Northrop Grumman Commercial Aircraft Division
Salaried Retirement Plan
Summary Plan Description
2014
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Introduction

As described in the Introduction of the Cash Balance Program Summary Plan Description (SPD), effective March 31, 2011, in connection with the spin-off of Huntington Ingalls Industries, Inc. (HII) from Northrop Grumman, HII established retirement plans substantially similar to the plans maintained by Northrop Grumman.

The Northrop Grumman Commercial Aircraft Division (CAD) Salaried Retirement Plan is one of these plans. As a result, this SPD contains historical provisions and some of the terms have a different meaning before and after the March 31, 2011 spin-off. For reference, in this SPD, the terms “Cash Balance Program” or “Program” mean the Northrop Grumman Pension Program before March 31, 2011 and Huntington Ingalls Industries Cash Balance Program on and after such date. Likewise, “Company” means Northrop Grumman Corporation before March 31, 2011 and Huntington Ingalls Industries, Inc. on and after March 31, 2011.

This SPD is provided to help you learn how the Northrop Grumman Commercial Aircraft Division (CAD) Salaried Retirement Plan (“Plan”) works. The Plan merged into the Northrop Grumman Pension Plan effective July 15, 1999. On July 23, 2000, Northrop Grumman sold the Commercial Aircraft Division. As a result, there are no new participants in the Plan after that date.

If you have questions about eligibility or anything else not answered in this guide, go to HII Benefits Connect at http://hiibenefits.com or call the Huntington Ingalls Benefits Center (HIBC) at 1-877-216-3222. If you are calling from outside the United States, please call 408-916-9765. You will need your password to secure your call. Benefits service representatives are available to assist you Monday through Friday from 9:00 a.m. to 6:00 p.m. Eastern time, excluding holidays. If you are hearing impaired, you will need to use a relay service through your TTY/TDD service provider.

HII reserves the right to suspend and/or reduce benefit accruals under the Northrop Grumman Commercial Aircraft Division (CAD) Salaried Retirement Plan. It also may amend or terminate the Plan at any time. You will be notified of any significant amendments to the Plan.

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

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

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

HII (also referred to as the “Company” in this SPD) refers to Huntington Ingalls Industries, Inc. and its 80%-owned subsidiaries and affiliates.
Overview

Eligibility

You were eligible to participate in the Plan if you were an employee of one of the following participating business units/companies:

- **Aerostructures (Aero) — Vought Center**, non-represented employees, effective January 1, 1997
- **Aerostructures (Aero) — Perry Doors Center**, non-represented employees, effective January 1, 1997
- **Georgia Production Site employees (entity 38 only) of Northrop Grumman**, effective January 1, 1996
- **Northrop Grumman Commercial Aircraft Company (Aero) — China**, employees who were participants in the Plan immediately prior to their transfer to this business unit, effective January 1, 1997
- **Northrop Grumman Commercial Aircraft Company**, employees who were participants in the Plan immediately prior to their transfer to this business unit, effective April 22, 1996
- **Northrop Grumman Commercial Aircraft Division — Dallas site**, effective January 1, 1992 through December 22, 1999
- **SGC Corporation**, effective January 1, 1992 through December 31, 1995
- **VAC Industries, Inc.**, effective January 1, 1992
- **VAC Acquisition Corporation**, effective January 1, 1992

The following types of employees are not eligible to participate in the Plan:

- Employees covered by a collective bargaining agreement that does not provide for participation
- Leased employees
- Nonresident aliens (non-U.S. citizens who reside abroad)
- Individuals not treated as common law employees on payroll records
- Employees subject to a Special Contract Act (SCA), including casual employees and contract employees whose contract does not specifically allow for participation.

If you have a question about your eligibility, call the HIBC at 1-877-216-3222.

Participation

You became a participant in the Plan effective on your date of hire with or transfer to a participating business unit. There are no participating business units or new participants in the Plan after July 23, 2000.
Important Pension Concepts

The following basic pension plan concepts are necessary to understand the Plan’s benefit.

Vesting and Vesting Service

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

For service from January 1, 1995* through July 23, 2000, you earned a year of vesting service for each calendar year in which you completed 1,000 or more hours for which you were paid (or entitled to be paid) by the Company. If you did not have 1,000 or more hours of vesting service in any calendar year, you did not earn a year of vesting service for that year. However, you may have earned vesting service if you were not actively at work if you were on:

- An approved disability leave of absence (generally only to the extent necessary to prevent a break in service)
- A military leave of absence (if you returned to active employment in a timely manner following an honorable discharge)
- A parental absence (during either the year of the leave or the year following the leave, as needed, but only to the extent necessary to prevent a break in service).

Vesting service after July 23, 2000, is credited based on the rules of the plan into which you transferred.

You became vested in your benefit after completing five years of vesting service. You also became fully vested in your benefit if you reached normal retirement age while actively employed, regardless of years of service.

Note: Prior to January 1, 1995, you became fully vested in your benefit if you reached age 62 while actively employed by the Company and you had one year of vesting service.

* If you were a participant in the Plan prior to January 1, 1995, your vesting service was calculated differently than described above. Call the HIBC for details.

If You Worked for or Transferred from Another Employer

You receive credit for your vesting service under the following plans:

- A Northrop Grumman qualified retirement plan if you were eligible for benefits as of August 30, 1994
- A Logicon Inc. qualified retirement plan if you were eligible for benefits as of August 1, 1997
- Grumman Corporation or its affiliated entity that was affiliated immediately before Grumman Corporation was acquired by Northrop Corporation
- The Northrop Grumman Electronic Sensors & Systems Divisions Pension Plan prior to March 1, 1996, for former Westinghouse employees who transferred to the Company as part of the acquisition
The Northrop Grumman Naval Systems Division — Cleveland Facility Salaried Employees Retirement Plan prior to March 1, 1996, for former Westinghouse employees who transferred to the Company as part of the acquisition.

If you transferred from the Northrop Grumman Retirement Plan, you receive credit for vesting service under that plan as of your transfer date.

**Benefit Service**

Benefit service is used to determine the amount of your Plan benefit, and was credited once you became a participant in the Plan.

**For service from January 1, 1995 through July 23, 2000:** While you were covered by the Plan, you earned one hour of benefit service (or “benefit hour”) for each hour that you were paid (or entitled to be paid) by Northrop Grumman, including hours of vacation, holidays, sick leave, jury duty, or a period of layoff. You may also have accrued benefit service during certain leaves of absence, such as military leave. You earned months of benefit service depending on the number of benefit hours you earned in a calendar year, as shown in the table below.

<table>
<thead>
<tr>
<th>Benefit hours earned in a calendar year (partial hours are rounded up effective January 1, 2001)</th>
<th>Months of benefit service earned in a calendar year</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-79</td>
<td>0</td>
</tr>
<tr>
<td>80-239</td>
<td>1</td>
</tr>
<tr>
<td>240-399</td>
<td>2</td>
</tr>
<tr>
<td>400-559</td>
<td>3</td>
</tr>
<tr>
<td>560-719</td>
<td>4</td>
</tr>
<tr>
<td>720-879</td>
<td>5</td>
</tr>
<tr>
<td>880-1,040</td>
<td>6</td>
</tr>
<tr>
<td>1,041-1,213</td>
<td>7</td>
</tr>
<tr>
<td>1,214-1,386</td>
<td>8</td>
</tr>
<tr>
<td>1,387-1,560</td>
<td>9</td>
</tr>
<tr>
<td>1,561-1,733</td>
<td>10</td>
</tr>
<tr>
<td>1,734-1,906</td>
<td>11</td>
</tr>
<tr>
<td>1,907 and over</td>
<td>12</td>
</tr>
</tbody>
</table>

You earned one full year of benefit service when credited with at least 1,907 hours in a calendar year. You cannot receive more than one year of benefit service in a single calendar year.

No benefit service is earned under the Plan after July 23, 2000, or, if earlier, beyond the date of death, voluntary termination, discharge, divestiture of a business unit, or transfer to a nonparticipating entity or to a joint venture that is not part of the Company. If you need help determining if your business unit is part of the Company, call the HIBC.

*For information on how to calculate benefit service prior to January 1, 1995, call the HIBC.*
Early Retirement Eligibility Service

Early retirement eligibility service (also referred to as points service) is used to determine your eligibility for the early retirement benefits offered under the Plan. Early retirement eligibility service is generally equal to your vesting service under the Plan as of July 23, 2000. After July 23, 2000, early retirement eligibility service is credited based on the rules of the plan into which you transferred.

Determining Your Early Retirement Reduction

Prior to January 1, 2004, points service was used to determine your early retirement reduction. It was also used to determine your eligibility for early retirement if you were laid off prior to early retirement age (see “Early Retirement” for details). Points service is equal to:

- Benefit service credited under the Northrop Grumman Retirement Plan
- Benefit (credited) service credited under the Commercial Aircraft Division Hourly Retirement Plan after 1995
- Credited service under the Northrop Grumman Commercial Aircraft Division Protective Services Retirement Plan after 1995
- Benefit service credited under the Grumman Pension Plan after 1994 and membership service prior to 1995
- Benefit service credited under the Northrop Grumman Retirement Plan — Rolling Meadows Site beginning in 1989, and vesting service from December 20, 1996 through December 31, 1988
- Continuous service credited under the Norwood Plan
- Vesting service under the Northrop Grumman Electronic Sensors & Systems Divisions Pension Plan
  — All service for Westinghouse Acquisition employees is included
  — Service beginning March 1, 1996, and later is included for all other participants
- Vesting service while a covered employee under the Georgia Production Site Retirement and Savings Plan after 1988.

You can earn only one year of points service in any calendar year.

Beginning January 1, 2004, early retirement factor service is used to determine your early retirement reduction. Early retirement factor service is equal to your points service as of December 31, 2003, plus your vesting service under the Cash Balance Program on and after January 1, 2004. See the Cash Balance Program SPD for details.

Breaks in Service

A break in service is a period during which you received credit for less than 501 hours of vesting service in a calendar year (except for certain periods away from work, as described under “Vesting and Vesting Service”). If you experienced five consecutive break-in-service years before you were vested:

- You forfeited your previous vesting and benefit service under the Plan,
- You forfeited your benefit under the Plan, and
- You were treated as a new hire upon subsequent rehire.

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

Final Average Earnings
For pension purposes, your final average earnings (FAE) is:

- **If you terminate on or after January 1, 2006:** The average of your three highest-paid years during which you were an eligible employee of the Company after 1996
- **If you terminated prior to January 1, 2006:** The average of your three highest-paid years during the last ten consecutive years in which you were an eligible employee.

Effective January 1, 1995 to July 23, 2000 (or through December 31, 2003 if you transferred to another plan in the Northrop Grumman Pension Plan), your compensation for each year prior to the year in which you terminate employment includes:

- Your annualized base rate of pay as of December 31, plus
- Any other pension-eligible compensation, such as bonuses, commissions, overtime, and other specified items paid during the year.

Years prior to 1995, as well partial years of compensation, are considered when determining FAE.

The following are not included when determining your FAE:

- Years in which you receive no compensation
- Years in which you are not eligible to participate in the Plan.

For the definition of compensation prior to 1995, please call the HIBC at 1-877-216-3222.

After July 23, 2000, compensation is defined by the plan into which you transferred.

<table>
<thead>
<tr>
<th>What Is Pension-Eligible Compensation?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior to July 23, 2000, the definition of pension-eligible compensation for FAE purposes includes the following annual amounts:</td>
</tr>
<tr>
<td>- Base pay and shift differentials</td>
</tr>
<tr>
<td>- Performance-related bonuses and commissions</td>
</tr>
<tr>
<td>- Retention bonus</td>
</tr>
<tr>
<td>- Vacation and holiday pay</td>
</tr>
<tr>
<td>- Overtime</td>
</tr>
<tr>
<td>- Overseas allowance.</td>
</tr>
</tbody>
</table>

The following items are not included in pension-eligible compensation:
- Signing bonus
- Relocation allowance
- Termination bonuses or severance payments
- Amounts received as taxable cash upon waiving medical and/or dental coverage through the Company.

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

### Compensation in Your Year of Termination

How compensation is determined in the year of termination depends on when your employment ends, as described in the table below.

<table>
<thead>
<tr>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Compensation in your year of termination is equal to:</td>
<td>Compensation in your year of termination is equal to:</td>
<td>Compensation in your year of termination is equal to:</td>
<td></td>
</tr>
<tr>
<td>- Your annual base rate of pay at the end of the calendar month prior to your termination date, <strong>plus</strong></td>
<td>- If you terminate before December 31 — Your annual base rate of pay at the end of the calendar month prior to your termination date</td>
<td>- If you terminate before December 31 — Your annual base rate of pay at the end of the calendar month prior to your termination date, <strong>plus</strong></td>
<td></td>
</tr>
<tr>
<td>- Any other pension-eligible compensation that is both received during the year in which you terminate and before the end of the first calendar month following the month of termination</td>
<td>- If you terminate on December 31 — Your annual base rate of pay at the end of the calendar month prior to your termination date, <strong>plus</strong></td>
<td>- Any other pension-eligible compensation received during the year prior to the year of termination</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Any other pension-eligible compensation received during the year of termination</td>
<td>- If you terminate on December 31 — Your annual base rate of pay at the end of the calendar month prior to your termination date, <strong>plus</strong></td>
<td></td>
</tr>
</tbody>
</table>

* If you transferred to another plan in the Northrop Grumman Pension Plan. Otherwise, compensation in the year of termination after July 23, 2000 is defined by the plan into which you transferred.

If you transferred to another Northrop Grumman plan on July 23, 2000, your post-transfer compensation will count toward your benefit in this Plan. See the SPD for the plan you transferred into for the definition of compensation after July 23, 2000.

Compensation after your year of termination is equal to any residual pension-eligible earnings paid after the end of the year in which your employment ended.
Freeze on Compensation Earned at AMSEC LLC
If you voluntarily transfer to AMSEC LLC ("AMSEC") on or after February 1, 2008, compensation earned at AMSEC will not be taken into account for purposes of determining FAE for your benefit under the Plan.

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

Freeze on Compensation Earned After Rehire
If you terminate employment and are rehired on or after January 1, 2009, compensation earned on and after your rehire date will not be taken into account for purposes of determining FAE for your benefit upon retirement.

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

Offsets

Offset for Hourly Plan Benefits
If you transferred from the Northrop Grumman Commercial Aircraft Division (CAD) Hourly Retirement Plan or the Northrop Grumman Commercial Aircraft Division (CAD) Protective Services Retirement Plan (the "Hourly Plans") prior to January 1, 1995, your benefit under this Plan will be calculated based on your benefit service before 1995 in both this Plan and the Hourly Plans. Your total pre-1995 benefit under this Plan is then reduced by the amount of your benefit under the Hourly Plans.

Offsets for Annuity Contracts
Your monthly benefit will also be reduced by the monthly income payable to you from the annuity purchased on your behalf from:

- Temco
- Connecticut General
- Metropolitan.

Non-Duplication of Benefits
You may participate in (meaning contribute to or accrue a benefit under) only one Huntington Ingalls Industries pension plan at any given time. If you are eligible to participate in two plans (for example, as a result of an acquisition), you will be covered by the plan specified by your payroll.
Suspension of Benefits Upon Re-employment

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

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

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

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

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

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

Once you decide on your retirement date, call the HIBC at 1-877-216-3222 or log in to HII Benefits Connect at http://hiibenefits.com to begin the retirement process. In general, you must provide notice of your intent to retire and request your retirement kit at least two months prior to the date you want your retirement to begin (which can be the first day of any month). For example, if you want to begin your retirement on June 1, 2014, you must request your retirement kit by April 1, 2014.

This applies to all types of retirement commencements, including early, normal, and postponed retirement. The notice requirement is waived in cases where a Company-organized layoff specified the applicable retirement date.

As a participant in the Plan, it is your responsibility (or your surviving spouse’s responsibility, if applicable) to request your retirement kit and start the retirement process. Your retirement date is the date you want to begin your pension benefit payments. Failure to call the HIBC or apply for retirement online through HII Benefits Connect at http://hiibenefits.com as described in this section may result in a delay in payment or even a forfeiture of benefits.

Please be prepared to provide the following information when you apply for retirement:

- Your name and home address
- Your telephone numbers (work and home)
- Your Social Security number
- Your current marital status
- Your spouse’s name, Social Security number, and date of birth (if you are married)
- Your anticipated last day of work with the Company
- Your benefit commencement date (the date that you would like payments to begin)
- Your beneficiary information
  - If you would like to designate someone other than your spouse as a beneficiary, please provide the beneficiary’s name, date of birth, and Social Security number; you must also provide your spouse’s information even if you choose to have someone other than your spouse as a beneficiary*
  - If you are not married, you can name a beneficiary for some payment options.

* Written and notarized spousal consent is required if you elect a beneficiary other than your spouse.

To complete the retirement process, you will need to confirm your date of birth, your marital status, your beneficiary’s date of birth (if applicable), and any other information relevant to your retirement.

If you have a qualified domestic relations order (QDRO) that awards any part of your pension benefit to a former spouse, such order should be submitted to the HIBC well in advance of your retirement date in order to avoid a delay in processing your retirement. You may obtain a copy of the Plan’s procedures regarding QDROs free of charge by contacting the Domestic Relations Matters Group at 1-877-216-3222.
Normal Retirement

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

Normal Retirement Age for Your Benefit
Your normal retirement age for your benefit is age 65.

Benefit Amount for Normal Retirement
The annual normal retirement benefit amount is equal to the sum of:

1. 1.5% of your annual final average earnings
   multiplied by
   Years of benefit service as of December 31, 1994

   minus

   1.5% of your estimated Social Security benefit at the later of your benefit commencement date and age 62 (for a Normal Retirement calculation, your estimated Social Security benefit will be calculated as an age 65 benefit)
   multiplied by
   Years of benefit service as of December 31, 1994, up to 33.33 years

   PLUS

2. 1.6667% of your annual final average earnings
   multiplied by
   Years of benefit service after December 31, 1994 through July 23, 2000

   Note: The minimum benefit you can receive under the first part of the formula (#1) is equal to $120 multiplied by your benefit service as of December 31, 1994.

To determine your monthly benefit, divide your annual benefit by 12.

Minimum Benefit
Your minimum benefit is your accrued benefit under the Plan using the formula in #1 above as of December 31, 1995. Your total retirement benefit will never be less than your minimum benefit. For purposes of calculating your minimum benefit, your Social Security benefit, hourly plan rate, service and compensation were frozen as of December 31, 1995.

Maximum Benefit
The maximum annual benefit you can receive from all Huntington Ingalls Industries pension plans is generally limited to 50% of your final average earnings. This includes any benefits previously paid out or due to be paid in the future. Certain accrued benefits are not counted in determining if your retirement benefit exceeds the 50% maximum. See the Appendix for details.
Normal Retirement Benefit Examples

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

Example A — Normal Retirement Benefit

Let’s assume you retire at age 65 with 20 years of benefit service in this Plan (as of July 23, 2000). Also, assume your final average earnings is $45,000, your estimated annual Social Security benefit is $13,200 (or $1,100 per month), and your minimum benefit is $4,162.51.

Your normal retirement benefit is determined as follows:

1. 1.5% of your annual final average earnings of $45,000
   multiplied by
   14.4167 years of benefit service as of December 31, 1994

   minus

   1.5% of your estimated age 65 Social Security benefit of $13,200
   multiplied by
   14.4167 years of benefit service as of December 31, 1994
   = $6,876.76

   plus

2. 1.6667% of your annual final average earnings of $45,000
   multiplied by
   5.5833 years of benefit service after December 31, 1994
   = $4,187.56

   equals

   Your annual normal retirement benefit
   = $11,064.32

Since your calculated benefit under #1 + #2 is greater than your minimum benefit, your total annual accrued benefit is $11,064.32. To determine your monthly benefit, divide your annual benefit by 12.

Example B — Maximum Benefit

In the example above, the maximum annual pension benefit you can receive is 50% of $45,000, or $22,500 per year.
Early Retirement

Eligibility for Early Retirement

You are eligible for an early retirement benefit if you stop accruing service under the Plan at or after age 55 if you have at least 10 years of early retirement eligibility service.

Your early retirement date can be the first day of any month coincident with or following the date you become eligible, subject to the rules described in “Applying for Your Benefit.”

Special Layoff Rule

If you are laid off prior to meeting the early retirement eligibility requirements described above, you are eligible for an early retirement benefit at age 55 or later if you commence your benefit while on layoff status and you meet either of the following requirements:

- Your age on the first of the month coincident with or following the layoff date plus your years of points service (see “Early Retirement Eligibility Service” in the “Important Pension Concepts” section) on your layoff date equals or exceeds 75; or
- You are at least age 53 and you have 10 years of early retirement eligibility service (explained above) on your layoff date.

Benefit Amount for Early Retirement

If you elect to begin receiving your benefit before age 65 and have terminated after meeting the early retirement eligibility requirements described above, your early retirement benefit is determined as a normal retirement benefit and then is reduced to a percentage of that amount as shown in the table below.* The early retirement benefit that you are eligible to receive is based on your age on your benefit commencement date or your points (age + years of early retirement factor service) on your commencement date, whichever gives you the higher benefit.

<table>
<thead>
<tr>
<th>Your age when payments begin or your number of points</th>
<th>Percentage of your normal retirement benefit that you receive</th>
</tr>
</thead>
<tbody>
<tr>
<td>65 years old or 85 points</td>
<td>100%</td>
</tr>
<tr>
<td>64 years old or 84 points</td>
<td>97.5%</td>
</tr>
<tr>
<td>63 years old or 83 points</td>
<td>95.0%</td>
</tr>
<tr>
<td>62 years old or 82 points</td>
<td>92.5%</td>
</tr>
<tr>
<td>61 years old or 81 points</td>
<td>90.0%</td>
</tr>
<tr>
<td>60 years old or 80 points</td>
<td>87.5%</td>
</tr>
<tr>
<td>59 years old or 79 points</td>
<td>85.0%</td>
</tr>
<tr>
<td>58 years old or 78 points</td>
<td>82.5%</td>
</tr>
<tr>
<td>57 years old or 77 points</td>
<td>80.0%</td>
</tr>
<tr>
<td>56 years old or 76 points</td>
<td>77.5%</td>
</tr>
<tr>
<td>55 years old or 75 points</td>
<td>75.0%</td>
</tr>
</tbody>
</table>

* If your early retirement benefit is based on the minimum benefit as defined in the previous section under “Normal Retirement,” different early retirement reduction factors apply. Call the HIBC if this applies to you.
Early Retirement Social Security Supplement on the Pre-1995 Benefit

If you begin receiving your benefit before you are age 62 and you have attained 85 points, you receive an additional benefit — called the Social Security supplement — on your pre-1995 benefit, payable through the month in which you reach age 62. The amount of this Social Security supplement is calculated as follows:

- 1.5% of your estimated Social Security benefit calculated at age 62

multiplied by

- Years of benefit service as of December 31, 1994, up to 33.33 years

If the benefit payable to you is your minimum benefit accrued benefit under the Plan as of December 31, 1995, then the amount of the Social Security supplement is calculated under a different formula:

- 1.5% of your estimated age 62 Social Security benefit calculated as of December 31, 1995

multiplied by

- Years of benefit service as of December 31, 1995, up to 33.33 years

The Social Security supplement is subject to the early retirement and optional payment form reductions as your early retirement benefit.

Early Retirement Benefit Examples

See the examples that follow. Although these illustrations use full years of age and service, your retirement benefit will be based on your actual years and months of age and service at the time of your retirement. Your points will be determined using your age as of your benefit commencement date. These examples are based on the “straight life annuity” form of payment.

Example A — Determining Your Early Retirement Reduction

If you are age 60 and have 83 points, you will receive 95% of your normal retirement benefit, because your points give you the greater benefit as shown below.

- 83 points = 95.0% of your normal retirement benefit
- Age 60 = 87.5% of your normal retirement benefit

Example B — Calculating Your Early Retirement Benefit

Let’s assume you retire at age 60 with 20 years of benefits service and 80 points in this Plan (as of July 23, 2000). Also assume your final average earnings is $45,000, your estimated annual age 62 Social Security benefit is $13,200, and your minimum benefit is $4,162.51. Your early retirement benefit is determined as follows:
1. **Determine your normal retirement benefit**

- 1.5% of your annual final average earnings of $45,000 multiplied by
  14.4167 years of benefit service as of December 31, 1994

  minus

- 1.5% of your estimated age 62 Social Security benefit of $13,200 multiplied by
  14.4167 years of benefit service as of December 31, 1994 = $6,876.76

  plus

- 1.6667% of your annual final average earnings of $45,000 multiplied by
  5.5833 years of benefit service after December 31, 1994 = $4,187.56

equals

Your annual normal retirement benefit = $11,064.32

2. **Calculate your early retirement benefit**

- $11,064.32 X 87.5% (early retirement reduction) = $9,681.28

To determine your monthly benefit, divide your annual benefit by 12. Since you did not have 85 points at retirement, you are not eligible for the Early Retirement Social Security Supplement.

**Example C — Early Retirement with the Early Retirement Social Security Supplement**

Use the same assumptions as the above example, but assume that you have 85 points at termination.

1. **Determine your normal retirement benefit**

- 1.5% of your annual final average earnings of $45,000 multiplied by
  14.4167 years of benefit service as of December 31, 1994

  minus

- 1.5% of your estimated age 62 Social Security benefit of $13,200 multiplied by
  14.4167 years of benefit service as of December 31, 1994 = $6,876.76

  plus

- 1.6667% of your annual final average earnings of $45,000 multiplied by
5.5833 years of benefit service after December 31, 1994 = $4,187.56

equals

Your annual normal retirement benefit = $11,064.32

2. **Calculate your early retirement benefit**

- $11,064.32 X 100.0% (early retirement reduction) = $11,064.32

3. **Calculate your early retirement Social Security supplement**

- 1.5% of your estimated age 62 Social Security benefit of $13,200 multiplied by 14.4167 years of benefit service as of December 31, 1994 = $2,854.51

Your total annual benefit payable from age 60 to 62 is $11,064.32 + $2,854.51 = $13,918.83. After age 62, your benefit will reduce by $2,754.51 to $11,064.32. To determine your monthly benefit, divide your annual benefit by 12.
Deferred Vested Benefits

Eligibility for Deferred Vested Benefits

You are eligible to receive a deferred vested benefit if you terminate employment with a vested benefit before normal retirement age and do not meet the eligibility requirements for early retirement at that time. If you have less than 10 years of vesting service, you can begin receiving your deferred vested benefit when you reach normal retirement age (age 65). Your benefit will be calculated as a normal retirement benefit.

You may begin receiving your deferred vested benefit in a reduced amount as early as age 55 if you have at least 10 years of vesting service (see the table below for reduction amounts).

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

Benefit Amount for Deferred Vested Benefits

Depending on when you elect to have your benefit payments begin, your benefit will be calculated as follows:

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

<table>
<thead>
<tr>
<th>Age on benefit commencement date</th>
<th>Percentage of your normal retirement benefit you will receive</th>
</tr>
</thead>
<tbody>
<tr>
<td>65</td>
<td>100%</td>
</tr>
<tr>
<td>64</td>
<td>92%</td>
</tr>
<tr>
<td>63</td>
<td>85%</td>
</tr>
<tr>
<td>62</td>
<td>78%</td>
</tr>
<tr>
<td>61</td>
<td>72%</td>
</tr>
<tr>
<td>60</td>
<td>67%</td>
</tr>
<tr>
<td>59</td>
<td>62%</td>
</tr>
<tr>
<td>58</td>
<td>57%</td>
</tr>
<tr>
<td>57</td>
<td>53%</td>
</tr>
<tr>
<td>56</td>
<td>49%</td>
</tr>
<tr>
<td>55</td>
<td>46%</td>
</tr>
</tbody>
</table>

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

Deferred Vested Benefit Examples

See the examples that follow. Although these illustrations use full years of age and service, your retirement benefit will be based on your actual years and months of age and service at the time of your retirement. These examples are based on the "straight life annuity" form of payment.
Example A — Deferred Vested Normal Retirement Benefit
Let’s assume you elect to begin payments at age 65. Also assume your Plan monthly normal retirement benefit is $1,124.90. The Plan deferred vested benefit you receive at age 65 is unreduced, as shown below:

- $1,124.90 X 100% (deferred vested reduction) = $1,124.90

Example B — Deferred Vested Early Retirement Benefit
Let’s assume you elect to begin payments at age 60. Also assume your Plan monthly normal retirement benefit is $1,124.90. Your Plan deferred vested benefit is determined as follows:

- $1,124.90 X 67% (deferred vested reduction) = $753.68
Disability Retirement Benefits

If you are disabled, you are eligible for an early retirement benefit if you meet all of the following criteria:

- You are vested in your Company-provided benefit at the time of your termination,
- You reach the service requirement for early retirement at the time of your termination and you reach the age requirement on or prior to your benefit commencement date,
- You terminate employment with the Company while on a Company-provided disability benefit, and
- You remain on Company-provided disability benefits until the month prior to the month you commence benefits under this Plan.

**Benefit Amount**

Your monthly disability benefit will be equal to your normal retirement benefit, reduced for early retirement as applicable.

Call the HIBC if you have questions about the offsets that may result to your Company-provided disability benefit if you commence an early retirement pension benefit.

**Commencement Date**

After your termination of employment, you may begin receiving a disability retirement benefit on the first day of the month following the date you meet the eligibility requirements described above.
If You Die Before Benefit Payments Begin

Married Participants

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

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

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

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

Pre-retirement Death Benefit

If you die before your benefit payments are scheduled to begin, your spouse’s benefit is equal to one-half the amount that would have been paid to you under this Plan had you elected the 50% joint and survivor annuity form of payment. The amount of the benefit paid to your spouse will be based on your age at the time your spouse chooses to commence the benefit and will be reduced, as applicable, for early retirement.

However, if you elect a 75% or 100% joint and survivor annuity form of payment within 90 days before your benefit payments begin, and then you die before your benefit payments begin, your spouse will receive the greater of your elected form of payment and your pre-retirement joint and survivor annuity. (Note: You must have elected your spouse as your beneficiary before your death.)

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

Benefit Commencement Date

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

- The first day of the month following your death, or
- The first day of the month in which you would have been eligible for early retirement.

Benefit payments must begin by December 31 of the later of the year in which you die or the year in which you would have reached age 70½.

Unmarried Participants

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

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

Spousal Consent

If you are married when you retire, written and notarized spousal consent is required if you elect any option other than the 50%, 75%, or 100% Joint and Survivor Option with your spouse designated as the beneficiary.

Forms of Payment

- **Straight Life Annuity** — You receive monthly payments for your lifetime. When you die, the Plan does not pay benefits to anyone else. If you are married when you retire, your spouse must provide written, notarized consent to this form of distribution. If you are single when you retire, your benefit normally will be paid as a straight life annuity, unless you elect one of the other forms of payment for which you qualify.

- **Joint and Survivor Annuity (50%, 75%, or 100%)** — You receive a monthly benefit for your lifetime. When you die, your spouse or other named beneficiary receives a monthly payment equal to 50%, 75%, or 100% of your monthly benefit (whichever you selected) for the rest of his or her lifetime. The monthly benefit you receive during your lifetime is smaller than the monthly benefit you would receive under the straight life annuity option, because benefits are paid over the joint lifetimes of you and your beneficiary. If your beneficiary dies before you but after your benefit payments are scheduled to begin, the Plan pays benefits for your lifetime only.

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

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

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

- **Level Income Annuity** *(effective for benefit commencements on or after April 1, 2008)* — You receive a greater monthly payment for the months before you reach age 62, the Social Security early retirement age. At age 62, your monthly payment amount is reduced by an estimate of your age 62 Social Security benefit. If you commence your Social Security benefit at age 62 and it is approximately equal to the reduction provided in your retirement benefit calculation, this option enables your income to “level out” pre-
post-age 62. If you are married when you retire, your spouse must provide written, notarized consent to this form of distribution.

Here is how your benefit would be calculated:

- **Your pre-62 monthly benefit**
  
esults
  
  Your benefit calculated under the straight life annuity form of payment (reduced, as applicable, for early retirement)
  
  plus

  Your estimated Social Security benefit
  multiplied by
  A Level Income annuity factor based on your age

- **Your post-62 monthly benefit**
  
esults
  
  Your pre-62 monthly benefit
  minus
  Your estimated Social Security benefit

Your first post-62 benefit payment will take place on the first of the month coincident with or following your 62nd birthday. You will not be offered this option if the monthly post-62 benefit using an estimated Social Security benefit is $25 or less.

**Example** — Assume you retire at age 60 with a straight life annuity benefit of $1,000 per month, and the Level Income annuity factor is 0.85. Further, assume the Plan estimate of your age 62 Social Security benefit is $500 and your actual age 62 Social Security payment is $550.

Your retirement benefit calculation will show Plan payments for a level income option as follows:

- **Pre-62 monthly benefit from the Plan**
  Straight life annuity of $1,000
  plus
  $500 x 0.85 = $1,425

- **Post-62 monthly benefit from the Plan**
  $1,425 - $500 = $925

If you elect this option and commence your actual Social Security benefit at age 62, your total monthly income will be as follows:

- **Pre-62 monthly benefit from the Plan** = $1,425
Post-62 total monthly benefit

Post-62 monthly benefit of $925

plus

Your actual Social Security benefit of $550 = $1,475

As a result, your pre- and post-62 income remains approximately level.

Note: The age at which you may begin your Social Security benefits depends on the year of your birth. Be sure to confirm your eligible start date with the Social Security Administration. Social Security benefits that start before age 65 are reduced, because payments are made over a longer period of time. Your actual Social Security benefit may be more or less than the estimate used to determine your Plan benefit under the level income option. However, your level income payments will not be adjusted if that is the case.

If you are eligible and choose to receive a level income annuity benefit under other components of the Northrop Grumman Pension Plan (effective March 31, 2011, the Huntington Ingalls Industries Pension Plan), and are not eligible for the level income option under this Plan because the amount of your remaining benefit under this Plan is less than your estimated Social Security benefit or $25, whichever is greater, then the Plan may use a prorated amount of your Social Security benefit rather than your full estimated Social Security benefit in calculating your level income annuity payment. Call the HIBC for details.

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

If you die before 120 payments have been made, the remainder of the 120 payments will be paid to your designated beneficiary. If your beneficiary dies after you but before 120 payments have been made, the remainder of the 120 payments will be paid to your beneficiary’s estate in a lump sum. If your beneficiary predeceases you before the 120 payments have been made, you may designate another beneficiary, provided you obtain your spouse’s written, notarized consent, if applicable. You may designate your estate or a trust as your designated beneficiary for this payment option. If you are married when you retire, your spouse must provide written, notarized consent to this form of distribution.

Straight Life and Annual Increase (available for benefit commencements before January 1, 2011) — During your first year of retirement, you receive a reduced monthly benefit. On each anniversary of your benefit commencement date, your payment is increased by 3% of your prior year’s benefit. This option provides an increasing monthly benefit for the rest of your life, with no payments made after your death. For example, if your benefit amount during the first year is $1,000 per month, your monthly benefit amount increases each year, until your death, as follows:

— First year: $1,000/month
— Second year: $1,030/month
— Third year: $1,061/month
— Fourth year: $1,093/month
If you are married when you retire, your spouse must provide written, notarized consent to this form of distribution.

- **Joint and Spousal Survivor and Annual Increase** *(available for benefit commencements before January 1, 2011)* — You receive a reduced monthly benefit for your lifetime, and your spouse receives a monthly benefit after your death. When you elect this option, your pension is reduced more than it would be if you elected only the joint and survivor annuity to account for the fact that on each anniversary of your benefit commencement date, your payment is increased by 3% of your prior year’s benefit.

In the event of your death, you can elect to have your spouse receive 50%, 75%, or 100% of the amount that you would have received had you elected only the joint and survivor annuity (without the annual increase). The annual 3% benefit increase does not apply to your spouse’s benefit.

- **Joint and Survivor with Level Income** *(available for benefit commencements before January 1, 2011)* — This option takes into account your estimated Social Security benefit in order to provide you with a level payment when you reach Social Security age and provides a percentage of your benefit (calculated without taking into account the level income option) to your beneficiary after your death. You can elect to have your beneficiary receive 50%, 75%, or 100% of the amount that you would receive if you elected only the joint and survivor annuity (without the level income feature).

For example, you might elect this option when you are age 58, and choose a 50% joint and survivor benefit to be paid to your spouse. If you die at age 60, your spouse will receive 50% of the amount that you would have received if you had elected a 50% joint and survivor annuity without a level income feature (not 50% of the amount that you were receiving at the time of your death).

You will not be offered this option if the monthly post-62 benefit using an estimated Social Security benefit is $25 or less.

If you are married when you retire and you choose this form of payment with a beneficiary other than your spouse, your spouse must provide written, notarized consent. If you elect a beneficiary other than your spouse, certain IRS rules may limit the level of the survivor benefit and may also prevent the election of a joint annuitant who is significantly younger than you for joint and survivor annuity options other than the 50% option. Please contact the HIBC for more information.

- **Lump Sum** — If the present value of your accrued benefit is equal to or less than $7,500, you can elect to receive your benefit as a lump sum. Trailing pay and other data included in your benefit calculation after your benefit commencement date will not impact your eligibility to elect a lump sum, even if it increases your annual benefit to be more than $7,500.

Electing a lump sum payment means you are electing to receive, in a single payment, the actuarial present value of the straight life annuity benefit — there will be no further payments from the Plan.

If you are married when you retire, your spouse must provide written, notarized consent to this form of distribution. The lump sum amount will depend on your age at retirement,
the interest rate used, and a mortality table. For a list of the applicable interest rates, please access HII Benefits Connect at http://hiibenefits.com, or contact the HIBC.

If you elect the lump sum form of payment for your benefit, you must make a direct rollover to an IRA or to another qualified plan in order to defer income taxes on the payment. Any taxable amount not directly rolled over will have 20% automatically withheld for federal income taxes.
Tax Considerations

Maximum Benefits for Tax Purposes

Plan benefits are limited to an annual maximum by federal law. In addition, federal tax law limits the amount of compensation that may be used to calculate your benefits. Those limits may be raised in accordance with Internal Revenue Service (IRS) regulations.

When You Pay Taxes

Generally, when you receive your monthly retirement benefit payments, you are subject to federal income tax and, in some states, state and local income tax.

If you receive a lump sum payment of your benefit before you have reached age 55, the payment may be subject to a 10% penalty tax in addition to the federal — and, if applicable, state and local — tax. You can delay paying taxes on your lump sum distribution — and avoid the additional 10% tax — by rolling over your lump sum payment to an individual retirement account (IRA) or another employer’s retirement plan within 60 days of your lump sum payment date.

The additional 10% tax does not apply in the following situations:

- If your beneficiary receives a lump sum distribution as a result of your death
- If you receive a disability benefit in the form of a lump sum.
General Plan Information

Your benefits belong to you and, except in the case of a qualified domestic relations order (QDRO), Internal Revenue Service (IRS) levy, or garnishment orders under the Federal Debt Collection Procedures Act or the Mandatory Victims Restitution Act, may not be sold, assigned, transferred, pledged, or garnished. See “Payment of Benefits to Alternate Payees” for details about QDROs.

Facility of Payment

If you (or your beneficiary) are unable to manage your own affairs, any payments due may be paid to someone who is legally authorized to conduct your affairs, or deposited in your bank account or directly or indirectly paid for your comfort, support, and maintenance.

Payment of Benefits to Alternate Payees

The Employee Retirement Income Security Act (ERISA) requires the Plan Administrator to obey qualified domestic relations orders (QDROs). A QDRO is a legal judgment, decree, or order that recognizes the rights of someone other than the Plan participant (namely, an alternate payee) under the Plan with respect to child or other dependent support, alimony, or marital property rights.

If you become legally separated or divorced, a portion of your benefits under the Plan may be assigned to someone else to satisfy a legal obligation you may have to a spouse, former spouse, child, or other dependent. These payments may begin while you are still employed, but only after meeting the specific retirement eligibility requirements.

There are specific requirements that a QDRO must meet to be accepted by the Plan Administrator. In addition, there are specific procedures regarding the amount and timing of payments.

The HII Domestic Relations Matters Group administers QDROs. If you are or may be subject to such an order, call the HII Domestic Relations Matters Group at 1-877-216-3222 to request a copy of the Plan’s QDRO procedures and a model QDRO for your use. Issues pertaining to the qualified status of a domestic relations order may be pursued in federal court.

Top Heavy Rules

Certain tax rules — called “top heavy” rules — apply if a large percentage of the Plan’s benefits accrue in favor of key employees, as key employees are defined by the Internal Revenue Code. The Plan Administrator will notify you if your benefits are affected by top heavy rules.

Loss of Benefits

Certain circumstances result in a loss or delay of benefits, such as, among others, those described below:
If you terminate employment with the Company before becoming vested, you receive no Company-funded benefits from the Plan.

If you move and do not notify the HIBC of your new address, you will not receive benefits until you contact the Plan Administrator. If you fail to notify the Plan Administrator of your new address and you cannot be located, in some cases you may forfeit your benefit. However, your benefit will be reinstated if you provide your new address to the Plan Administrator.

Failure to notify the HIBC in a timely manner before your retirement date (as described in the "Applying for Your Benefit" section) may result in a delay in payment or even a forfeiture of benefits.

If the Plan is terminated before you retire, you are unable to earn benefits after the date of Plan termination. If there are not enough funds to pay all benefits at termination, the Pension Benefit Guaranty Corporation (PBGC) guarantees all or a portion of the benefit you earned before the Plan terminated.

If you die before commencing benefit payments under the Plan, any Company-funded benefits you had earned will be forfeited unless it is payable to a qualifying spouse.

Your ERISA Rights

In 1974, Congress passed the Employee Retirement Income Security Act (ERISA) to safeguard the interests of participants and beneficiaries under employee benefit plans. As a participant of the Plan, you have certain rights and protections under ERISA, as outlined in the following statement adapted from regulations of the U.S. Department of Labor.

As a Plan participant, under ERISA you have the right to receive information about your Plan and benefits:

- Examine without charge, at the Plan Administrator’s office or other convenient location, all documents governing the Plan, including Plan documents, trust agreements, and a copy of the latest annual report filed by the Plan with the U.S. Department of Labor.
- Obtain copies of all Plan documents and other documents governing the operation of the Plan, including copies of the latest annual report and updated SPD, by writing to the Plan Administrator. The Plan Administrator may charge a reasonable fee for the copies.
- Receive a summary of the Plan’s annual financial reports. You do not have to ask for your copy of the summary — the Plan Administrator sends it to you each year.
- Receive a written explanation of the reason for denial, if your claim for a pension benefit is denied by the Plan Administrator, in whole or in part, and obtain copies of documents relating to the decision without charge. As explained later, you have the right to have the Plan Administrator review and reconsider your claim within certain time schedules.
- Obtain a statement telling you if you have a right to receive a pension at normal retirement age and if so, what your estimated benefits would be at normal retirement age if you stop working under the Plan now. If you do not have a right to a pension, the statement will tell you how many more years you have to work to get a right to a pension. This statement must be requested in writing and is not required to be given more than once every 12 months. The Plan Administrator must provide the statement free of charge.

Prudent Actions by Plan Fiduciaries

In addition to creating rights for Plan participants, ERISA imposes duties on the Plan fiduciaries, the people responsible for operating the Plan. At the Company, Plan fiduciaries...
may include employees who make certain discretionary decisions about the management or administration of the Plan. Fiduciaries also may include outside investment advisors and trustees.

Fiduciaries have a duty to operate the Plan prudently and in the interest of you and other Plan participants and beneficiaries. Fiduciaries who violate ERISA may be removed and/or required to make good on losses that they caused the Plan.

No one, including the Company or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a benefit or exercising your rights under ERISA.

**Enforcing Your ERISA Rights**

Under ERISA, there are several steps you can take to enforce your rights. For instance, if you request Plan documents or the latest annual report from the Plan and you do not receive them within 30 days, you may file suit in federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to $110 a day until you receive them, unless the materials were not sent for a reason beyond the control of the Plan Administrator or the Plan Administrator otherwise had a reasonable basis for not providing them.

If you have a claim for benefits that is denied or ignored, in whole or in part, and you have been through all of the Plan’s appeals procedures (as explained later in this SPD), then you may file suit in a state or federal court. In addition, if you disagree with the Plan’s decision (or lack of decision) concerning the qualified status of a domestic relations order, you may file suit in a federal court.

If a fiduciary misuses 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.

In addition to deciding what damages, if any, should be awarded, the court will decide who should pay the court costs and legal fees. If you are successful, the court may order the person you sued to pay them. If you lose, the court may order you to pay these costs and fees (for example, if it finds your claim to be frivolous).

**Assistance with Your Questions**

If you have any questions about the Plan, you should call the HIBC at 1-877-216-3222 between the hours of 9:00 a.m. and 6:00 p.m. Eastern time. If you have any questions about your rights under ERISA or about this statement outlining your rights, or if you need assistance in obtaining documentation from the Plan Administrator, you should contact the nearest regional office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory. You also may contact the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, DC 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration at 1-866-444-3272.
Discretionary Authority of Plan Administrator

The Plan Administrator or its delegate shall have full and sole discretionary authority to interpret all Plan documents and to make all interpretive and factual determinations as to whether any individual is entitled to receive any benefit under the terms of this Plan. The Plan Administrator or its delegate shall determine, exercising its discretion, appropriate courses of action in light of the reason and purpose for which this Plan is established and maintained. Any construction of the terms of any Plan document and any determination of fact adopted by the Plan Administrator or its delegate shall be final and legally binding on all parties.

Incorrect Payment of Benefits

If the Plan Administrator or its delegates, in their full discretion, determine that the Plan made an incorrect payment of benefits, and that a correction is necessary or desirable under the law, the Plan may recover the amounts incorrectly paid either by requiring the payee to return the excess to the Plan, by reducing any future Plan payments to the payee, or by any other method deemed reasonable to the Plan Administrator or its delegates.

Claims and Appeals Processes

Claiming Benefits

If you believe you are entitled to benefits other than those provided to you, you may file notice claim for benefits with the Plan Administrator. To do so, you must send a written notice to the Plan Administrator at the following address:

Plan Administrator, HII Benefit Plans
Huntington Ingalls Industries, Inc.
4101 Washington Avenue
Newport News, VA 23607

You will receive notice of the Plan Administrator’s decision on your claim for benefits generally within 90 days after the Plan Administrator receives your claim. In special cases, the Plan Administrator may require an additional 90 days to consider your claim. In such case, you will receive, within the original 90-day time period, written notice of the need for additional time, the reasons the additional time is necessary, and the date the Plan Administrator expects to reach its decision.

If your claim for a benefit is denied, in whole or in part, you (or your beneficiary) will receive a written explanation of the reason for the denial from the Plan Administrator. This written notice will include:

- Specific reasons for the denial
- References to Plan provisions on which the denial is based
- A description of additional materials or information that are necessary
- Procedures for appealing the decision, including applicable time limits
- A statement of your right to bring a civil action under Section 502(a) of ERISA following a denial of your claim on appeal.

You or your authorized representative may review all documents related to any denial of benefits.
Appealing Claims Decisions
If you disagree with the Plan Administrator’s decision regarding your benefits claim, you have 65 days from the receipt of the original denial to request a review. This request must be made in writing and sent to the Plan Administrator at the following address:

Plan Administrator, HII Benefit Plans
Huntington Ingalls Industries, Inc.
4101 Washington Avenue
Newport News, VA 23607

Your request should state all the grounds on which your request for a review is based. You should state any facts, address any issues, and make any comments that support your request. Besides having the right to appeal, you or your authorized representative also has the right to examine, at locations and times convenient to the Plan Administrator, or to receive copies of, upon request and free of charge, any documents, records, or other information relevant to your claim.

The claim appeal will be reviewed by the Plan Administrator, and ordinarily you will be notified, in writing, of a decision within 60 days. In special cases, the Plan Administrator may require an additional 60 days to consider your appeal. You will be notified within the initial 60-day period if extra time is required and the reason the extra time is required.

You will receive written notification of the final decision, including, for an adverse decision:

- Specific reasons for the decision
- References to specific Plan provisions on which the decision is based
- A statement that you are entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, or other information relevant to your claim
- A statement of your right to bring a civil action under Section 502(a) of ERISA following a denial of your claim on appeal.

The final decision will be sent to you in writing, together with an explanation of how the decision was made. The decision of the Plan Administrator is final and conclusive.

If your claim appeal is denied, you may bring legal action in court provided you abide by certain time limitations. Specifically, you may not bring legal action against a party under the Plan after the later of:

- One year from the time the claim arises, or
- 90 days from the final disposition of the claim by the Plan Administrator.

In addition, the action must be filed before the time limit described above and any otherwise applicable statute of limitations expires, whichever comes first. For details on when a claim arises, see the Plan document.

Pension Benefit Guaranty Corporation (PBGC)

If the Plan is terminated, benefits under this Plan are insured by the Pension Benefit Guaranty Corporation (PBGC), a federal government agency. Generally the PBGC guarantees most vested normal age retirement benefits, early retirement benefits, and
certain survivors’ pensions. However, the PBGC does not guarantee all types of benefits under covered plans, and the amount of benefit protection is subject to certain limitations.

The PBGC guarantees vested benefits at the level in effect on the date of Plan termination. However, if the Plan was in effect for less than five years before it terminates, or if benefits were increased within the five years before Plan termination, not all of the Plan’s vested benefits or the benefit increase may be guaranteed. In addition, there is a ceiling on the amount of monthly benefit that the PBGC guarantees, which is adjusted annually.

You can receive more information on PBGC insurance protection and its limits from the PBGC directly at:

Office of Communication
Pension Benefit Guaranty Corporation
1200 K Street, N.W.
Washington, DC 20005-4026
202-326-4000

Funding and Plan Assets

The cost of the Plan is paid by the Company. All Company contributions are actuarially determined.

All assets of the Plan are held in a master trust. Plan assets are held for the exclusive benefit of the Plan participants. The assets of the master trust can become the property of the Company only after all Plan obligations have been satisfied. Contributions to the Plan may be returned to the Company if the Internal Revenue Service (IRS) fails to issue a favorable determination letter concerning the Plan, if the contributions were made in error, or if the IRS determines that the contributions are not deductible.

All reasonable and proper administrative expenses of the Plan, including counsel fees, may be paid from the Plan assets.

About this SPD and the Plan Documents

In accordance with the disclosure requirement of ERISA, this guide serves as a summary plan description (SPD) of the Northrop Grumman Commercial Aircraft Division Salaried Retirement Plan. As such, it is intended to provide you with a brief explanation of your pension plan. It is not an official Plan document, and neither the Plan documents nor this SPD constitutes an implied or expressed contract of employment. The actual terms of the Plan are contained in the Plan documents, which are available from the HIBC for a fee.

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

Future of the Plan

The Company or its delegates may amend, suspend, or terminate the Plan at any time by written resolution.
When Plan amendments are made that materially affect benefits, a summary of the changes will be communicated to affected Plan participants. If the Plan is terminated, Plan benefits will immediately become vested for affected participants.

Contact Information

The following chart contains contact information, provided in accordance with ERISA, which may be helpful to you. For more information on your ERISA rights, see “Your ERISA Rights” and “Enforcing Your ERISA Rights.”

| Plan Sponsor | Huntington Ingalls Industries, Inc.  
4101 Washington Avenue  
Newport News, VA 23607 |
<table>
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<td>90-0607005</td>
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<td>041</td>
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<td>Northrop Grumman Commercial Aircraft Division Salaried Retirement Plan, a sub-plan of the Huntington Ingalls Industries Pension Plan, which itself is a sub-plan of the Huntington Ingalls Industries Retirement Plan “B”</td>
</tr>
</tbody>
</table>
| Plan Administrator | Administrative Committee - Huntington Ingalls Industries Retirement Plan “B”  
Huntington Ingalls Industries, Inc.  
4101 Washington Avenue  
Newport News, VA 23607  
1-877-216-3222 |
| Agent for Service of Legal Process | Huntington Ingalls Industries, Inc.  
4101 Washington Avenue  
Newport News, VA 23607  
Attention: General Counsel |
| Plan Trustee | State Street Bank & Trust Company  
Master Trust Client Services  
One Enterprise Drive – W6C  
North Quincy, MA 02171 |
| Plan Year End | December 31 |
Appendix

Benefits Excluded from 50% Maximum Benefit

The maximum annual Part A benefit you can receive from all Huntington Ingalls Industries pension plans is generally limited to 50% of your final average earnings. This includes any benefits previously paid out or due to be paid in the future.

The 50% maximum benefit applies to participants who accrued a benefit under this Plan, the Northrop Grumman Retirement Plan, the Grumman Pension Plan, and the Rolling Meadows Plan, excluding the following benefits:

- Benefits accrued before January 1, 1989, under the Northrop Grumman Retirement Plan
  — Rolling Meadows Site (the “Rolling Meadows Plan”)
- Benefits accrued before the acquisition of Vought Aircraft Corporation on August 31, 1994, under:
  — This Plan if the participant was an employee for Northrop Grumman Corporation on August 31, 1994
  — The Northrop Grumman Retirement Plan, Rolling Meadows Plan, or Grumman Pension Plan if the participant was an employee of VAC Acquisition Corporation (or one of its 80%-owned subsidiaries) on August 31, 1994
  — This Plan prior to being employed with VAC Acquisition Corporation (or one of its 80%-owned subsidiaries) if the participant was an employee of:
    – VAC Acquisition Corporation (or one of its 80%-owned subsidiaries) on August 31, 1994
    – Northrop Grumman Corporation or Grumman Corporation prior to August 31, 1994, and
    – VAC Acquisition Corporation (or one of its 80%-owned subsidiaries) prior to being an employee of Northrop Grumman Corporation or Grumman Corporation
- Benefits accrued under the Hourly Rated Pension Plan of Northrop Grumman Corporation, Electronics System Division — Norwood Site
- Benefits accrued under the Wilcox Hourly Retirement Plan.