the Change in Control or as increased from time to time thereafter.

(B) if within the 30-month period following a Change in Control, the Company, without the express written consent of the Employee, requires Employee to report to a location or be relocated anywhere in excess of one hundred (100) miles of his present office location, except for required travel on the Company's business to an extent substantially consistent with his present business travel obligations.

(C) if within the 30-month period following a Change in Control, the Company has failed to maintain in force plans providing benefits at least as beneficial as, or substantially equivalent to, those provided by any benefit or compensation plan, retirement or pension plan, stock option plan, life insurance plan, health and accident plan or disability plan in which Employee is participating at the time of a Change in Control or if the Company has taken any action which would adversely affect Employee's participation in or materially reduce Employee's benefits under any of such plans or deprive him of any material fringe benefit (without substituting a fringe benefit substantially equivalent to such benefit) enjoyed by him at the time of the Change in Control, or if the Company fails to provide him with the number of

paid vacation days to which he would be entitled in accordance with the Company's normal vacation policy in effect at the time of the Change in Control.

(D) if within the 30-month period following a Change in Control, the Company materially reduces Employee's title, job authorities or responsibilities in effect immediately prior to the Change in Control.

(E) if within the 30-month period following a Change in Control, the Company fails to obtain the assumption of the obligations contained in this Agreement by any successor as contemplated in Section 5 hereof.

(F) if within the 30-month period following a Change in Control, the Company purports to terminate Employee's employment in a manner which is not effected pursuant to a Notice of Termination satisfying the requirements of paragraph (iv) below (and, if applicable, paragraph (ii) above); and for purposes of this Agreement, no such purported termination shall be effective.

A termination of employment by Employee within the 30-month period following a Change in Control shall be for Good Reason if one of the occurrences specified in this paragraph (iii) shall have occurred, notwithstanding that Employee may have other reasons for terminating employment, including employment by another employer which Employee desires to accept.

(v) Date of Termination. "Date of Termination" shall mean:

(A) If Employee's employment is terminated for Disability, thirty (30) days after Notice of Termination is given (provided that Employee shall not have returned to the performance of his duties on a full-time basis during such thirty (30) day period),

(B) if Employee's employment is terminated pursuant to paragraph (ii) above, the date on which the Notice of Termination is given,

(C) if Employee's employment is terminated by the Company for any other reason, the date on which a Notice of Termination is given; provided that if within

thirty (30) days after any Notice of Termination is given Employee notifies the Company that a dispute exists concerning the termination, the Date of Termination shall be the date on which such Notice of Termination is given or the date on which the dispute is finally determined, either by mutual written agreement of the parties, or by a final judgment, order or decree of a court of competent jurisdiction, whichever shall provide Employee with the greater dollar value of Benefits hereunder, and

(D) if Employee terminates his employment for Good Reason, the date on which the Company receives notice from Employee of such termination.

4. Certain Benefits Upon Termination. If, within the 30-month period following a Change in Control, Employee's employment by the Company shall be terminated (a) by the Company other than for Cause or Disability or (b) by Employee for Good Reason, Employee shall be entitled to each of the "Benefits" provided below:

(i) the Company shall pay Employee: (a) his full base salary through the Date of Termination, at the rate in effect at the time Notice of Termination is given, and (b) an additional amount representing the prorated portion of any additional compensation for which the employee would be eligible, but for his termination, under any cash bonus or incentive compensation plan maintained by the Company and applicable to the period in which Employee's termination occurs. The amount referred to under (b) shall be determined by multiplying (A) the amount of all such cash bonus or incentive compensation payments made to Employee in respect of the last full calendar year preceding Employee's termination, by (B) a fraction representing the number of weeks elapsed from the end of such calendar year to the Date of Termination, divided by 52.

(ii) the Company shall pay as severance pay to Employee after the Date of Termination, an amount equal to 2.99 times Employee's full Base Amount as defined in Section 280G of the Internal Revenue Code of 1986, as amended (the Code), and the regulations adopted thereunder in effect from time to time. Such severance

pay shall be paid to Employee in a cash lump sum within 30 days following the Date of Termination.

(iii) for a period not to exceed thirty-six (36) months the Company shall, at its expense, arrange to provide Employee with medical, dental and life insurance benefits substantially similar to those which Employee was receiving immediately prior to the Change in Control or, if greater, those which Employee was receiving on his Date of Termination. Notwithstanding the foregoing, the Company shall not provide any benefit otherwise receivable by Employee pursuant to this Section 4(iii) to the extent that a substantially similar benefit is actually received by Employee from a subsequent employer during such period, and any such benefit actually received by Employee shall be reported to the Company.

(iv) the Company shall pay to Employee all deferred and accrued bonus and vacation pay to which he is entitled under the terms of the Company's pay policies as in effect immediately prior to the Change in Control or, if it results in greater vacation pay, as in effect on Employee's Date of Termination.

Employee shall not be required to mitigate the amount of any payment provided for in this Section 4 by seeking other employment or otherwise, nor shall the amount of any payment provided for in this Section 4 be reduced by any compensation earned by Employee as the result of employment by another employer after the Date of Termination, or otherwise.

Anything in this Agreement to the contrary notwithstanding, in the event that the amount of any "parachute payments" provided to Employee under this Agreement, when added to any other "parachute payments" which Employee is entitled to receive from the Company, would constitute an "excess parachute payment," such payments or benefits should be reduced to the minimum extent necessary so that no such amount payable or benefit provided to the Employee shall constitute an "excess parachute payment"; provided, however, that no such reduction shall be made if the net after-tax benefit (after taking into account Federal, State, local or other income and excise taxes) to the Employee as the result of such payments or benefits without such reduction would exceed the net after-tax benefit (taking all such taxes into account) to the Employee of such payments or benefits if such reduction were

made. As used herein, the terms "parachute payment" and "excess parachute payment" have the meaning set forth in Section 280G of the Internal Revenue Code of 1986, as amended. If any payments or benefits must be reduced by reason of this paragraph, such reduction shall be made in the order and manner determined by Employee, as soon as administratively practicable following Notice of Termination.

5. Successors, Binding Agreement. The Company may amend or terminate this Agreement by action of a majority of its Continuing Directors (as defined in Section 2 hereof) at any time prior to a Change in Control. In any event, this Agreement shall terminate on the fifth (5th) anniversary hereof unless a Change in Control has occurred. The Company expressly waives any right to amend or terminate this Agreement following a Change in Control and the Company acknowledges that Employee shall have a binding and irrevocable right to the Benefits set forth hereunder in the event of a Change in Control. Any purported termination of this Agreement following a Change in Control shall be ineffective, and Employee shall not lose any right hereunder for failing to contest such a purported termination.

(i) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, to expressly assume and agree to honor this Agreement in the same manner and to the same extent that the Company would be required to so honor if no such succession had taken place. Failure of the Company to obtain such agreement prior to the effectiveness of any such succession shall be a violation of this Agreement and shall entitle Employee to Benefits from the Company or such successor in the same amount and on the same terms as Employee would be entitled hereunder if he terminated his employment for Good Reason, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Company" shall mean the Company hereinbefore defined and any successor to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this paragraph 5 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law. The Company shall promptly notify Employee of any succession by purchase, merger, consolidation or otherwise to all or

substantially all the business and/or assets of the Company and shall state whether or not the successor has executed the agreement required by this paragraph (i) and, if so, shall make a copy of such agreement available to Employee.

(ii) This Agreement shall inure to the benefit of and be enforceable by Employee and his personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If Employee should die while any amount would still be payable to him hereunder if he had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to his devisee, legatee or other designee or, if there be no such designee, to his estate.

(iii) The Company expressly acknowledges and agrees that Employee shall have a contractual right to the Benefits provided hereunder, and the Company expressly waives any ability, if possible, to deny liability for any breach of its contractual commitment hereunder upon the grounds of lack of consideration, accord and satisfaction or any other defense. In any dispute arising after a Change in Control as to whether Employee is entitled to Benefits under this Agreement, there shall be a presumption that Employee is entitled to such Benefits and the burden of proving otherwise shall be on the Company.

(iv) All Benefits to be provided hereunder shall be in addition to any pension, disability, worker's compensation, other Company benefit plan distribution, unpaid vacation or other unpaid benefits that Employee has at his Date of Termination.

6. Notice. For purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by certified or registered mail, return receipt requested, postage prepaid, addressed: (i) if to Employee, to his latest address as reflected on the records of the Company, and if to Company: Northrop Corporation, 1840 Century Park East, Los Angeles, California 90067, Attn: President, or to such other address as Company may furnish to Employee in writing with specific reference to this Agreement and the importance of the notice, except that notice of change of address shall be effective only upon receipt.

7. Miscellaneous. After a Change in Control, no rights of Employee under this Agreement may be released, modified, waived or discharged by Employee unless such release, waiver, modification, or discharge is agreed to in writing signed by Employee and a licensed attorney-at-law representing Employee. No failure to enforce or waiver by Employee at any time of any breach by the Company of, or noncompliance with, any condition or provision of this Agreement to be performed by the Company shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. This Agreement shall not supersede or in any way limit the rights, duties or obligations Employee may have under any other written agreement with the Company. The Company expressly waives any right to deny liability hereunder on the basis that Employee failed to submit a claim on a timely basis. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of California.

8. Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

IN WITNESS WHEREOF, as of July , 1995 the parties have executed this Agreement amending and restating the Special Severance Pay Agreement originally dated as of February 25, 1994.

ATTEST: Northrop Grumman Corporation

_____ By _____

_____ Employee

EMPLOYMENT AGREEMENT

This Agreement is entered into effective January 1, 1996, by and between Northrop Grumman Corporation, a Delaware corporation ("Northrop Grumman"), and Gordon L. Williams ("Mr. Williams"), an individual residing in Texas.

WHEREAS, Mr. Williams is currently employed by Northrop Grumman, the parent and successor in interest to Vought Aircraft Company ("Vought") as the Vice President and General Manager of Northrop Grumman's Commercial Aircraft Division; and

WHEREAS, Mr. Williams currently has in effect an employment agreement with Vought ("Vought Agreement") which expires on January 1, 1996; and

WHEREAS, Northrop Grumman wishes to continue to employ Mr. Williams and Mr. Williams desires to continue to be employed by Northrop Grumman on and after January 1, 1996 upon the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein, it is agreed as follows:

1. Employment

Northrop Grumman hereby offers to continue to employ Mr. Williams as Vice President and General Manager of its Commercial Aircraft Division on and after January 1, 1996, and Mr. Williams hereby accepts such continued employment by Northrop Grumman, upon the terms and conditions herein set forth.

2. Term

The term of this Agreement shall commence as of January 1, 1996, and shall expire on August 1, 1997, unless sooner terminated as hereinafter set forth in Section 6, below. If this Agreement is not terminated pursuant to Section 6, it is the intent of the parties that Mr. Williams retire from employment with Northrop Grumman effective August 1, 1997.

3. Duties

Mr. Williams will, during the term hereof:

(a) Faithfully and diligently do and perform all such acts and duties and furnish such services as the Chief Executive Officer of Northrop Grumman (the "CEO") or the Board of Directors of Northrop Grumman (the "Board") shall direct, and do and perform all acts in the ordinary course of Northrop Grumman's business (within such limits as the CEO or the Board may prescribe) necessary and conducive to Northrop Grumman's best interest; and

(b) Devote his full time, energy and skill to the business of Northrop Grumman and to the promotion of Northrop Grumman's best interests, except for vacations and absences made necessary because of illness.

4. Compensation

(a) Subject to the provisions of Section 6 below, Northrop Grumman shall pay to Mr. Williams for all services to be performed by him during the term of this Agreement a fixed salary at the rate of \$420,000 per annum, payable in periodic payments in accordance with Northrop Grumman's practices for other executive and managerial employees, as such practices may be determined from time to time.

(b) Under the terms of the Vought Agreement, Mr. Williams' annual salary and/or bonus is offset by amounts he receives from an annuity purchased by Vought and Northrop Grumman under the Vought Aircraft Supplemental Executive Retirement Plan ("SERP"). Mr. Williams shall continue to be a participant in SERP (or any successor or replacement plan with substantially identical benefits). However, there shall be no such offset from the salary payable to Mr. Williams starting January 1, 1996 pursuant to the terms of this Agreement. No further purchase of annuities to recognize additional accrual of retirement benefits beyond 1994 will be made until August 1, 1997.

(c) Mr. Williams shall be a participant in Northrop

Grumman's Incentive Compensation Plan or any successor or replacement plan. Mr. Williams shall be assigned a target bonus level of 55% of his annual base salary with customary adjustments for individual and unit performance pursuant to the terms of the Incentive Compensation Plan.

(d) Mr. Williams shall receive a grant of 8,000 shares of restricted Northrop Grumman stock pursuant to the terms of the 1993 Long-Term Stock Incentive Plan. Vesting of those shares shall be as follows: 3,000 of these shares shall vest as of February 16, 1996, and the remaining 5,000 shares shall vest as of August 1, 1997. Vesting shall be contingent upon Mr. Williams remaining employed by Northrop Grumman as of the relevant vesting date.

(e) Mr. Williams shall be paid a one-time bonus of \$50,000, with this amount to be paid to him no later than January 12, 1996.

(f) Northrop Grumman agrees that, unless this Agreement is terminated pursuant to paragraph 6(b) below, for the purposes of SERP the Average Monthly Compensation as defined in SERP shall not be less than \$66,666.67.

(g) All compensation payments to Mr. Williams pursuant to this Agreement shall be subject to such deductions as may be required to be made pursuant to law, government regulation or order, or by agreement with, or consent of, Mr. Williams.

5. Fringe Benefits and Perquisites

Mr. Williams shall be eligible to participate in the fringe benefit plans and perquisites normally available to Northrop Grumman Vice Presidents of comparable status, in accordance with each plan's rules of eligibility. These benefits and perquisites are subject to change by Northrop Grumman during the term of this Agreement during the course of Northrop Grumman's regular review of its fringe benefit plans and perquisites applicable to other officers.

6. Termination of Employment

(a) Voluntary Termination by Mr. Williams

Mr. Williams shall have the right to voluntarily terminate his employment with Northrop Grumman at any time. In such event, Mr. Williams shall not be entitled to any further benefits under this Agreement after the date of his voluntary termination of employment, including, but not limited to, any continuation of base salary, bonus awards or other perquisites and unvested stock awards.

(b) Termination by Northrop Grumman for Certain Specified Reasons

Notwithstanding any other provision of this Agreement to the contrary, Northrop Grumman shall have the right to terminate Mr. Williams' employment for (i) the willful and continued failure by Mr. Williams to perform substantially the duties of his position, (ii) the willful engaging by Mr. Williams in conduct which is demonstrably injurious to Northrop Grumman, monetarily or otherwise; or (iii) gross negligence in performing his job duties. In such event, Mr. Williams shall not be entitled to any further benefits under this Agreement after the date of such termination, including, but not limited to, any continuation of base salary, bonus awards or other perquisites and unvested stock awards.

(c) Termination by Northrop Grumman for Other Reasons

Notwithstanding any other provision of this Agreement to the contrary, Northrop Grumman shall have the right, in its sole discretion, to terminate Mr. Williams' employment, with or without cause, for reasons other than those specified in Section 6(b) above. In such event, Mr. Williams shall immediately be paid all sums due as of the date of termination. Northrop Grumman shall also continue to pay Mr. Williams his base salary as of the date of his termination on a monthly basis, with such monthly payments to terminate as of August 1, 1997. Mr. Williams shall be eligible for consideration for a pro rata bonus for work performed by him in the year in which the termination occurs. Any such pro rata bonus will be paid by February 15 in the succeeding calendar year. In addition, Northrop Grumman's management shall recommend to the Board the accelerated vesting of a pro rata portion of Mr. Williams' unvested shares under the

Long-Term Stock Incentive Plan.

These arrangements constitute full compensation for Mr. Williams' loss of any salary, bonuses, stock options, fringe benefits and other employment rights and benefits as a result of a termination pursuant to this Section 6(c). Mr. Williams agrees that his sole claim for any losses or damages arising out of any such termination shall be for the recovery of benefits enumerated in this Section 6(c), and Mr. Williams hereby waives his rights to any and all other remedies at law or equity.

(d) Termination Upon Disability

In the event that Mr. Williams becomes permanently disabled during the term of this Agreement, this Agreement shall automatically terminate, but Mr. Williams shall be entitled to the same benefits accorded to other disabled senior executives of Northrop Grumman, including long-term disability insurance plan benefits. Mr. Williams shall be eligible for consideration for a pro rata bonus for work performed by him in the year in which the disability occurs. Any such pro rata bonus will be paid by February 15 in the succeeding calendar year. In addition, Northrop Grumman's management shall recommend to the Board the accelerated vesting of a pro rata portion of Mr. Williams' unvested shares under the Long-Term Stock Incentive Plan.

(e) Termination Upon Death of Mr. Williams

In the event that Mr. Williams dies during the term of this Agreement, this Agreement shall automatically terminate, but Mr. Williams' estate or designated beneficiary shall be entitled to receive payments pursuant to Mr. Williams' life insurance benefits, any base salary payments earned but not received by Mr. Williams prior to the date of his death, and any other benefits provided in accordance with other plans of Northrop Grumman to which Mr. Williams would have been entitled. Mr. Williams shall be eligible for consideration for a pro rata bonus for work performed by him in the year in which death occurs. Any such pro rata bonus will be paid by February 15 in the succeeding calendar year. In addition, Northrop Grumman's management shall recommend to the Board the accelerated vesting of a pro rata portion of Mr. Williams' unvested shares under the Long-Term Stock Incentive Plan.

(f) Nothing in (a) through (e) above, shall affect the rights and benefits Mr. Williams, his estate or designated beneficiaries would otherwise be entitled to if this Agreement were not in force and effect. Further, if this Agreement is terminated pursuant to (a) through (e) above, participation in the Vought Aircraft Salaried Health Care Plan (or any successor or replacement plan) as amended from time to time, shall be continued for the remainder of the lives of Mr. Williams and his legally recognized spouse on the effective date of this Agreement.

7. Complete Agreement

This Agreement represents the complete agreement and understanding between Northrop Grumman and Mr. Williams pertaining to the subject matter contained herein, and supersedes all prior agreements or understandings, written or oral, between the parties with respect to such subject matter as of its effective date.

8. Amendment or Modification; Waiver

No provision of this Agreement may be amended or waived unless such amendment or waiver is agreed to in writing, signed by Mr. Williams and by a duly authorized officer of Northrop Grumman. No waiver by any party hereto of any breach by another party hereto of any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of a similar or dissimilar condition or provision at the same time or any prior or subsequent time.

9. Arbitration

Any dispute arising out of or concerning Mr. Williams' employment with Northrop Grumman, including, but not limited to, disputes concerning the termination of such employment or the interpretation of this Agreement, shall be resolved by final and binding arbitration to be conducted in Dallas, Texas, under rules of the American Arbitration Association using a single arbitrator. The parties shall each pay one-half the cost of the arbitrator but otherwise shall bear

their own expenses and attorney's fees. The arbitrator shall have no authority to award punitive damages to either party.

10. Severability

In the event that any provision or portion of this Agreement shall be determined to be invalid or unenforceable for any reason, the remaining provisions or portions of the Agreement shall be unaffected thereby and shall remain in full force and effect to the fullest extent permitted by law.

11. Assignment

This Agreement is personal to Mr. Williams and shall not be assigned by him. Northrop Grumman may assign this Agreement without Mr. Williams' consent to any other entity succeeding to all or substantially all of the assets or business of Northrop Grumman, whether by merger, consolidation, acquisition or otherwise. This Agreement shall be binding upon Northrop Grumman, its successors and permitted assigns, and Mr. Williams.

12. Applicable Law

This Agreement shall be construed and enforced in accordance with the laws of the State of Texas.

IN WITNESS WHEREOF, the parties have executed this Agreement on _____, _____, 1995.

GORDON L. WILLIAMS

NORTHROP GRUMMAN CORPORATION

By:

Chief

Administrative

Marvin Elkin
Corporate Vice President and
Human Resources and
Officer

Northrop Grumman Corporation
EXECUTIVE DEFERRED COMPENSATION PLAN

1. Purpose.

The purpose of the Plan is to provide an arrangement whereby executives can elect to defer receipt of compensation for which a deduction to the Corporation would otherwise be disallowed for federal income tax purposes under Section 162(m) of the Internal Revenue Code of 1986, as amended ("Code").

2. Definitions.

(a) "Committee" is the Compensation and Management Development Committee (or its successor) of the Board of Directors of Northrop Grumman Corporation.

(b) "Company" means Northrop Grumman Corporation and any of its subsidiaries or affiliates.

(c) "Compensation" means salary and other items of includible compensation paid to a Participant from the Company for a calendar year.

(d) "Corporation" means Northrop Grumman Corporation.

(e) "Disability" means a permanent and total disability for which a Participant is currently receiving benefits from a long-term disability plan sponsored by the Company.

(f) "Effective Date" means December 30, 1994, or such other date as specified by the Board of Directors.

(g) "Eligible Employee" means an employee who meets the conditions for eligibility under Section 3 of this Plan.

(h) "Participant" means an Eligible Employee who makes an election to defer Compensation under this Plan.

(i) "Plan" means the Executive Deferred Compensation Plan of the Northrop Grumman Corporation as set forth herein and as from time to time amended.

(j) "Plan Year" means the calendar year.

(k) "Retirement" means retirement pursuant to one or more of the qualified pension or profit-sharing plans maintained by the Company.

(l) "Section 162(m) limit" means the limit on deductibility of salary and other compensation imposed by Section 162(m) of the Code, and any subsequent or superseding provisions of the Code.

(m) "Termination" means a complete separation from service by the Participant from the Company.

3. Eligibility.

(a) An employee of the Company who is eligible to receive Compensation in excess of the Section 162(m) limit may be eligible to participate in this Plan for that year, upon approval of his eligibility by the Committee.

4. Participation.

(a) An Eligible Employee may become a Participant by electing to defer some or all of his Compensation under this Plan, on a form and in the manner specified by the Committee.

(b) Eligible Employees must make a separate election to participate with respect to each Plan Year. Any deferral made under this Plan shall only be effective with respect to the Plan Year to which it relates.

5. Time of Deferral.

(a) An election to defer Compensation under this Plan shall be made no later than December 31 preceding the calendar year in

which the services are performed to which the Compensation relates.

(b) Any deferral election under this Plan shall be binding with respect to the period for which it was made and shall be irrevocable with respect to that period.

6. Deferral Account.

There shall be established on the books of the Corporation a deferral account for each Participant, and all amounts deferred by the Participant under this Plan for all years of participation shall be credited to that account, together with any interest or earnings on such amounts.

7. Investment Options.

(a) During the first full Plan Year, interest will be credited to deferral accounts at a rate equal to 115-percent of the fourth quarter monthly rate of Moody's Average Corporate Bond rate.

(b) With respect to subsequent Plan Years, the Committee, in its sole discretion, may make available one or more investment options under this Plan in which Participants may elect to direct investment of their deferral accounts. In addition, the Committee may determine that one or more of the accounts shall earn interest at a stated rate over a specified term.

8. No Guarantee of Payment; No Funding.

(a) Participants in this Plan shall have no rights on account of this Plan in or to any specific assets of the Company, and any rights that a Participant shall have on account of this Plan shall be no greater than those of a general, unsecured creditor of the Corporation.

(b) The Corporation in no way guarantees the principal, or any other portion of a Participant deferral account and any earnings thereon. Any and all investments remain the property of the Corporation.

(c) The Corporation may, in its sole discretion, establish a rabbi trust for the purpose of funding its obligations under this Plan, but nothing contained herein shall require the establishment or funding of any such trust.

(d) This Plan is intended to qualify as unfunded plan maintained primarily for the purpose of providing deferred compensation for a select group of management and highly compensated employees ("a Top-Hat Plan"), for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). In the event of any change in law which the Committee determines, in its discretion, will cause the Plan to fail to qualify as a Top-Hat Plan, the Committee may terminate the participation of such Participants as it deems necessary to preserve or restore the Plan's status, and may take such other action, including the acceleration of payment of Participant deferral accounts, if necessary to preserve or restore the Plan's status as a Top-Hat Plan.

9. Form and Timing of Distributions.

(a) At the time a Participant makes a deferral election under this Plan, he or she shall also make an election with respect to the form of payment of that deferral (a "Distribution Election"). Each Distribution Election shall be effective only with respect to the deferral elected for that period (and pro-rata earnings on that deferral, if any), and a separate Distribution Election shall be made for any subsequent deferrals.

(b) A Distribution Election shall consist of one of the following:

(1) A lump sum payment to be made in the year following the earliest to occur of the Participant's Termination, Retirement or Disability; and

(2) Annual installment payments for a period of five or ten years, beginning in the year following the earliest to occur of the Participant's Termination, Retirement or Disability.

(c) Distributions shall be paid in January of each year or as soon thereafter as administratively possible.

(d) The death of a Participant prior to his Retirement or Disability shall be treated as a Termination of employment for purposes of the distribution of benefits under this Plan. In the event that a Participant receiving installment distributions dies prior to the receipt of all such installments, installment

payments shall continue to the Participant's beneficiary or beneficiaries, as designated under this Plan.

10. Beneficiary Designation.

(a) At the time of deferral election or any time thereafter, a Participant may designate one or more beneficiaries to receive any benefits due upon death. In the absence of any designation under this Plan, the beneficiary of a married Participant shall be the Participant's spouse to whom he was married at the time of death, and the beneficiary of an unmarried Participant shall be his estate.

(b) The Participant can elect to change his beneficiary at any time up to the date of distribution, and no consent shall be required for a married Participant to designate a non-spouse beneficiary.

11. Emergency Benefit.

If a Participant suffers an unforeseeable and immediate financial emergency, the Committee, in its sole discretion and upon the written application of the Participant, may distribute to the Participant at such time as the Committee may prescribe that portion of his deferral account, if any, which the Committee determines is necessary to meet the financial emergency. A financial emergency shall include major uninsured medical expenses or such other circumstances as the Committee may, in its discretion, determine, provided that the Participant demonstrates to the Committee's satisfaction that he lacks available resources to meet the emergency. Any such distribution shall reduce the balance in the Participant's deferral account available for distribution.

12. Administration of the Plan.

(a) The Committee shall be the Administrator of the Plan, and it may delegate responsibilities therefor to the Vice President, Human Resources, or his delegates.

(b) The Committee shall have the full and exclusive authority to interpret the Plan, to construe ambiguities and to decide all matters under the Plan in its discretion. Such interpretation and decision shall be final, conclusive and binding on all Participants and any person claiming under or through any Participant.

(c) The Committee shall have full discretionary authority to interpret and administer the Plan, and to make such rules and regulations as it deems necessary or appropriate to carry out its responsibilities under this Plan as well as the purposes for which it was established, including any rules relating to the availability of investment options for deferral accounts.

13. Taxes.

The Corporation may withhold from any distribution under this Plan any and all amounts necessary for the payment of any taxes, including without limitation, income and employment taxes, and the amounts payable to Participants shall be reduced by the tax so withheld.

14. Amendment and Termination.

(a) The Committee may at any time amend the Plan in any manner (including any method for determining earnings on deferral accounts), provided that no such amendment shall reduce the amounts previously credited to a deferral account of any Participant for periods prior to the amendment.

(b) The Plan shall continue in effect until terminated by action of the Board of Directors of the Corporation. Upon termination of the Plan, no further deferrals of Compensation shall be made, and distribution of any amounts credited to deferral accounts shall be made in accordance with rules of the Committee.

15. No Assignment of Benefits.

Participant's rights to benefit payments under the Plan are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors of the Participant or the Participant's beneficiary.

16. Future Rights.

No person shall have any claim or right under this Plan to be retained in the employ of the Company, or to remain eligible for any Compensation able to be deferred under this Plan.

17. Governing Law.

The terms of this Plan shall be construed in accordance with the laws of the State of Delaware, to the extent not preempted by federal law.

18. Forfeitures.

Notwithstanding anything in this Plan to the contrary, any benefit payable to a Participant hereunder may be forfeited, discontinued or reduced if the Participant is discharged for gross misconduct of a type which is or was directly or indirectly harmful to the business or reputation of the Corporation.

Significant Subsidiaries of Registrant as of December 31,
1995

Significant Subsidiaries	Incorporated In
Grumman Corporation	New York
Grumman Aerospace Corporation	New York

Note: The other subsidiaries of the Registrant are not "significant subsidiaries", as defined by Rule 1.02 of Regulation S-X, and therefore are not listed herein.

POWER OF ATTORNEY IN CONNECTION WITH THE
1995 ANNUAL REPORT ON FORM 10-K

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned directors and officers of NORTHROP GRUMMAN CORPORATION, a Delaware corporation, does hereby appoint RICHARD R. MOLLEUR and JAMES C. JOHNSON, and each of them, as his agents and attorneys-in-fact (the "Agents"), in his respective name and in the capacity or capacities indicated below to execute and/or file the Annual Report on Form 10-K for the fiscal year ended December 31, 1995 (the "Report") under the Securities Exchange Act of 1934, as amended (the "Act"), and any one or more amendments to any part of the Report that may be required to be filed under the Act (including the financial statements, schedules and all exhibits and other documents filed therewith or constituting a part thereof) and to any part or all of any amendment(s) to the Report, whether executed and filed by the undersigned or by any of the Agents. Further, each of the undersigned does hereby authorize and direct the Agents to take any and all actions and execute and file any and all documents with the Securities and Exchange Commission (the "Commission"), which they deem necessary or advisable to comply with the Act and the rules and regulations or orders of the Commission adopted or issued pursuant thereto, to the end that the Report shall be properly filed under the Act. Finally, each of the undersigned does hereby ratify each and every act and document which the Agents may take, execute or file pursuant thereto with the same force and effect as though such action had been taken or such document had been executed or filed by the undersigned, respectively. This Power of Attorney shall remain in full force and effect until revoked or superseded by written notice filed with the Commission.

IN WITNESS THEREOF, each of the undersigned has subscribed these presents this 21st day of February, 1996.

___Kent Kresa___ Chairman of the Board, President and
Chief Executive Officer and Director
Kent Kresa (Principal Executive Officer)

___Jack R. Borsting___ Director

Jack R. Borsting

___John T. Chain, Jr.___ Director

John T. Chain,
Jr.

___Jack Edwards___ Director

Jack Edwards

___Aulana L. Peters___ Director

Aulana L. Peters

___John E. Robson___ Director

John E. Robson

___Richard M. Rosenberg___ Director

Richard M.
Rosenberg

___Brent Scowcroft___ Director

Brent Scowcroft

___John Brooks Slaughter___ Director

John Brooks
Slaughter

___Wallace C. Solberg___ Director

Wallace C.
Solberg

___Richard J. Stegemeier___ Director

Richard J.
Stegemeier

___Richard B. Waugh, Jr.___ Corporate Vice President

and Chief Financial Officer
Richard B. Waugh, (Principal Financial Officer)
Jr.

___Nelson F. Gibbs___ Corporate Vice President

and Controller
Nelson F. Gibbs (Principal Accounting Officer)

YEAR

	DEC-31-1995	DEC-31-1995
		18
	0	
	1,197	
	68	
	771	
	2,072	
		2,900
	1,724	
	5,455	
1,715		
		1,163
		272
0		
	0	
	1,187	
5,455		
		6,818
	6,818	
		6,282
	6,282	
	(10)	
	0	
	137	
	409	
		157
252		
	0	
	0	
		0
	252	
	5.11	
	5.11	