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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

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**FORM 8-K**

**CURRENT REPORT**

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

**Date of Report (date of earliest event reported)**

**December 17, 2008**

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**NORTHROP GRUMMAN CORPORATION**

**(Exact Name of Registrant as Specified in Charter)**

**DELAWARE**  
**(State or Other Jurisdiction of**  
**Incorporation)**

**1-16411**  
**(Commission File Number)**

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

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

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

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers**

Item 5.02(e)

*Change In Control Agreement*

Northrop Grumman Corporation (the "Company") entered into a new change-in-control agreement with Ronald D. Sugar, Chairman and Chief Executive Officer of the Company, on December 17, 2008, in the form of the January 2009 Special Agreement attached as Exhibit 10.1 to the Company's Form 8-K dated November 7, 2008 and filed with the SEC on November 13, 2008, and incorporated herein by reference. The January 2009 Special Agreement is effective January 1, 2009 and will supersede and replace the Northrop Grumman Corporation March 2004 Special Agreement between the Company and Dr. Sugar. The January 2009 Special Agreement includes the following changes applicable to Dr. Sugar:

- Changes to comply with Section 409A of the U.S. Internal Revenue Code
- Elimination of lump-sum value for any perquisites
- Change in the definition of bonus for severance from the highest of the last three years earned to the target bonus in the year of the change in control
- Amendments related to compliance with Section 162(m) of the U.S. Internal Revenue Code

*Termination of Employment Agreement of Ronald D. Sugar*

On December 17, 2008, Dr. Sugar executed a letter agreement (the "Letter Agreement") confirming a mutual agreement between Dr. Sugar and the Company to terminate his Employment Agreement with the Company dated February 19, 2003. The Letter Agreement, attached hereto as Exhibit 10.2, supersedes all prior agreements regarding Dr. Sugar's employment matters, terminates all rights and obligations under or pursuant to the Employment Agreement, and shall become effective on December 31, 2008. In addition, it includes a provision providing Dr. Sugar "retirement" treatment of his equity grants in the event he is terminated without Cause (as such term is defined in his equity grant certificates) before he has ten years of service with the Company for purposes of the Northrop Grumman 2001 Long-Term Incentive Stock Plan (LTISP).

*Amendment to Letter Agreement and to Supplemental Retirement Replacement Plan of James F. Palmer*

On December 17, 2008, the Company entered into an Amendment to Letter Agreement with James F. Palmer, Corporate Vice President and Chief Financial Officer of the Company, to amend certain terms in Sections 5, 9, 10, 11, 13 and 14 of his offer letter agreement with the Company dated February 1, 2007, which was filed as Exhibit 10(3) to the Company's Form 10-Q for the quarter ended March 31, 2007. Also on December 17, the Company amended Mr. Palmer's Northrop Grumman Corporation Supplemental Retirement Replacement Plan, which was filed as Exhibit 10(2) to the Company's Form 10-Q for the quarter ended June 30, 2007. The amendments in both cases were made to address the impact of Section 409A of the U.S. Internal Revenue Code. The Amendment to Letter Agreement, attached hereto as Exhibit 10.3, is effective as of January 1, 2008. The Northrop Grumman Supplemental Retirement Replacement Plan, as Restated, is restated effective January 1, 2008 and is attached hereto as Exhibit 10.4. The foregoing summaries of the various agreements and amendments do not purport to be complete. Reference should be made to the various agreements and amendments attached as Exhibits to this Form 8-K for an understanding of their terms and provisions.

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**Item 9.01 Financial Statements and Exhibits.**

(d) *Exhibits*

- Exhibit 10.1 Form of Northrop Grumman Corporation January 2009 Special Agreement effective as of January 1, 2009 (incorporated by reference to Exhibit 10.1 to Northrop Grumman Corporation Form 8-K dated November 7, 2008, filed November 13, 2008)
- Exhibit 10.2 Letter Agreement dated December 17, 2008 between Northrop Grumman Corporation and Ronald D. Sugar relating to termination of Employment Agreement dated February 19, 2003 between Dr. Sugar and Northrop Grumman Corporation
- Exhibit 10.3 Amendment to Letter Agreement between Northrop Grumman Corporation and James F. Palmer dated December 17, 2008
- Exhibit 10.4 Northrop Grumman Supplemental Retirement Replacement Plan, as Restated, dated January 1, 2008 between Northrop Grumman Corporation and James F. Palmer

**SIGNATURE**

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

NORTHROP GRUMMAN CORPORATION  
**(Registrant)**

By: /s/ Stephen D. Yslas  
Stephen D. Yslas  
Corporate Vice President, Secretary and  
Deputy General Counsel

Date: December 19, 2008

**EXHIBIT INDEX**

<b>Exhibit No.</b>	<b>Description</b>
EXH 10.1	Form of Northrop Grumman Corporation January 2009 Special Agreement effective as of January 1, 2009 (incorporated by reference to Exhibit 10.1 to Northrop Grumman Corporation Form 8-K dated November 7, 2008, filed November 13, 2008)
EXH 10.2	Letter Agreement dated December 17, 2008 between Northrop Grumman Corporation and Ronald D. Sugar relating to termination of Employment Agreement dated February 19, 2003 between Dr. Sugar and Northrop Grumman Corporation
EXH 10.3	Amendment to Letter Agreement between Northrop Grumman Corporation and James F. Palmer dated December 17, 2008
EXH 10.4	Northrop Grumman Supplemental Retirement Replacement Plan, as Restated, dated January 1, 2008 between Northrop Grumman Corporation and James F. Palmer

**NORTHROP GRUMMAN**  
**Northrop Grumman Corporation**  
1840 Century Park East  
Los Angeles, California 90067-2199

December 17, 2008

Dr. Ronald D. Sugar  
Chairman and Chief Executive Officer  
Northrop Grumman Corporation  
1840 Century Park East  
Los Angeles, CA 90067Re: **Employment Agreement**

Dear Ron:

Reference is made to the Employment Agreement between you and Northrop Grumman Corporation (“Northrop”), dated February 19, 2003 (the “Employment Agreement”).

This letter agreement confirms your and Northrop’s mutual agreement to terminate the Employment Agreement effective December 31, 2008. For purposes of clarity and notwithstanding Section 28 of the Employment Agreement to the contrary, after December 31, 2008, neither you nor Northrop will have any rights or obligations under or pursuant to the Employment Agreement.

If Northrop terminates your employment without Cause (as such term is defined in your equity grant certificates) before you have ten years of service with Northrop for purposes of your Northrop equity awards, you will be deemed to have retired for purposes of your then-outstanding Northrop equity awards to the extent that the terms of such awards provide you with more favorable terms upon a retirement (including early retirement) than the termination of employment rules that would otherwise apply.

This letter sets forth our entire agreement regarding these matters, and supersedes all of our prior agreements regarding these matters.

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Dr. Ronald D. Sugar  
Page Two  
December 17, 2008

If this letter accurately sets forth your agreement with Northrop with respect to the foregoing matters, please sign and date this letter below and return it to me.

/s/ Lewis W. Coleman  
Lewis W. Coleman  
Chairman, Compensation Committee

Accepted and Agreed:

/s/ Dr. Ronald D. Sugar  
Dr. Ronald D. Sugar  
Date: 12/17/08

**Amendment To**  
**Letter Agreement**

WHEREAS, Northrop Grumman Corporation (the "Company") entered into a letter agreement with James F. Palmer regarding certain terms of his employment with the Company dated February 1, 2007 (the "Agreement");

WHEREAS, the parties desire to amend the Agreement to address the impact of section 409A of the Internal Revenue Code ("Code");

NOW, THEREFORE, effective January 1, 2008, the parties hereby agree as follows:

**1. Section 5 is amended by adding the following sentence to the end of the section:**

Notwithstanding the foregoing, the provision of these benefits will be in accordance with the terms of the Northrop Grumman Corporation Supplemental Retirement Replacement Plan, as amended effective January 1, 2008.

**2. Section 9 is amended by adding the following sentence to the end of the section:**

Benefits provided under this Section shall be administered consistent with the following requirements as set forth in Treas. Reg. § 1.409A-3(i)(1)(iv): (1) your eligibility for benefits in one year will not affect your eligibility for benefits in any other year; (2) any reimbursement of eligible expenses will be made on or before the last day of the year following the year in which the expense was incurred; and (3) your right to benefits is not subject to liquidation or exchange for another benefit.

**3. Section 10 is amended by adding the following sentence to the end of the section:**

Any benefits you become entitled to under this Section will be paid in accordance with terms of the VP Severance Plan.

**4. Section 11 is amended:**

- (a) by adding the following sentence to the end of the section: All benefits provided under this Section will be paid to you by March 15, 2008.
  - (b) by reaffirming and restating Section 11 respecting reasonable professional fees incurred in connection with this Amendment and related plans and agreements, which benefits shall not exceed \$10,000 and shall be provided not later than March 15, 2009.
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5. **Section 13 is amended in its entirety to read as follows:**

**Signing Bonus**

Effective with your Date of Hire, the Company agreed to provide you with a cash signing bonus in the total amount of \$700,000, to be paid in three equal installments. The first installment was paid prior to the effective date hereof; the second installment is payable on the first anniversary of your Date of Hire; and the third installment on the second anniversary of your Date of Hire. Except as provided for in the next sentence, your entitlement to each installment of the signing bonus is contingent on your continued employment with the Company through the installment payment date. However, in the event of your death, your Disability or Qualifying Termination (as these two terms are defined in the VP Severance Plan) prior to payment of the full signing bonus, the remaining installments will be paid in cash to you in a single lump sum within 30 days following such separation from service (within the meaning of Section 409A(a)(2)(A)(i) of the Code and Treasury Regulation 1.409A-1(h)); provided, if you are a "Key Employee" as defined in the Northrop Grumman Corporation Supplemental Retirement Replacement Plan on the date of your separation from service, the lump sum payment shall be made the first day of the seventh month following your separation from service (or, if earlier, the first day of the month after your death after such separation from service).

6. **Section 14 is amended by adding the following sentence to the end of the section:**

Notwithstanding the foregoing, the provision of these benefits will be in accordance with the terms of the Northrop Grumman Corporation Supplemental Retirement Replacement Plan, as amended effective January 1, 2008.

IN WITNESS WHEREOF, the parties have caused these presents to be duly executed as of the dates indicated below.

**JAMES F. PALMER**

Dated: December 17, 2008

/s/ James F. Palmer

**NORTHROP GRUMMAN CORPORATION**

Dated: December 17, 2008

By: /s/ Ian V. Ziskin

Ian V. Ziskin  
Corporate Vice President, Chief Human Resources and  
Administrative Officer

**NORTHROP GRUMMAN CORPORATION**  
**SUPPLEMENTAL RETIREMENT REPLACEMENT PLAN**  
**(Effective March 12, 2007; Restated effective January 1, 2008)**

The Northrop Grumman Corporation Supplemental Retirement Replacement Plan ("Plan") is hereby adopted effective March 12, 2007 by Northrop Grumman Corporation to provide supplemental retirement benefits to James F. Palmer pursuant to the terms and provisions set forth below. The Plan is hereby amended and completely restated effective January 1, 2008.

The Plan is intended (1) to comply with Code section 409A and official guidance issued thereunder, and (2) to be a plan which is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees within the meaning of sections 201(2), 301(a)(3) and 401(a)(1) of ERISA.

**ARTICLE I**  
**DEFINITIONS**

Wherever used herein the following terms shall have the meanings hereinafter set forth:

"Affiliate" means any corporation or other entity that is treated as a single employer with the Company under section 414 of the Code.

"Code" means the Internal Revenue Code of 1986, as amended.

"Committee" means the Company's Board of Directors or such other committee as may be appointed by the Board of Directors from time to time.

"Company." means Northrop Grumman Corporation or any successor corporation or other entity.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Key Employee" means an employee treated as a "specified employee" under Code section 409A(a)(2)(B)(i) of the Company or the Affiliates (i.e., a key employee (as defined in Code section 416(i) without regard to paragraph (5) thereof) if the Company's or an Affiliate's stock is publicly traded on an established securities market or otherwise. The Company shall determine in accordance with a uniform Company policy which employees are Key Employees as of each December 31 in accordance with IRS regulations or other guidance under Code section 409A, provided that in determining the compensation of individuals for this purpose, the definition of compensation in Treas. Reg. § 1.415(c)-2(d)(3) shall be used. Such determination shall be effective for the twelve (12) month period commencing on April 1 of the following year.

"Participant" means James F. Palmer.

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“Plan” means the Northrop Grumman Corporation Supplemental Retirement Replacement Plan, as set forth herein and as amended from time to time.

“Separation from Service” or “Separates from Service” means a “separation from service,” within the meaning of Code section 409A, with the Company and all Affiliates.

## **ARTICLE II PARTICIPATION**

Participation in the Plan shall be limited to the Participant.

## **ARTICLE III PLAN BENEFITS AND DISTRIBUTIONS**

3.1 Visteon Replacement Benefit. The amount of the benefit, if any, payable under this section 3.1 to the Participant shall be equal to the amount by which the Visteon Present Value exceeds the Northrop Grumman Present Value.

For purposes of this Section:

“Visteon Present Value” means the lesser of (1) the estimated present value of the Participant’s non-vested Visteon Corporation supplemental and qualified pension benefits at March 12, 2007, and (2) \$588,500.

“Northrop Grumman Present Value” means the present value as of the Participant’s Separation from Service of all vested qualified and nonqualified defined benefit pension benefits payable to Participant by the Company, excluding the Boeing Replacement Benefits described in section 3.3 below.

The actuarial assumptions used to calculate present values under this Section shall be the assumptions specified in Section F.09 of the Northrop Grumman CPC Supplemental Executive Retirement Program, or any successor thereto.

3.2 Distribution of Visteon Replacement Benefit. Any benefit under Section 3.1 shall be paid in accordance with the terms of Appendix A hereto.

3.3 Boeing Replacement Benefit.

(a) In-Service Benefit. Beginning April 1, 2007, Participant will receive \$8,632.01 monthly in the form of a joint and 100% survivor annuity, with the Participant’s spouse on March 12, 2007 (the “Spouse”) as the survivor annuitant. If the Spouse predeceases the Participant, the monthly benefit to the Participant will increase to \$10,219.57 and will be payable only for the life of the Participant.

(b) Post-Termination Benefit. The monthly benefit provided for under Section 3.3(a) shall continue to be paid under the same terms as set forth in Section 3.3(a) after the Participant ceases to be employed by the Company and its Affiliates.

(c) Forfeiture. The amount payable under Section 3.3(a) or (b) for a month will be reduced by the amount, if any, actually paid to the Participant or the Spouse in the same month from the Supplemental Executive Retirement Plan for Employees of the Boeing Company ("Boeing SERP").

3.4 Acceleration of Boeing Replacement Benefit. If a change in ownership or effective control event (as described in Treasury regulations or other guidance under Code section 409A(a)(2)(A)(v)) occurs that also qualifies as a change in control as defined in the Participant's March 2004 Special Agreement (as it may be amended or replaced), the Participant will receive a lump sum payment equal to the present value of all remaining benefits under Section 3.3. The lump sum amount will be paid 60 days after the change in control event and will be calculated based on the actuarial assumptions used to calculate lump sums under the Northrop Grumman CPC Supplemental Executive Retirement Program at the time of the change in control event.

3.5 Vesting. All benefits under this Plan shall be 100% vested at all times.

3.6 Effect of Early Taxation. If the Participant's benefits under the Plan are includible in income pursuant to Code section 409A, such benefits shall be distributed immediately to the Participant.

3.7 Permitted Delays. Notwithstanding the foregoing, any payment to the Participant under the Plan shall be delayed if the making of the payment at such time would be prohibited by Federal securities laws or other applicable law; provided, that any payment delayed pursuant to this Section 3.7 shall be paid in accordance with Code section 409A.

#### **ARTICLE IV ADMINISTRATION**

4.1. General Administration. The Committee shall be responsible for the operation and administration of the Plan and for carrying out the provisions hereof, subject to Participant's reservation of all rights, in the event of a dispute, under applicable legal process. The Committee may, from time to time, employ agents and delegate to such agents, including employees of the Company, such administrative duties as it sees fit.

4.2. Indemnification. To the extent not covered by insurance, the Company shall indemnify the Committee, each employee, officer, director, and agent of the Company, and all persons formerly serving in such capacities, against any and all liabilities or expenses, including all legal fees relating thereto, arising in connection with the exercise of their duties and responsibilities with respect to the Plan, provided however that the Company shall not indemnify any person for liabilities or expenses due to that person's own gross negligence or willful misconduct.

**ARTICLE V  
AMENDMENT AND TERMINATION**

5.1 Amendment or Termination. The Company reserves the right to amend or terminate the Plan with the prior written consent of Participant.

5.2 Effect of Amendment or Termination. Upon termination of the Plan, distribution of Plan benefits shall be made to Participant, his Spouse and any other beneficiary(s) in the manner and at the time described in Article III, unless the Company determines in its sole discretion that all such amounts shall be distributed at a sooner date upon termination in accordance with the requirements under Code section 409A. Upon termination of the Plan, no further benefit accruals shall occur.

**ARTICLE VI  
GENERAL PROVISIONS**

6.1 Rights Unsecured. The right of the Participant or his beneficiary to receive a distribution hereunder shall be an unsecured (but legally enforceable) claim against the general assets of the Company, and neither the Participant, his Spouse nor any other beneficiary shall have any rights in or against any specific assets of the Company. Thus, the Plan at all times shall be considered entirely unfunded for ERISA and tax purposes. Any funds set aside by the Company for the purpose of meeting its obligations under the Plan, including any amounts held by a trustee, shall continue for all purposes to be part of the general assets of the Company and shall be available to its general creditors in the event of the Company's bankruptcy or insolvency. The Company's obligation under this Plan shall be that of an unfunded and unsecured promise to pay money in the future.

6.2 Benefits Not Treated as Compensation. Benefits payable under the Plan shall not be considered compensation for any purposes under any benefit plan sponsored by the Company or its Affiliates, including qualified and nonqualified retirement plans.

6.3 No Guarantee of Benefits. Nothing contained in the Plan shall constitute a guarantee by the Company or any other person or entity that the assets of the Company will be sufficient to pay any benefits hereunder.

6.4 No Enlargement of Rights. The Participant, his Spouse and any other beneficiary(s) shall not have any right to receive a distribution under the Plan except in accordance with the terms of the Plan. Establishment of the Plan shall not be construed to give any Participant the right to continue to be employed by or provide services to the Company.

6.5 Spendthrift Provision. No interest of any person in, or right to receive a distribution under, the Plan shall be subject in any manner to sale, transfer, assignment, pledge, attachment, garnishment, or other alienation or encumbrance of any kind; nor may such interest or right to receive a distribution be taken, either voluntarily or involuntarily for the satisfaction of the debts of, or other obligations or claims against, such person.

Notwithstanding the foregoing, all or a portion of the Participant's benefit under the Plan may be paid to another person as specified in a domestic relations order that the Committee determines meets certain requirements (a "Domestic Relations Order"). For this purpose, a Domestic Relations Order means a judgment, decree, or order (including the approval of a settlement agreement) which is:

- (1) issued pursuant to a State's domestic relations law;
- (2) relates to the provision of child support, alimony payments or marital property rights to a spouse, former spouse, child or other dependent of the Participant;
- (3) creates or recognizes the right of a spouse, former spouse, child or other dependent of the Participant to receive all or a portion of the Participant's benefits under the Plan; and
- (4) meets such other requirements established by the Committee.

The Committee shall determine whether any document received by it is a Domestic Relations Order. In making this determination, the Committee may consider the rules applicable to "domestic relations orders" under Code section 414(p) and ERISA section 206(d), and such other rules and procedures as it deems relevant.

6.6 Applicable Law. To the extent not preempted by federal law, the Plan shall be governed by the laws of the State of California.

6.7 Incapacity of Recipient. If any person entitled to a distribution under the Plan is deemed by the Committee to be incapable of personally receiving and giving a valid receipt for such payment, then, unless and until a claim for such payment shall have been made by a duly appointed guardian or other legal representative of such person, the Committee may provide for such payment or any part thereof to be made to any other person or institution then contributing toward or providing for the care and maintenance of such person. Any such payment shall be a payment for the account of such person and a complete discharge of any liability of the Company and the Plan with respect to the payment.

6.8 Taxes. The Company or other payor may withhold from a benefit payment under the Plan or the Participant's wages in order to meet any federal, state, or local tax withholding obligations with respect to Plan benefits. The Company may also accelerate and pay a portion of the Participant's benefits in a lump sum equal to any Federal Insurance Contributions Act ("FICA"), state or local tax imposed and the income tax withholding related to such FICA amounts. The Company or other payor shall report Plan payments and other Plan-related information to the appropriate governmental agencies as required under applicable laws.

6.9 Corporate Successors. The Plan and the obligations of the Company under the Plan shall become the responsibility of any successor to the Company by reason of a transfer or sale of substantially all of the assets of the Company or by the merger or consolidation of the Company into or with any other corporation or other entity.



6.10 Unclaimed Benefits. The Participant shall keep the Committee informed of his current address and the current address of his spouse and any other beneficiary(s). The Committee shall not be obligated to search for the whereabouts of any person if the location of a person is not made known to the Committee.

6.11 Severability. In the event any provision of the Plan shall be held invalid or illegal for any reason, any illegality or invalidity shall not affect the remaining parts of the Plan, but the Plan shall be construed and enforced as if the illegal or invalid provision had never been inserted.

6.12 Words and Headings. Words in the masculine gender shall include the feminine and the singular shall include the plural, and vice versa, unless qualified by the context. Any headings used herein are included for ease of reference only, and are not to be construed so as to alter the terms hereof.

\* \* \*

IN WITNESS WHEREOF, this Plan is hereby executed by a duly authorized officer on this 17<sup>th</sup> day of December, 2008.

NORTHROP GRUMMAN CORPORATION

By: /s/ Ian Ziskin  
Ian Ziskin  
Corporate Vice President, Chief Human Resources and  
Administrative Officer

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**APPENDIX A**  
**DISTRIBUTION OF VISTEON AMOUNTS**

The provisions of this Appendix A shall apply only to the portion of benefits under the Plan that are payable under Section 3.1.

A.01 Time of Distribution. Subject to the special rules provided in this Appendix A, distributions to the Participant of his vested retirement benefit shall commence as of the Payment Date. For purposes of this Appendix A, "Payment Date" means the 1st of the month coincident with or following the later of (a) the date the Participant attains age 55, or (b) the date the Participant Separates from Service.

A.02 Special Rule for Key Employees. If the Participant is a Key Employee and age 55 or older at his Separation from Service, distributions to the Participant shall commence on the first day of the seventh month following the date of his Separation from Service (or, if earlier, the date of the Participant's death). Amounts otherwise payable to the Participant during such period of delay shall be accumulated and paid on the first day of the seventh month following the Participant's Separation from Service, along with interest on the delayed payments. Interest shall be computed using the retroactive annuity starting date rate in effect under the Northrop Grumman Pension Plan on a month-by-month basis during such delay (i.e., the rate may change in the event the delay spans two calendar years).

A.03 Forms of Distribution. Subject to the special rules provided in this Appendix A, the Participant's vested retirement benefit shall be distributed in the form of a single life annuity. However, the Participant may elect an optional form of benefit up until the Payment Date. The optional forms of payment are:

- (a) 50% joint and survivor annuity
- (b) 75% joint and survivor annuity
- (c) 100% joint and survivor annuity.

If the Participant is married on his Payment Date and elects a joint and survivor annuity, his survivor annuitant will be his spouse unless some other survivor annuitant is named with spousal consent. Spousal consent, to be effective, must be submitted in writing before the Payment Date 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.

A.04 Death. If the Participant is married and dies before the Payment Date (or his Separation from Service occurs due to his death), a death benefit will be payable to the Participant's spouse commencing 90 days after the Participant's death. The death benefit will be a single life annuity in an amount equal to the survivor portion of the Participant's vested retirement benefit based on a 100% joint and survivor annuity determined on the Participant's date of death. This benefit is also payable to any domestic partner of the Participant who is

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properly registered with the Company in accordance with procedures established by the Company.

A.05 Actuarial Assumptions. Except as provided in Section A.06, all forms of payment under this Appendix A shall be actuarially equivalent life annuity forms of payment, and all conversions from one such form to another shall be based on the following actuarial assumptions:

Interest Rate: 6%

Mortality Table: RP-2000 Mortality Table projected 15 years for future standardized cash balance factors

A.06 Accelerated Lump Sum Payouts.

(a) At Separation. If the present value of (a) the vested portion of the Participant's retirement benefit and (b) other vested amounts under nonaccount balance plans that are aggregated with the retirement benefit under Code section 409A, determined on the first of the month coincident with or following the date of his Separation from Service, is less than or equal to \$25,000, such benefit amount shall be distributed to the Participant (or his spouse or domestic partner, if applicable) in a lump sum payment. Subject to the special timing rule for Key Employees under Section A.02, the lump sum payment shall be made within 90 days after the first of the month coincident with or following the date of the Participant's Separation from Service.

Notwithstanding the foregoing, the Participant's benefit under Section 3.3 shall not be considered a plan to be aggregated under Code section 409A for purposes of this Section A.06(a) or any similar provision in the other plans that are aggregated with this Plan under Code section 409A.

(b) Conflicts of Interest. The present value of the Participant's vested retirement benefit shall also be payable in an immediate lump sum to the extent required under conflict of interest rules for government service and permissible under Code section 409A.

(c) Present Value Calculation. The conversion of the Participant's retirement benefit into a lump sum payment and the present value calculations under this Section A.06 shall be based on the GATT assumptions in effect under the Northrop Grumman Pension Plan, and will be based on the Participant's immediate benefit if the Participant is 55 or older at Separation from Service. Otherwise, the calculation will be based on the benefit amount the Participant will be eligible to receive at age 55.