

AGREEMENT

&

**PENSION
AND
INSURANCE
AGREEMENT**

Between

**NORTHROP GRUMMAN CORPORATION
ELECTRONIC SYSTEMS SECTOR BWI SITE**

And

LOCAL 130

**INTERNATIONAL UNION OF ELECTRONIC,
ELECTRICAL, SALARIED, MACHINE AND
FURNITURE WORKERS / COMMUNICATIONS
WORKERS OF AMERICA (A.F.L. – C.I.O.,
C.L.C.)**

AUGUST 29, 2004

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WORKERS OF AMERICA (A.F.L. – C.I.O.,
C.L.C.) AND ITS LOCAL 130**

INTRODUCTION

AGREEMENT, entered into as of the 29th day of August, 2004 between NORTHROP GRUMMAN CORPORATION, ELECTRONIC SYSTEMS SECTOR, BWI SITE, hereinafter referred to as the "Company," and the INTERNATIONAL UNION OF ELECTRONIC, ELECTRICAL, SALARIED, MACHINE AND FURNITURE WORKERS / COMMUNICATIONS WORKERS OF AMERICA, A.F.L.-C.I.O.,C.L.C. (the "International") and its LOCAL 130 ("the Local"), which are collectively hereinafter referred to as the "Union."

SECTION I - RECOGNITION

A. The Company agrees to recognize the Union as the exclusive bargaining representative for the purposes of collective bargaining in respect to rates of pay, wages, hours of employment, or other conditions of employment, for employees in the following bargaining unit:

All production and model shop employees of the Company in the West Building of the Company's manufacturing facility at the Baltimore-Washington International Airport, Baltimore, Maryland, and production employees at the radar range, including group leaders, shop clerical employees, janitors and technicians, but excluding other technical employees, maintenance employees, all salaried office and office clerical employees, salaried time study clerks, clerical employees in the production planning department, guards, professional employees, and supervisors as defined in the Act.

B. Any units for which the International or any of its Locals shall be lawfully certified by the National Labor Relations Board as exclusive bargaining representative, shall upon assent in writing to this Agreement by such representative, be included in and covered, by this Agreement as of the date of certification, except that either party may withhold the application of those portions of this Agreement considered inapplicable to such units by giving written notice to the other party within thirty (30) days of such representative's assent.

SECTION II - COMMITTEE

A. The Union has designated a committee of six (6) as its representatives, and the Company has designated a committee of six (6) as its representatives, for purposes of collective bargaining. Either party may, at any time, change its representatives, provided that neither party will be represented by more than six representatives at any one time.

B. Payment for time spent in negotiating meetings in the plant during working hours by employee members of the Union negotiating committee shall be made in accordance with the provisions of Section XIV, Paragraph 8 of this Agreement.

C. Either the Local or the Company, or both, may have one additional representative present at meetings of the Negotiating Committee.

D. Sufficient copies of agreements reached shall be made available for distribution to all officers of the Local and Stewards of the Bargaining Unit. Additional copies for all members of the local shall be made available if requested by the Local.

E. The committee will meet to discuss rates of pay, working conditions and hours of work.

SECTION III - CONSIDERATION AND COOPERATION

Both parties enter into this Agreement in consideration of the mutual performance thereof in good faith. The intention of this Agreement is to establish harmonious relations between the Company and the Union and its membership and to promote the general welfare of the Company and the employees. The parties to this Agreement agree to cooperate in every reasonable way in carrying out the provisions hereof and to exchange such information with respect hereto as is mutually deemed essential for the furtherance of harmonious relations. The Union recognizes that it is the responsibility of the Company to maintain plant efficiency and agrees that Management shall have the freedom of action necessary to discharge its responsibility for the successful operation of the Company. This responsibility includes, among other things, the right to determine the number and location of its plants; the right to select those with whom it will do business; the right to determine the products to be manufactured and the production schedules; the right to determine the methods and means by which its operations are to be carried on; the right to direct the workforce; and the right to conduct its operations in a safe and effective manner, all subject only to the express limitations set forth in this Agreement.

SECTION IV - DISCRIMINATION

A. There will be no discrimination by the Company or its supervisory personnel against any employee because of membership or activities in the Union, nor will the Company tolerate such discrimination by any other employee.

B. The International agrees that neither it, nor its Local, nor their respective officers and members, nor persons employed directly or indirectly by it or its Local, will discriminate against any employee. The Union further agrees that there will be no solicitation of members, dues, or funds during the working hours of employees involved.

C. The Union and the Company reaffirm their intention that the provisions of this Agreement will continue to be applied without discrimination because of race, creed, color, sex, age, national origin, or disability, or because an employee is a disabled veteran or veteran of the Vietnam era, or because of citizenship status, except citizenship status which is otherwise required in order to comply with law, regulation or federal executive order, or required by Federal, State or Local government contract, or which the Attorney General of the United States determines to be essential for an employer to do business with an agency or department of the Federal, State, or Local government. The parties recognize and accept that any term of gender in this Agreement is intended to include and does include both feminine and masculine as appropriate.

SECTION V - STRIKES, STOPPAGES AND LOCKOUTS

A. Subject to the provisions of Section XIX hereof, the Union will not cause or officially sanction its members to cause or take part in any strike (including sit-downs, stay-ins, slow-downs, or any other stoppage of work) over any dispute during the life of this Agreement. This includes, without limitation, disputes which are within the proper scope of the grievance procedure provided in this Agreement (a) until such grievance procedure has been fully exhausted, and (b) thereafter except as provided in paragraph B. below. The Company will not lock out any employee, nor will the Company transfer work from any job because of a dispute which is within the proper scope of the grievance procedure provided herein, until such grievance procedure has been fully exhausted.

B. When the grievance procedure has been exhausted as provided for in Section XIV, the International may authorize a strike of the employees in the bargaining unit. Such a strike, when so authorized, shall not be a violation of this Section if all of the following conditions are satisfied: (a) if written notice that Management's reply at Step 3 of the grievance procedure is unsatisfactory, (b) if a written request to arbitrate such a grievance has been made under Section XIV-A and denied in writing, and (c) if written notice of the International Union's authorization to the Local to strike has been given to the Company not less than seven (7) days prior to the strike.

SECTION VI - AGENCY SHOP

A. Employees Who Are Union Members

All employees in any job in the bargaining unit covered by this Agreement who were members of the Union on August 29, 2004, shall as a condition of employment remain members of the Union in good standing insofar as the payment of an amount equal to periodic dues is concerned or if thereafter at any time such members resign, or otherwise fail to remain members of the Union in good standing insofar as the payment of an amount equal to periodic dues, uniformly required, is concerned, they shall as a condition of employment pay to the Union a service fee equivalent to the periodic dues required of members in good standing.

B. Employees Who Are Not Union Members

1. All employees (a) who are hired or rehired on or after August 29, 2004, in any job in the unit covered by this Agreement and (b) who are either returned to the active roll from layoff, disability or leave of absence, or are transferred into the unit covered by this Agreement, and at the time of such hire, rehire, return, or transfer are not already members of the Union, will be required as a condition of employment, beginning on the thirty-first (31st) day following their date of hire, rehire, return, or transfer, either to become and/or remain members of the Union in good standing insofar as the payment of an amount equal to periodic dues and initiation fees, uniformly required, is concerned, or in lieu of such membership, pay to the Union a service fee equivalent to the Union's initiation fee and periodic dues uniformly required.

2. All other employees in any job in the unit covered by this Agreement who on August 29, 2004, are not members of the Union will be required beginning on August 29, 2004, to become and/or remain members of the Union in good standing insofar as the payment of an amount equal to periodic dues and initiation fees, uniformly required, is concerned, or in lieu of such membership, pay to the Union a service fee equivalent to the Union's initiation fee and periodic dues uniformly required.

C. Procedure for Termination of Employment

1. The Company shall be obligated under this Section to terminate the employment of any employee by reason of his failure to obtain or to maintain membership in the Union and for an employee who fails to obtain and/or maintain membership, his failure to pay service fees equivalent to dues and initiation fees, upon receipt of written request for such termination from the Union; except that the Company shall have the right to refuse such request if it has reasonable grounds for believing (a) that such membership is not available to the employee on the same terms and conditions generally applicable to other members, or (b) that membership has been denied or terminated for reasons other than the failure of the employee to tender the periodic dues and initiation fees uniformly required as a condition of acquiring or retaining membership.

2. The Union agrees to indemnify and save harmless the Company from any payment the

Company may be required to make in favor of any employee whose employment is terminated pursuant to any such request.

D. Definitions

For the purpose of this Section:

1. The term "initiation fee" means such amount as may be uniformly charged by the Local as a condition of granting membership in such Local and in the Union; providing, however, that no amount in excess of twenty-five dollars (\$25) shall be considered as an initiation fee for purposes of this Section.

2. The term "dues" or "service fee" shall not be deemed to include any fine, assessment, contribution, tax or other form of payment required from Union members except the payment required in equal amounts from every member once during each week pursuant to Section VII, Paragraph B.

E. State Laws

This Section shall not apply to employees employed in any state during any period (a) while the laws of such state provide, in substance, that it is illegal or against public policy to make union membership, or the payment to a union of any dues, fees or other charges by a non-member, a condition of employment, or (b) while such laws impose restrictions upon the making of union security agreements which have not been fully complied with. To the extent permitted by law, the Company will also deduct any back dues or service fees owed at the time of starting deductions, if (a) the Union certifies in writing

that such back dues or service fees are owed, and provides the amount of such back dues or service fees, and (b) the employee has authorized in writing such additional deductions.

SECTION VII - CHECKOFF

A. Dues/Service Fees Deduction Authorizations

For the duration of this Agreement, the Company shall deduct from each week's pay Union dues, or equivalent service fee, and promptly remit same to the Local for those employees in the bargaining unit whose written and signed authorizations are received by the Company. Such authorizations shall be valid only if submitted on one of the forms set forth in paragraph B. of this Section, or on one of the forms in use in the bargaining unit prior to March 1, 1996.

B. Deduction Authorizations

1. Dues Deduction Authorization

Weekly deductions shall commence in the first pay period ending thirty (30) days or more after the Local initially presents Management with signed weekly dues deduction authorizations. The following weekly dues deduction authorization form, with all blanks properly filled in, will be used:

Name (Print) _____
(First) (Middle Initial) (Last)

Effective Date _____ Badge No. _____

NORTHROP GRUMMAN CORPORATION

Please deduct from my pay each week my weekly dues as a member of Local 130, International Union of Electronic, Electrical, Salaried, Machine and Furniture Workers/Communications Workers of America, A.F.L.-C.I.O.,C.L.C., in the amount certified to you as being the membership dues of such Local. Remit the amount so deducted to such Local in accordance with this authorization and assignment. In addition, please deduct my initiation fee of \$_____ as part of the first week's deduction of membership dues and remit same to said Local. I further authorize the deduction of any delinquent dues as determined by the Union from any of my paychecks.

This assignment and authorization shall be irrevocable, except that it may be revoked by my giving written notice to you by individual registered mail postmarked, or received by the Company, either (a) during a period from the first June 4 to the first June 11, both inclusive, after the effective date of this authorization, (b) during the same period of each year thereafter, or (c) after the termination date of the Agreement (dated August 29, 2004) between Northrop Grumman Corporation, Electronic Systems sector, BWI Site and Local 130 of the International Union of Electronic, Electrical, Salaried, Machine and Furniture Workers/Communications Workers of America, A.F.L.-C.I.O.,C.L.C. This assignment and authorization supersedes all authorizations and assignments previously signed by me with respect to union dues and/or initiation fees.

I agree to waive any claim against the Company, other than one based upon a clerical error, that may arise because of this assignment and authorization.

Employee's Signature: _____ Date: _____
Address: _____ Zip Code: _____
Home Phone: _____ Work Phone: _____
Hire Date: _____

I.U.E. DEDUCTION AUTHORIZATION

2. Union Service Fees Authorization

The Local, upon written notice to Management, may elect to have equivalent service fees for employees who are not members deducted on a weekly basis from the wages of employees. Such weekly deductions shall commence in the first pay period ending thirty (30) days or more after the Local initially presents Management with signed weekly service fee deduction authorizations. The following weekly service fee deduction authorization form, with all blanks properly filled in, will be used:

Name (Print) _____
(First) (Middle Initial) (Last)

Effective Date _____ Badge No. _____

NORTHROP GRUMMAN CORPORATION

Please deduct from my pay each week my weekly service fees to Local 130, International Union of Electronic, Electrical, Salaried, Machine and Furniture Workers/Communications Workers of America, A.F.L.-C.I.O.,C.L.C., in the amount certified to you as the weekly service fee of such Local. Remit the amount so deducted to such Local in accordance with this authorization and assignment. In addition, please deduct the equivalent of the initiation fee of \$ _____ as part of the first week's deduction of service fees and remit same to said Local. I further authorize the deduction of any delinquent service fees as determined by the Union from any of my paychecks.

This assignment and authorization shall be irrevocable, except that it may be revoked by my giving written notice to you by individual registered mail postmarked, or received by the Company, either (a) during a period from the first June 4 to the first June 11, both inclusive, after the effective date of this authorization, (b) during the same period of each year thereafter, or (c) after the termination date of the Agreement (dated August 29, 2004) between Northrop Grumman Corporation, Electronic Systems sector, BWI Site, and Local 130 of the International Union of Electronic, Electrical, Salaried, Machine and Furniture Workers/Communications Workers of America, A.F.L.-C.I.O.,C.L.C. This assignment and authorization supersedes all authorizations and assignments previously signed by me with respect to union fees.

I agree to waive any claim against the Company, other than one based upon a clerical error, that may arise because of this assignment and authorization.

Employee's Signature: _____ Date: _____
Address: _____ Zip Code: _____
Home Phone: _____ Work Phone: _____
Hire Date: _____

I.U.E. DEDUCTION AUTHORIZATION

3. All valid Dues Deduction Authorizations previously submitted to Westinghouse Electric Corporation and assumed by Northrop Grumman Corporation upon acquisition of ESSD shall remain valid and in effect unless withdrawn by the employee or upon termination of employment.

C. Membership Dues and Service Fees

Within the meaning of the dues and service fees deduction authorizations, membership dues and service fees will include only that regular payment required equally of all members which has been designated as membership dues, pursuant to appropriate Union and Local constitutions and by-laws. All such authorizations will be in the same dollar and cents amount. Excluded specifically from such authorizations are fines, penalties, contributions, assessments, strike assessments, taxes of any kind, or any other type of payment.

D. Notice of Changes in Dues and Service Fees

The Local shall notify Management by certified mail of any change in the sum of money to be deducted as dues or service fees pursuant to the authorizations set forth in Paragraph B. above.

E. Starting Deductions

Deductions for employees whose weekly authorizations are received after the effective date of this Agreement will be commenced with the second week starting after receipt of the respective authorizations. The date of receipt will be recorded on the authorization by the Company, and such record shall be conclusive on all parties concerned. All weekly authorizations received by Friday in any week will be included in the deduction for the second week following. Collection of any back dues or service fees owed at the time of starting deduction for any employee will be the responsibility of the Union.

F. Delinquencies

If an employee does not have sufficient earnings for payment of dues or service fees after other deductions, dues or service fees for that week will not be deducted by the Company from pay in any subsequent week, unless notified by the Union.

G. Adjustment of Errors

Except where the Company has made a clerical error in the deduction of dues or service fees which will be adjusted promptly by the Company, any question as to the correctness of the amount deducted shall be settled between the employee and the Local; and the International and Local shall jointly and severally indemnify the Company and save it harmless against any and all suits, claims, demands and liabilities that shall arise out of or by reason of any action that shall be taken by the Company

for the purpose of complying with the provisions of this Section VII or in reliance on any authorization form or information furnished to the Company under such provisions.

H. Reinstatements

Employees who return to the active payroll from sickness, leave of absence, or who are recalled from the Inactive Seniority List shall have dues or service fees deductions automatically reinstated upon return to work, providing their individual written and signed authorizations for the deduction are still in effect. When an employee is rehired but not from the Inactive Seniority List, his deduction authorization (if in effect at time of separation) shall be reinstated only if he signs a request for continuation of such deductions on the reverse side of the authorization form. In all cases, however, reinstatement of the dues or service fees deduction authorization will be made only if the authorization form previously signed is that which is currently in use in the bargaining unit.

I. Transfers

Deductions will be automatically discontinued when an employee is transferred to work outside of the bargaining unit covered by this Agreement; except that where the transfer is to a newly created position at the BWI Site which the Local considers to be a part of the existing bargaining unit, the deduction will be continued until a determination has been made as to whether or not the new position is in the bargaining unit.

J. Contact with the Union

One (1) employee in the Accounting Department will be designated to confer with an individual designated by the Local and clear all questions regarding the detail of record and reconciliation of deduction of dues or service fees.

K. Reports and Remittances to Union

On or before the twentieth (20th) day of each month a check for the total deductions made since the last remission shall be sent to the Local together with a substantiating list. Each list sent to the Local shall show for all employees on the active roll from whom deductions have been made: (1) name, (2) shop location, (3) social security number, (4) amount of deduction from each individual employee for the period covered, and (5) reason for non-deduction if known. Attached to the list will be a summary indicating the total amount deducted and the number of employees from whom dues or service fees deductions were made.

1. Union Summary

A summarization of local remittance summaries will be forwarded on or about the twentieth (20th) of the following month to the International Union of Electronic, Electrical, Salaried, Machine and Furniture Workers/Communications Workers of America, AFL - CIO, CLC in Washington D.C. The street address will be provided by the IUE-CWA Local 130, AFL-CIO, CLC.

2. Withdrawal Report

On or before June 18 of each year, Management will furnish the Local with a list of employees who have revoked their deduction authorization during the preceding revocation period of June 4 to June 11.

L. State Laws

This Section shall apply only to the extent that its provisions are consistent with applicable State laws.

M. Deductions for IUE COPE

For the duration of this Agreement, the Company will deduct from each week's pay voluntary contributions to IUE COPE for those employees where signed authorizations for such deductions in the form set forth below are received by the Company. The Company will transmit to the Union on a monthly basis, in one check, the total amount deducted along with the name of each employee on whose behalf a deduction is made and that amount deducted from the employee's paycheck.

The following is the form of authorization:

TO NORTHROP GRUMMAN CORPORATION

IUE COPE

Name (Print) Badge Number

Street Address City/State Zip

I hereby voluntarily assign to IUE COPE, from any wages earned or to be earned by me as your employee, the weekly sum of: (check one)

\$.50 \$1.00 \$1.50

\$2.00 \$2.50

Other \$_____ (whole dollars)

each pay cycle. I hereby authorize and direct you to deduct such amounts from my pay and remit same to IUE COPE at such times and in such manner as may be agreed upon between you and the IUE at any time while this authorization is in effect. I understand that IUE COPE will use the money it receives to make political contributions and expenditures in connection with Federal, State and Local elections. This authorization is revocable upon two weeks advance written notice to: Northrop Grumman Corporation

Signature Date

SECTION VIII - WAGES

Wage and salary schedules applicable to employees in the bargaining unit, and changes therein during the term of this Agreement, are set forth in Appendix A & B.

A. Payroll Administration

If an employee receives a paycheck for less than the equivalent of a forty-hour week and there is a shortage in such paycheck, the

employee may, if he so desires, request an advance for the shortage.

B. Night Turn Adjustment

1. Employees working night turn will receive an extra compensation of ten percent (10%) of their earnings on night turn when the regular quitting time of their assigned shift is after nine o'clock in the evening (9:00 P.M.) and up to and including nine o'clock (9:00 A.M.) of the following day. Work performed outside of his/her regular scheduled shift hours by an employee assigned to a day shift shall not receive night-turn adjustment for such work.

2. However, employees hired after August 26, 1991 who have no record of prior Electronic Systems sector service will receive the lesser of (a) the ten percent (10%) extra compensation described above, or (b) an extra compensation of sixty cents (\$.60) if paid hourly, or twenty-four dollars (\$24.00) per week if paid weekly salary, for all work performed on such shifts until they have accumulated three (3) years of continuous service, after which they will receive the ten percent (10%) extra compensation provided by this paragraph for work performed on such shifts.

C. Four Hours of Work

Hourly employees who report to work at the regular starting time of their shift and have not been advised at least ten (10) hours beforehand not to report, and those who report to work at other times at Management's request, will be guaranteed four (4) hours work at their guaranteed rate or the rate of pay for the job on

which they work, whichever is higher. If work is not provided during some or all of such four (4) hours, the employee will be paid at his keysheet rate for such period. If the employee has qualified for overtime in accordance with the overtime provisions of this Agreement, overtime rates based on the provisions of this Agreement (Section X - Overtime) will be paid for hours not worked.

NOTE: The foregoing provisions will not apply in the case of an emergency such as fire, flood, power failure, or work stoppage by employees in the plant.

D. Group Leaders' Remuneration

A group leader is a non-supervisory employee who is a working member of a group, without disciplinary authority, who works under a minimum of supervision, who regularly leads, instructs, and guides employees in the group. Group leading is in addition to an employee's regular assigned job, and the deciding factor in their selection will be that of the senior employee who has the ability to organize and direct a group.

1. Hourly

The remuneration for hourly group leaders depends for the most part on the work performed and the size of the group. Additional compensation paid for hourly group leaders is set forth in the schedule below.

2. Salary

Appropriate groups for salaried employees based on securing better operations will be

determined by Management and will be a subject for negotiation before they are established. Duties of a group leader will not be assigned to an employee where less than three (3) employees are involved. No group of more than twenty (20) exclusive of the leader will be formed. Additional compensation for group leaders will be based on the following schedule:

SCHEDULE

Size of Group Exclusive of the Leader	Addition to Base Rate
2 to 5	5%
6 to 10	7.5%
11 to 20	10%

E. Salary Schedules; Hourly and Salary Reviews

1. Wages will be paid according to the schedule set forth in Appendix A and B.
2. Salary reviews will be held every April and October to review only those employees not at the top of the rate range in order to assure administration of wage policies, except that the Local and Management by mutual agreement may either change or omit the scheduled review.

F. Information

The Local will be furnished a schedule of rates or keysheets, applying to the employees in the bargaining unit. The Local will be furnished by-weekly a list of transfers, hires, rehires, and releases, with the employee number and department for each name on such list. Job descriptions will be made available, upon request, for examination by Local

representatives. New or revised job descriptions, including the classifications by labor grade or rate range of the job and the seniority unit designation, will be furnished to the Local at least ten (10) working days prior to making such job descriptions effective. During such ten (10) day period, management will, at the request of the Local, meet to discuss the job description and its evaluation.

G. General Wage and Salary Principles

1. The principle of a fair day's work for a fair day's pay is recognized by the Union, the employees and the Company. Where production standards are established, they will be in line with the foregoing principle and will be based on established methods, remaining on the job for the normal periods during the entire shift, subject to all customary allowance time, and the application of effort equivalent to the normal and reasonable capacity of normal operators working on the job under the prevailing conditions. In grievance and arbitration proceedings resulting from claims that any such production standard is unreasonable or unsound, the principles and yardsticks set forth in this paragraph will be controlling.

2. Surveys and time studies may be made for measuring or improving production, methods analysis or for budget purposes. The Company may apply individual production standards only to direct dayworkers. Direct dayworkers are those engaged directly in the making or building of a product of a factory department or section,

together with such others as may be agreed upon. All other dayworkers in a plant are indirect workers.

3. Management agrees to keep the appropriate local Union representatives informed in advance, so far as possible, of the programming and purpose of such studies.

4. Any grievance claiming that an individual employee has been disciplined or downgraded for failure to meet production standards established for productive daywork operations will be subject to arbitration under the provisions of Section XIV-A. The arbitrator shall not have authority to modify production standards; but in deciding whether there was just cause in a case arising under this paragraph, he may consider whether the standard involved is proper under the fair day's work or pay principle mentioned above. If the arbitrator sustains the grievance on the ground that the standard involved is not proper, Management will review it with the appropriate Local representative. Unless and until such standard is revised in accordance with the arbitrator's decision or is accepted by the Local, no employee shall be subject to discipline or downgrading for failure to meet such standard.

5. If any grievance is filed claiming that a production standard established for an employee's work is unreasonable, and the supervisor is unable to adjust the matter, the standard will be reviewed, and re-studied within a reasonable time if the operation is continuing, and if the standard is incorrect it will be revised. If, after such review and re-study, the employee

still protests the standard, the supervisor, upon request of the steward, will review with the steward the facts of the case, including the time study, review or re-study, or other basis for the standard. If the matter is not adjusted, the steward may, together with one other union representative, observe the operations to determine whether the standard conforms to the guides and principles of Paragraph G.1. above. If there is still a question concerning such standard the question may be handled in accordance with the grievance and arbitration procedures, leading to final and binding decision in arbitration. An arbitrator with industrial engineering qualifications will be selected from panels of the American Arbitration Association.

6. If any grievance is filed concerning a job on which no production standard has been established, claiming that the pace at which an employee is working does not conform with the principle of a fair day's work for a fair day's pay, such a grievance will be handled in accordance with the grievance procedure set forth in Section XIV.

H. Changes in Wage Payment Plans

When the established plan of payment of employees is to be changed, it will be a matter of negotiations. If in any instance the Local unreasonably withholds its consent to the proposed change, then after a period of negotiations of not less than two (2) weeks, Management may elect to put the change into effect, but the Local will thereupon have the right to strike over this issue. The question whether

consent was withheld unreasonably shall not be arbitrable.

I. Leave - Death in Immediate Family

An hourly paid employee with thirty (30) days' continuous service who is absent from work because of the death of a foster child residing in the home, or of the employee's parent, brother, sister, child, spouse, mother-in-law, father-in-law, brother-in-law (which includes the employee's sister's husband, the employee's spouse's brother, and the husband of the employee's spouse's sister), sister-in-law (which includes the employee's brother's wife, the employee's spouse's sister, and the wife of the employee's spouse's brother), son-in-law, daughter-in-law, grandparent, grandparent-in-law, stepparent, stepbrother, stepsister, stepchild or grandchild will be compensated for time lost by reason of such absence from his regularly scheduled straight-time shift hours during Monday to Friday of his work week, excluding holiday, and furlough days, up to a maximum of three (3) days for each such absence. Such paid leave will be limited to three (3) regular work days within a period of five (5) days starting on the day immediately following the day of death. In no case shall payment be made for more than the three (3) days described above; provided, however, that in the event an employee meeting the requirements listed above is absent from work because of the death of a foster child residing in the home, or of the employee's child, spouse, or stepchild, he will be compensated for an additional two (2) work days for time lost by reason of each such absence within a period of

seven (7) days starting on the day immediately following the day of death. In the case of an employee on swing, rotating or continuous shift, the above payment will be made for time lost during the employee's established five-day week. Employees will be compensated on the basis of their rate of record on the date before such absence.

In all cases, the above payments shall be calculated on straight-time hours and shall not include any overtime premium payments.

The in-law relationship will terminate for purposes of this Paragraph I. upon divorce or annulment (i.e., legal dissolution) of the connecting marriage which creates the in-law relationship to the employee; and the in-law relationship will terminate upon death and remarriage - that is, in the event of the death of the party with the connecting in-law relationship to the employee, the in-law relationship will not terminate until the remarriage of the surviving spouse.

J. New-Hire Rates - Hourly Employees

1.
 - a. New employees hired on or after the dates specified below in jobs classified in the lower half of the keysheet shall be paid at a rate as specified in 1.b. for such jobs.
 - b. Newly hired employees will be paid a percent of the minimum keysheet rate for jobs to which they are assigned based on the table below.

Total Periods of Continuous Service After Hire Date	Hired on or after August 26, 1991
Up to 6 months	70%
More than 6 months	75%
More than 12 months	80%
More than 18 months	85%
More than 24 months	90%
More than 30 months	95%
More than 36 months	100%

2. a. Any employee upgraded, at any time, to a job classification in the upper half of the keysheet shall be paid the appropriate keysheet rate for such job, and for any job held thereafter.
- b. For purposes of this paragraph J. only, time spent by employees on layoff, disability roll or leave of absence shall not be counted as continuous service.
- c. When an employee covered by this paragraph J. reaches the minimum keysheet rate of any job to which assigned, but not before, further increases will be governed by paragraph d(2) or e. below, whichever is applicable.

d. Hourly Re-Rate Plan

- (1) Hourly employees who have demonstrated satisfactory performance on their assigned jobs will have their pay increased to the qualifying rate of the job no later than the Monday following

the date the employee has worked thirteen calendar weeks on the job. If performance is unsatisfactory during this period, the supervisor will discuss the case with the Section Steward with regard to transfer to an open job or release.

- (2)** Employees paid at the qualifying rate will have their pay increased to the standard rate of the job when they are satisfactorily performing the full range of the job. Employees who fail to satisfactorily perform the full range of their job within the period specified below will be processed in accordance with paragraph (3) below.

Labor Grade	Maximum Period Allowed
1	1 month
2	2 months
3	3 months
4	4 months
5	6 months
6	7 months
7, 8, or 9	8 months
10 or 11	9 months
10 A (IUENEW)	9 months
10 B (IUEUMH)	9 months
12	10 months
12 A (IUECMH)	10 months
13	11 months
14 or 15	12 months

- (3)** Failure to Qualify for Rerate - If an employee fails to qualify on the basis of

ability for the next higher rate within his classification at the expiration of the time specified in Paragraph (2) above, his case will be discussed before the expiration of the period with the Section Steward with regard to:

- (a) Extension of time on his existing rate, or
- (b) Transfer to an open job, or
- (c) Displacing the least senior employee on the job he held immediately prior to being upgraded provided he has sufficient seniority, or
- (d) Decrease in work force procedure.

(4) Upgrading

- (a) If an employee is receiving probationary rate and is upgraded to a job of a higher classification, the employee will receive the probationary rate of the higher classification, in which the new job falls and shall be paid until the expiration of the probationary period, but not less than six weeks on the new assignment.
- (b) If an employee who is receiving the qualifying rate for the classification is upgraded to a job in a higher classification, he shall receive the

qualifying rate of the higher classification subject to advance to the standard rate, as provided herein.

- (c) If an employee who is receiving the standard rate for the classification is upgraded, he shall receive the qualifying rate for the job in the higher classification, subject to advance to the standard rate of the classification, as provided herein.

(5) Lateral Transfers and Downgrading

- (a) To a Different Occupation. Employees assigned for any reason to a different occupation of the same or lower labor grade shall receive the same rate that other employees with similar skill and experience would be paid, but not less than the qualifying rate of the job unless the employee is receiving, at the time of the change, a probationary rate, in which case the probationary rate for the grade in which the new job falls shall be paid until the expiration of the probationary period, but not less than six (6) weeks on the new assignment.
- (b) Within the Same Occupation. Employees downgraded in the same occupation for any reason other than inability to perform the job will receive the standard rate of

the new job. Before determining the rate to be paid to an employee downgraded because of inability to perform a job, the Supervisor will discuss the matter with the Section Steward if such rate will be other than the standard rate.

- (6) Re-assignments to Jobs Previously Held - An employee returning to a job previously held will normally again be paid at the last rate level he/she held on such job. If Management believes a lower rate is more appropriate, the matter will be discussed with the Section Steward before such lower rate is made effective.

e. Salary Re-Rate Plan

(1) The employee's capacity to handle the range of work of his position classification, and the quality and quantity of work being performed, are the factors which determine the granting of increases.

(2) Salaried employees whose work is satisfactory will receive a salary increase not later than the first of the seventh month after employment.

(3) Other salary increases within a rate range will be based on work performance. An employee transferred to a higher class position, whose work performance justifies it, will receive, not later than the first of the seventh month after transfer, an increase

within the rate range of the new position. An employee whose rate before transfer is above the minimum of the new classification and whose work performance justifies it will receive an increase within the rate range not later than the first of the seventh month after transfer. Where the employee is known to be qualified and the transfer is to another position in the same occupational line of work in the department, the increase will be granted at the time of transfer.

(4) All changes for any reason in an employee's position or rate after hiring, except separation, will be effective the first of a payroll period.

SECTION IX - HOURS OF WORK

A. Basic Work Week

The basic workweek will be forty (40) hours based on eight (8) hours per day, five consecutive days, Monday to Friday inclusive. An employee's work day is the twenty-four (24) hour period beginning with his regularly assigned starting time of his workshift, and his day of rest starts at the same time on the day or days he is not scheduled to work. His work week starts with his regularly assigned work period on Monday, except that, where agreed upon, the basic work week of a third shift employee may start with a regularly assigned work period which begins before Sunday midnight and extends into Monday under the provisions of this Section IX (Hours of Work) and Section X (Overtime) of this agreement. Variations in hours of work and the schedules of

hours of the several shifts are subject to negotiations.

B. Established Shifts

The regular shifts in the plants covered by this Agreement are as follows:

SHIFT SCHEDULES

A	6:45 A.M. -	2:45 P.M.
B	6:45 A.M. -	3:15 P.M.
C	2:45 P.M. -	10:45 P.M.
D	3:15 P.M. -	11:45 P.M.
E	5:00 P.M. -	1:30 A.M. (Janitors)
F	10:45 P.M. -	6:45 A.M.
G	10:45 P.M. -	7:15 A.M.
H	8:15 A.M. -	5:00 P.M.
I	3:45 P.M. -	12:15 A.M.
J	7:30 A.M. -	4:00 P.M.
K	4:00 P.M. -	12:30 A.M.

NOTE:

(a) Schedules for employees assigned to swing shifts will be published for two (2) weeks at a time.

(b) One-half hour lunch period for shifts B, D, E, F, G, J and K will be assigned.

(c) Shift H will have a 45-minute lunch period as assigned.

C. Non-Established Shifts

Shifts and/or work weeks other than the above (including Rotating, Fixed, or Swing Shifts), will be covered through negotiations and where application of such special shifts becomes necessary, such will not be made until a minimum of one week after the start of

negotiations. Disagreement with the shift so established may be raised under the grievance procedure.

D. Notification of Shift/Lunch Period Changes

When production conditions require, the supervisor may request the employees to work hours differing from any established shift schedule. The Section Steward, or in his absence, the Local Representative next in line, will be notified of the conditions as quickly as possible after they are known. Before assigned lunch periods are changed, the Local will be notified. Management will notify employees of permanent shift changes at least one (1) week prior to the start of the newly assigned shift.

E. Continuous Shift

The provision for payment of night turn adjustment (Section VIII, Paragraph B.) and overtime (Section X) shall be inapplicable to employees on continuous shift operations. Such provisions for payment of night turn adjustment shall also be inapplicable to any special groups of employees who have not heretofore received extra compensation for working night turn hours; and such provisions for payment of overtime shall also be inapplicable to any special group of employees who have not heretofore received overtime pay for work on particular days as such.

F. Notification of Absence

Any employee who is voluntarily or involuntarily absent without advance permission or notification to the employee's supervisor must report the

absence within two (2) hours after the start of the employee's assigned shift on the day of the absence so that Management can reassign/reschedule work assignments. Any employee who regularly fails to adhere to this policy may be addressed through the established progressive disciplinary procedures unless the employee can demonstrate extenuating circumstances, which made it impossible to comply with this procedure. Management will provide telephone numbers which employees are required to call in order to satisfy their obligations under this provision.

G. Unreported Absence

1. An employee absent without permission is obligated to notify his supervisor of the reason for his absence.
2. Any employee who is absent without permission for a period of five (5) working days without having during that time reported a reason for his absence to the Company at his place of employment shall be considered as having "quit without notice," unless at the time of his return he can show extenuating circumstances which made it impossible for him to so report.

H. Make-Up Time

Employees may make-up missed time under the following conditions:

1. The employee must have received approval from Management prior to the start of his scheduled start time and Management shall have the discretion to deny such requests.

2. The amount of make-up time shall not exceed two (2) hours per day.
3. The make-up time must be worked in the same workday.
4. Make-up time shall only be permitted for occasional non-recurring situations.

SECTION X - OVERTIME

- A.** For overtime purposes the average earned rate will consist of straight time earnings, including key sheet rate of record, night turn bonus, group leader remuneration, and incentive payments.
- B.** Overtime shall be equitably distributed as far as practicable on a shift among employees in the same section (such as FA, FB, WA, WM, QT, etc.) who are in the same job classification. Overtime shall be distributed as equitable as practicable between shifts.
 1. When requested, supervisors will advise the steward of the section involved of the names of employees scheduled to work overtime.
 2. The supervisor shall maintain a record of overtime in the section and will periodically review the record with the section steward.
- C.** All hours worked in a regular working day in excess of the number of hours of the employee's assigned shift will be paid at overtime rates.
- D.** The following will apply to assure a uniform maintenance of overtime records:

1. If at least two (2) hours advance notice is given and the overtime is refused, it will be considered as overtime hours worked for the purpose of overtime equalization.

2. Employees should also be given two (2) hours advance notice for Saturday and Sunday overtime hours (i.e., two hours before the end of the shift on Friday) before they can be charged with overtime hours refused.

3. If an employee is absent due to illness or any other reason, he will be charged for overtime hours that would have normally been requested of him if he had been actively at work.

4. All overtime hours worked or accepted will be recorded regardless of section on the employee's overtime record.

E. The maintenance of overtime records of employees reassigned to another overtime distribution group and the assignment of newly hired employees to an overtime distribution group, shall be as follows:

1. Newly hired employees will be charged with overtime hours equivalent to the average overtime hours of the overtime distribution group at least by the end of the employee's second week of active employment in the group.

2. Employees transferred into an overtime distribution group, or classification will be charged with overtime hours in the following manner:

a. If the employee has less overtime hours charged to his or her record than the employee of the group with the lowest number of hours of overtime, the "transferred-in" employee will then be charged with having the same number of hours as the employee of the group with the lowest overtime hours.

b. If the employee has more overtime hours charged to his record than the employee of the group with the highest number of overtime hours, the "transferred-in" employee will be charged with having the same number of hours as the employee of the group with the highest overtime hours.

c. If the employee enters the overtime distribution group with overtime hours charged to their record, that fall between the lowest and highest charged overtime of the group, the employee will be charged with overtime hours as recorded and slotted accordingly.

F. At the end of each calendar year overtime records for all employees will be reduced to zero (0).

G. 1. An employee who agrees to work overtime on weekends and holidays and does not work at least five (5) of the overtime hours accepted will be credited with twice the number of hours rounded to the nearest one-half (1/2) for all hours not worked.

2. It is further agreed that at the time an employee is asked to work overtime on weekends or holidays, he/she will indicate whether they want to work 5 hours (for which he/she will be charged 8 hours if offered, for purposes of overtime equalization), which does not include lunch, or they want to work 8 hours, which will include a lunch period.

3. It is clearly understood that anyone working more than five (5) hours on weekends or holidays is required to take a lunch period.

H. Essential Employees

In the event that Management decides to close the BWI facility, employees directed to continue working or directed to report to work by Management will be paid an overtime rate, i.e., the employees salary converted to an hourly rate plus an additional payment for each hour so worked equal to one-half the employees average earned rate for the payroll period. The foregoing applies to both salaried and hourly employees.

I. Hourly Overtime

Overtime payments will be made to hourly-paid employees under the following conditions:

1. Time and one-half - i.e., hourly earnings plus one-half (1/2) the employee's average earned rate for the payroll period involved - for:

a. All hours worked in excess of eight (8) hours but less than twelve (12) in any day (Monday to Friday, inclusive).

b. All hours worked less than twelve (12) on Saturday.

c. All hours worked less than eight (8) on observed holidays for which the employee receives additional payment under Section XI.

2. Double time - i.e., hourly earnings plus the employee's average earned rate for the payroll period involved - for:

a. All hours worked on Sundays.

b. All hours worked on calendar Sundays outside of the employee's established shift.

c. All hours worked after twelve (12) hours in any day (Monday to Saturday, inclusive)

d. All hours worked on observed holidays for which the employee is not eligible for payment under Section XI.

e. All hours worked on observed holidays after eight (8) hours for which the employee receives additional payment under Section XI.

J. Salary Overtime

1. All hours worked by salaried employees in excess of eight (8) hours but less than twelve (12) in any day or forty (40) hours in any week will be paid at overtime rate, i.e., the hourly earnings plus an additional payment for each hour so worked equal to one-half (1/2) the

employee's average earned hourly rate for the payroll period involved.

2. Hours actually worked by salaried employees in excess of twelve (12) hours in any day will be paid at an overtime rate i.e., the hourly earnings plus an additional payment for each hour so worked equal to the employee's average earned hourly rate. Hours worked in excess of twelve (12) in any day that are not payable under this paragraph will be paid pursuant to the provisions of Paragraph 1.1. above if applicable.

3. Hours worked on the seventh day of work in the work week after forty (40) hours have been worked, will be paid at the employee's hourly earnings plus an additional payment for each hour so worked equal to the employee's average earned hourly rate.

4. Hours worked on observed holidays, by salaried employees who are paid overtime on hours worked, will be paid for at the employee's hourly earnings plus an additional payment for each hour so worked equal to one-half (1/2) the employee's average earned hourly rate. Such payment is in addition to the employee's salary.

SECTION XI - HOLIDAYS AND VACATIONS

A. Holidays

1. Holidays observed by the Company will be New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving, day after Thanksgiving, Christmas, and the day before Christmas and two days designated each year

by Management in accordance with Paragraph 3 below. Holidays except for the day before Christmas falling on Sunday will be observed on Monday. If the day before Christmas falls on Saturday, or Sunday, the last regular working day before Christmas shall be the designated holiday.

2. In any calendar year in which one or more of such holidays fall on Saturday, such holiday or holidays will not be an observed holiday in such year within the meaning of this Agreement, but another day or days between Monday and Friday, both inclusive, will be observed during such year in place of the Saturday holiday or holidays. Management shall be required to designate such alternative day or days before January 1 of such calendar year after the matter has been discussed between the Local and Management.

3. Management will, prior to January 1, of each calendar year, designate the days that the two elective holidays will be observed during the following year. Such holidays will be designated by Management pursuant to the procedures for designating an alternate day when a scheduled holiday falls on Saturday as set forth in Paragraph 2 above.

4. All hourly paid employees who have completed thirty (30) days continuous service immediately preceding an observed holiday will be paid for their established shift hours on such holiday. Hourly paid employees who were laid off for lack of work and are rehired within one (1) year after layoff, who completed thirty (30) days

continuous service prior to their layoff, will receive the above holiday payment.

5. Employees will be paid for holiday hours on the basis of their rate of record, and in addition night turn bonus and group leader remuneration where applicable, on the date immediately preceding the holiday.

6. The above payment will be made only to hourly paid employees who are on the active roll, which in no case includes the disability roll, on the last working day before the observed holiday, and who earned some wages during the week in which such holiday falls or any of the four (4) preceding weeks, provided that employees who are separated at any time during December 31 in any year shall not be entitled to holiday pay for New Year's Day in the following year.

7. Salary employees on the active roll, which in no case includes the disability roll, on the last working day before the observed holiday will be paid for each of the observed holidays as set forth in paragraph A. 1., above.

B. Vacations

1. The Company will permit vacations to be taken as desired by employees as far as practical, consistent with efficient operations and subject to the following rules: Employees may not retroactively designate time off work as vacation after they return to work. Vacation time of three days or more must be scheduled at least five (5) working days in advance. Employees shall whenever practicable provide

notice at least twenty-four hours prior to the start of their regularly scheduled shift time of vacation of less than three consecutive days, and if an employee fails to notify his immediate supervisor of such vacation within two (2) hours of the start of his shift, the Company shall have discretion to deny vacation pay for such absence. Where more employees in the same position desire the same vacation period than can be permitted to be absent, preference will be based on seniority.

2. When the vacation period of a salaried employee includes one of the observed holidays as set forth in Paragraph A., above, in his regularly scheduled work week, or the vacation period of an hourly paid employee includes one of such observed holidays, an additional day of vacation will be granted with pay, in lieu of the holiday.

3. a. Management may schedule vacation shutdowns for vacation purposes for all or a portion of the BWI operations. The Company will notify the Union of vacation shutdowns of four (4) days or less; vacation shutdowns of five (5) days or more will be a matter for negotiations. Vacations will run concurrently with the vacation shutdown periods. Employees who become eligible for vacations subsequent to the vacation shutdowns, but before the end of the year, will be granted vacation pay, when they become eligible, if they were absent during the vacation shutdown periods, without additional time off. It is recognized that some employees will be requested to work during the vacation shutdown periods. Management shall be required to designate the time of the vacation

shutdown or shutdowns before January 1 of the vacation year. Except as may otherwise be agreed between the Local and Management, the total of all periods of vacation shutdowns in any vacation year shall not exceed ten (10) working days (exclusive of Saturdays, Sundays, and observed holidays).

b. Employees entitled to vacation pay during a vacation shutdown, who are on the disability roll on the last working day prior to the vacation shutdown and are receiving Accident and Sickness Benefits under the Northrop Grumman Insurance Plan shall not be placed on vacation for the period of the scheduled shutdown unless the individual employee makes a request for said vacation period in writing prior to the shutdown. If such a request is made, Accident and Sickness Benefits will be suspended during the vacation shutdown. Under no circumstances, except where mandated by law, will an employee receive both vacation and Accident and Sickness Benefits for the same period, and if necessary before the end of the calendar year the payment of Accident and Sickness Benefits to the employee will be suspended for the period of vacation remaining to the employee and he will receive vacation pay in lieu thereof. Vacation payment shall be at the rate effective at the time the employee became disabled plus any intervening keysheet changes.

4. Where an employee is terminated from employment for any reason, payment for vacation not taken for the current year will be made if the employee has qualified for vacation. Employees who are laid off may elect to receive

pay for unused vacation, to which they are entitled, any time during the calendar year in which they are laid off.

5. The right to vacation with pay shall vest as follows:

a. Each employee who is on the active roll and who has completed at least thirty (30) days continuous employment immediately preceding the close of business of the calendar year immediately prior to the beginning of the vacation year shall be entitled to that vacation in the vacation year for which he has qualified at such close of business, and

b. Each employee who is on the active roll and who has completed at least thirty (30) days continuous employment at the close of business on his last working day immediately preceding the time of starting his vacation shall be entitled to such additional (or initial) vacation for which he has qualified at such close of business.

6. For vacation purposes only, continuous employment is interrupted only when an employee's name is removed from the active roll, except that in case the removal is the result of disability, such removal does not interrupt continuous employment unless and until the employee's name has been removed from the active roll for two (2) years.

7. Hourly Employees

The Company will grant vacations to hourly rated employees meeting the requirement of

thirty (30) days continuous employment described in Paragraph B.5. above, as follows:

One (1) year seniority but less than two (2) years	1 week
Two (2) years seniority but less than six (6) years	2 weeks
Six (6) years seniority but less than seven (7) years	2 weeks plus 1 day
Seven (7) years seniority but less than fifteen (15) years	3 weeks
Fifteen (15) years seniority but less than twenty (20) years	4 weeks
Twenty (20) years seniority but less than thirty (30) years	5 weeks
Thirty (30) years of seniority or more	6 weeks

Vacations will be paid on the basis of an employee's rate of record, and in addition night turn bonus and group leader remuneration where applicable, on the date immediately preceding such vacation or such other date as may be agreed upon. Vacation hours will be based upon the number of hours regularly scheduled in the basic workweek, Monday to Friday inclusive.

8. Salaried Employees

The Company will grant vacations to salaried employees meeting the requirement of thirty (30) days' continuous employment described in Paragraph B.5. above, as follows:

One (1) year of seniority but less than six (6) years	2 weeks
Six (6) years seniority but less than seven (7) years	2 weeks plus 1 day
Seven (7) years seniority but less than fifteen (15) years	3 weeks
Fifteen (15) years seniority but less than twenty (20) years	4 weeks
Twenty (20) years seniority but less than thirty (30) years	5 weeks
Thirty (30) years seniority or more	6 weeks

Payment will be made at the recorded salary rate of such employees, plus night turn bonus.

9. Employees who are laid off may elect to receive pay for unused vacation, to which they are entitled, any time during the calendar year in which they are laid off.

10. Employees may utilize their vacation eligibility in one-half day increments (4 hours), under the following terms and conditions and must be scheduled by the employee and approved by the employee's supervisor in advance.

11. Employees who are retiring will not be required to schedule their remaining vacation prior to the effective date of their retirement but may instead elect to receive pay for any unused vacation remaining in that calendar year as of the effective date of their retirement.

SECTION XII - SENIORITY

A. Seniority Credit

For purposes of applying the increase and decrease in force procedures of this Agreement, determining vacation entitlement, exercising shift preference and for other purposes not directly related to determination of rights or entitlements under any negotiated benefit plan, seniority (accumulated length of service) is defined as follows for employees covered by this Agreement:

1. The total number of years, months and days of employment by Northrop Grumman Corporation, Electronic Systems sector, on or after March 1, 1996, in any position in or out of a

bargaining unit covered by this Agreement, including all time spent on the active roll; the disability roll up to a total of two (2) years; on disciplinary or other furlough; and on military leave up to the maximum required by law, plus

2. For former Westinghouse employees who the Company had an obligation to employ or re-employ on or after March 1, 1996, pursuant to the Asset Purchase Agreement between Westinghouse Electric Corporation and Northrop Grumman Corporation, the total number of years, months and days of seniority accumulated as credited service as of March 1, 1996, under the predecessor collective bargaining agreement between the Union and Westinghouse Electric Corporation.

3. Consistent with Paragraph 1., above, an employee laid off is not on the active roll, will not accumulate seniority while laid off, and is for all purposes considered as separated from the employ of the Company, but will have the right to be placed on the Inactive Seniority List and such other rights as are provided in this Section.

4. An effective seniority date for each employee will be established at the time of the employee's re-employment, recall or transfer to a bargaining unit covered by this Agreement.

5. In cases where two or more employees have the same seniority date, the most senior will be that individual with the highest last number in his social security number (zero being the lowest). If their last number comparison produces a tie among all employees being so

compared, then the next-to-last numbers will be compared, and so forth, until the tie is broken.

6. A record of the seniority status of each active employee, and of the Inactive List, shall be maintained in the Labor Relations Department.

B. Loss of Seniority.

An employee will lose all seniority if separated from employment for any of the following reasons: discharge for cause; quit; failure to return to work from a leave of absence of any kind at or before the end of such leave; after two (2) continuous years on the disability roll; acceptance of any severance or layoff benefit which by its terms extinguishes all previously earned seniority; and removal from the Inactive Seniority List pursuant to Paragraph D.3. below. Seniority lost pursuant to this paragraph will not be restored upon any subsequent return to employment with the Company.

C. Probationary Period

1. The initial one hundred twenty (120) calendar days of employment for newly hired employees shall be considered as a probationary period. This period shall also apply to any rehired employee who experienced a break in service from the Company of one (1) year or greater.

2. Probationary employees will not normally be eligible to apply for posted jobs during their probationary period, unless the employee's background and experience indicate they can perform the job with only such familiarization as

an employee with previous experience on such a job would require.

3. During the probationary period, the Company retains the right to terminate or discipline employees without recourse by them to the grievance procedure.

D. Inactive Seniority List

1. The names of those laid off will be placed on the Inactive Seniority List.

2. The names of employees who voluntarily quit, who are released, or who are discharged will not be placed on the Inactive Seniority List.

3. Employees who are not probationary employees who are laid off after August 31, 1998 shall be retained on the inactive seniority list and be eligible for recall for a period of sixty (60) months following their layoff. Former employees on the Inactive Seniority List as of August 31, 1998 will be continued on such list in accordance with the time schedule in effect as of the date of their layoff.

4. A former employee will be removed from the Inactive Seniority List when he is not rehired within five (5) years from the date of layoff, or on being called during this period, fails to reply within five (5) working days from the date of mailing an expressed letter to his last known address, or refuses to report for work within five (5) working days thereafter unless an extension of time is agreed upon by the Company. An employee's name will be removed from the Inactive Seniority List if he refuses a job in an

equal or higher labor grade than that from which he was laid off. An employee will have the right to refuse any job on recall that he had originally refused during the decrease in working force procedure. The Union will be notified when a former employee's name is removed from the Inactive Seniority List for any reason.

5. Employees to be recalled will be notified in writing by express mail addressed to the last address on file with the Employment Office and the position will be held open for five (5) days from the date of mailing of the notice. Employees shall be responsible for keeping a current address on file.

E. Return of Employees to Bargaining Units

The Union will not oppose the return of supervisory employees to a bargaining unit provided that at the time of promotion they worked on a job that is in the bargaining unit at the time of such return. Such right of return shall be limited to a one-year period following the date of promotion. Seniority credit of such employees will include the period the employee spent as a supervisor. The employee will be returned to a job, if any, in the bargaining unit to which his seniority entitles him.

The question of whether or not non-supervisory employees may return to the bargaining unit is a matter for negotiations.

F. Decrease in Working Force

1. It is mutually recognized that to operate a plant or any part thereof, at a schedule that gives employees less than a full week of work is

unsatisfactory to both the employees and the Company. Temporary reductions in production may be bridged by the furloughing of employees following discussion with the Union. When there is a definite reduction in the production schedule for a group or section, employees will be laid off to maintain a full workweek. The parties may negotiate at any time temporary modifications of this procedure and the periods of time during which they will be in effect.

2. In cases of temporary reduction, furloughs may take place among employees on the same shift, classification and labor grade who normally perform the work affected by the reduction. Unless otherwise agreed upon, furloughs shall not exceed a period of four weeks and will be based on seniority provided the remaining employees can do the job.

3. At the time of layoff, an employee on personal leave of absence or on the disability roll will be laid off and his name will be added to the Inactive Seniority List when, because of his seniority status under the established seniority procedure, he would have been laid off if he were actively at work. Notice of such layoffs will be given to the Union and to the employee involved at his last known address, but the usual notice periods outlined below in Paragraph H. shall not apply. Any objection to such layoff must be made by filing a grievance within two (2) weeks following the giving of such notice to the Local. Layoffs pursuant to this provision shall not affect any right to benefits or coverage under the Northrop Grumman Insurance Plan to which the employee has already become

entitled prior to the layoff, either for himself or his dependents, by reason of his disability or leave of absence. It shall be the obligation of such disabled employee to notify the Company of his availability for reemployment, and until such notification, the Company will have no obligation to offer such disabled employee reemployment. Such disabled employee on the Inactive Seniority List who is still disabled at the time he is recalled will be returned to the disability roll if he so requests at that time. The period on disability prior to layoff and the period during which he is returned to the disability roll will be considered as a single continuous period.

4. An employee up for disposition shall displace the least senior employee occupying a job previously held by the more senior employee (including a successor job to a superseded job previously held by the more senior employee), under one of the following options as set forth below, providing he can still perform the duties of the job with only such training as an employee with previous experience on such job would require. In addition, a senior employee shall have displacement rights to a job he has not previously held if (a) his work history card indicates he has previously performed the same or a substantially similar job, and (b) he successfully demonstrates during an interview with management that he can perform the duties of the job with only such training as an employee with previous experience on such job would require. Employee will be able to review their work history cards to make sure they are up to date.

- same seniority unit; same grade
- same seniority unit; any grade
- any seniority unit; any grade

5. Prior to involuntary disposition, an employee up for disposition may elect to be transferred to open jobs of the same grade, for which he is qualified, which are available following application of the posting procedure.

6. If the employee has exhausted his moves and is not placed in the above procedure, he shall be laid off and his name added to the Inactive Seniority List.

7. An employee who refuses a job for which he is eligible under the terms of this seniority procedure shall not be considered to have involuntarily separated, but his name will be added to the Inactive List. However, he will not be considered for recall to a job of lower labor grade than that which he indicates he will accept at the time he refuses downgrading.

8. It is understood and agreed that in all cases of layoffs due to decreasing forces, accumulated length of service will govern, and employees will be permitted to displace other employees only if the employee can perform the duties of the job with only such training as an employee with previous experience on such job would require.

G. Special Work Force Reduction Problems

In reductions in force involving the reclassification or separation of a number of

employees having similar seniority moves, the Local will recognize the problems incident to such a reduction and at the request of Management will discuss with Management a procedure through which the reduction can be accomplished with the minimum number of moves consistent with the principles provided in this agreement.

H. Notice Period

1. Employees released, or selected for layoff because of lack of work, shall be advised of the reason therefore at least three- (3) working days before such release or layoff becomes effective. The Steward shall be so notified before the notice is given to the employee involved. Such employees will be given three (3) days work, or pay if work is not provided.

2. The provision in the last preceding paragraph does not apply in case of discharge due to a serious infraction of Company rules. The steward and the Local's office will be notified with the reasons therefore within one (1) working day.

3. In cases where conditions require furloughing of employees, the steward will receive reasonable advance notice in accordance with conditions as they arise, before the employees involved are notified. The employee will be given as much advance notice as practicable.

I. Increase in Working Force--Transfers and Upgrading

1. Open jobs will be filled by upgrading, posting and then transfers among all qualified active roll employees. Only after these processes have been exhausted will employees on the Inactive Seniority List be recalled. Seniority will govern if the employee's experience, although not necessarily on the same type of work, indicates that he can do the job (i.e., the employee must presently possess the minimum skill and knowledge necessary to perform the job, although some training may be required to adapt these skills to the particular job requirements).

2. The process for filling open jobs shall be as follows:

a. **Upgrades.** The first step is to upgrade the most senior qualified employee from a job in lower labor grades in the seniority unit in which the available job exists. By mutual consent, qualified employees, absent due to illness, will be given consideration at the time upgrading takes place.

b. **Posting.** When an opening occurs in the lowest labor grade in a seniority unit, or if a job cannot be filled in Step 1 noted in 2.a. above, it will be posted on the plant bulletin board for two (2) working days. All non-exempt active roll employees at the BWI site will be eligible to bid on posted jobs. The most senior, qualified active employee who bids on the job during the two (2) day period of posting and who is eligible

for transfer, will be considered for the job. Employees represented by the IUE-Baltimore will be considered for posted openings first. If there are no qualified IUE-Baltimore represented employees, then IUE-Hagerstown employees will be considered for the openings. If there are no qualified IUE-Hagerstown employees, then all non-exempt employees would be considered. Employees who bid on the job and are accepted will be placed on the job. The job to be filled will be identified by job title, job number, labor grade, shift and seniority unit number.

(1) When an employee applies on a posted job and his request for transfer cannot be granted because of inability of remaining employees to perform the job, the Company will, if the request involves a change in occupation and/or upgrading, endeavor to provide as quickly as practicable a suitable replacement, so that a future application on a posted job by the same employee will not have to be rejected.

(2) Whenever a specified job in the Plant is posted and the number of qualified applicants is fewer than the number of jobs posted, the same job will not again be posted for the remaining number of openings on that posting during the ensuing ninety (90) calendar days. Additional openings for the specified job will be posted.

(3) Any employee who has been granted a transfer through the posting procedure shall not be eligible to file another application for transfer for a six-month period except if an employee's previous experience indicates he can

satisfactorily perform a higher grade job that later becomes open.

(4) Management will place on the bulletin board the name and seniority date of employees selected.

(5) The Union will be given copies of posting results, including copies of all application forms.

c. **Transfer.** If the open job is not filled through upgrade or posting, it may then be filled by transferring an employee up for disposition pursuant to Paragraph F.5 of the Decrease in Working Force Procedure.

3. Recall From the Inactive Seniority List.

If the job is not filled through the application of Paragraph 2. above the Company will seek recall candidates from the Inactive Seniority List but if there are none, may fill the job with other qualified candidates.

4. Transfers of Work and Employees into the Bargaining Unit

a. The Union acknowledges that management is actively seeking new work, including the transfer of work performed elsewhere by Northrop-Grumman, into the BWI complex. The Company agrees that the employees performing such work, who may be transferred to the West Building complex, will be covered by this Agreement if performing work of a type and at a location, performed by members of the bargaining unit.

b. The Union agrees that such employees have a preferential right for transfer into the bargaining unit and shall be granted seniority equivalent to the accumulated service definition of Section XII Paragraph A.

c. The Increase in Work Force Procedures shall apply, in full, to those open positions available after the transfer of employees previously performing such work has been completed.

d. The Union agrees that such employees already performing work transferred into the unit covered by this Agreement will have a preferential right to transfer into the bargaining unit and shall be granted seniority (as defined in the opening paragraph of this Article) for all purposes except for the provisions of their Article governing decrease in force. With respect to seniority for purposes of decrease in force, the Company and the Union will bargain this issue in good faith at the time that the movement of work and employees is contemplated to occur. In the event the parties are unable to reach agreement, employees transferred to the BWI complex will not be credited with their previous Company seniority for their first four (4) years of employment at the BWI complex. Transferred employees will, however, accrue seniority during this four (4) year period. At the end of this four (4) year period, employees transferred under Section XII-I-4 will be credited with all their Company seniority for all purposes as defined in the opening paragraph of this Section.

5. Transfer of Work within the BWI Complex

The Company may transfer work within the BWI complex accompanied by the employees historically performing such work. If such work and employees are moved across Union jurisdictional lines, the Company shall notify the affected Union(s), in advance, and attempt to secure mutual agreement on jurisdictional assignment. Failing agreement, the Company will assign the bargaining unit placement of such work in accordance with applicable legal principles. Dissatisfied Union(s) may seek resolution from the AFL-CIO, CLC Article XX procedures or from the NLRB. The Union agrees that any such dispute shall not be made the subject of any strike or stoppage of work.

6. Temporary Loans of Employees into and out of the Bargaining Unit

In order to bridge fluctuations in workload, Management may temporarily loan employees not covered by this Agreement to staff such work, under the following conditions:

a. Such temporary loans will not exceed one (1) year without further discussions with the Union. At the end of one year the Company may post the job, in which case, the loaned employee may continue to perform the work for sufficient time to train the employee who successfully bid on the job through the posting process. If the Company does not post the job at the end of twelve months, it will not have any loaned employee perform the job for at least

three months following the end of the initial twelve months; provided, however, that by mutual agreement between the Company and the Union, a loaned employee can continue to perform the job when there are extenuating circumstances.

b. Employees so loaned will not displace any employees covered by this Agreement and such loans will not be used to avoid the promotions or upgrade of qualified employees covered by this Agreement.

c. Employees so loaned will be paid their regular rate or the rate commensurate with the position whichever is higher.

d. The representation status of such employees will not change as a result of such temporary loan.

e. The Union will be notified, in advance, of the number of employees to be loaned, the expected duration of the loan and the reason therefore, as well as, any changes as may occur, in the status or duration of such assignment. The union reserves the right at any time during the loan period to hold discussions on the loan.

f. Any employee assigned for more than 30 days pursuant to this provision who is not represented by a Union shall be subject to the provisions of Section VII - Checkoff, for the duration of the loan excess of 30 days.

g. Management may also temporarily loan IUE represented employees to work at locations outside of the West Building. If such location is outside the BWI complex, Management shall first seek volunteers for the assignment; if there are no volunteers, Management shall select the least senior employee in the affected job. Otherwise, if such location is within the BWI complex, Management shall have the discretion to select which employee shall be temporarily loaned; provided, however, that if such location is within the BWI complex but involves a change in the loaned employee's shift, Management shall first seek volunteers, and if there are no volunteers shall select the least senior employee. For purposes of this paragraph, shift change is defined as first, second, or third regardless of starting times.

7. Flexibility and Mobility Within the Bargaining Unit

a. In order to meet production schedules, or to cover emergency situations, or lack of work, it may be necessary to temporarily reassign an employee from his regular job and work assignment to another job in a different job classification.

b. Temporary assignments will not exceed twelve (12) months. The company retains the right to select employees based on availability, taking into consideration employee skills and production schedules in an effort not to disrupt ongoing operations and the efficient flow of work. If the temporary assignment exceeds the twelve (12) month period and the Company and

the Union do not mutually agree on an extension, the employee will be returned to the original department.

c. Whenever such temporary assignment is to be made, the Local Steward shall be notified in advance.

d. When Management assigns an operator temporarily to a job other than his regular job, when his regular job is available, he will be paid a rate determined in advance of the assignment which takes into consideration his rate of record, or the rate of the job whichever is higher.

J. Changes in Shift

When filling job openings in a seniority unit, shift preference may be exercised on the basis of seniority within the seniority unit and job classification by first realigning the seniority unit in which the available job exists. When filling job openings in a seniority unit, shift preference may be exercised on the basis of seniority within the seniority unit and job classification by first realigning the seniority unit. Upgradings will then take place in accordance with the increase in working force procedure. Shift preference cannot be exercised on posted jobs. By mutual consent, qualified employees absent due to illness will be given consideration at the time shift realignment takes place.

K. Work Assignments - Graduate Student Training Course

It is recognized that practical work experience is necessary for the proper training of Graduate

Students; therefore, work assignments will be made in line with the following provisions:

1. During such assignment the student will not replace a regular employee. His time will be charged to the Educational Department and not to the group in which he is working. He will not be subject to the seniority provisions of this agreement.

2. Each assignment will not exceed six (6) weeks.

L. Seniority Preference

1. At the written request of the Local, an elected shop steward will be given seniority preference at the time when layoffs take place within the section, department or division for which he is acting as steward. Such seniority preference will be granted only to the extent necessary to enable him to retain a job within the section, department or division for which he is acting as steward provided such steward is otherwise entitled to such job by operation of the seniority provision of this Agreement. If their duties qualify them under the law, elected officers, upon written request of the Local, will be given at the time of reduction in working force similar seniority preference within the bargaining unit in which they are employed.

2. a. A group of employees not to exceed 1% of the active seniority list, but not less than two (2) employees will be given preference as set forth below due to special skill in key occupations, outstanding ability in certain work or because of unusual ability for training

purposes to fill key jobs either at the BWI site or other locations. The list of employees to be given such seniority preference and the reasons therefore will be supplied to the Local and will be kept up-to-date by Management. The list will be discussed with the Local prior to being made effective. Objections by the Local are subject to the grievance procedure.

b. Employees on this list may be upgraded or transferred to an open job for the purpose of specialized training. In case of competitive bidding with other employees for the open job, skill and ability will be the determining factor.

c. An employee on this list will be given seniority preference at the time when layoffs take place within the section, department or division in which he is employed. Such seniority preference will enable him to retain his job within the section, department or division so long as such job remains, and when the job no longer exists he will be given preference for another job in the same labor grade or successively lower labor grades if he has had training for such jobs.

d. If the name of any employee is removed from the list, the job held by such employee shall be declared open and filled in accordance with all applicable seniority provisions as though there were no employee on the job.

M. Return from Disability

1. An employee who is returned from disability, if physically able, shall replace the least senior employee on the job held at the time of

commencement of the disability, seniority permitting. Otherwise, the employee will be placed in accordance with reduction in work force procedures.

2. The decision of the Medical Department on any question of any employee's physical ability to perform his work assignment shall be followed and reassignment considered. If the decision adversely affects the employee's status, the Company doctor will, at the request of the employee, advise the employee's doctor, relative to the basis for the medical decision, the employee's status as a qualified employee with an ADA covered disability and the availability of a reasonable accommodation which would enable the employee to perform the essential functions of the job. If job removal is determined, he shall be permitted to exercise his seniority privileges in accordance with the procedure for decrease in work force to a job for which he is qualified.

SECTION XIII - LEAVE OF ABSENCE

A. Upon the written request of the Local or Union an employee elected to a Local or a Union office or appointed as a full-time Union representative will be granted the usual leave of absence without loss of seniority, not to exceed one (1) year unless an extension is granted, and the determination as to whether such extension will be granted will be reached through collective bargaining between the Union and management, but in no case shall leave or leaves of absence or extensions thereof total more than six (6) years.

B. At the end of his or her mission such employee who has been granted a leave of absence will be restored on the basis of seniority to his or her former position or similar position at the going rate at the time of his or her return.

SECTION XIV - GRIEVANCE PROCEDURE/UNION BUSINESS ALLOWANCE

The procedure for the settlement of disputes handling of grievances is as follows:

1. Step One. The first step shall involve a steward and the grievant's supervisor. Before a steward leaves work to investigate a grievance or to attend a meeting with management, the steward will first request permission from his supervisor. His supervisor will issue the appropriate time report, indicating the time the steward left his job and the employee or employees the steward intends to contact. Upon return to work the steward will sign the time report and return it to his supervisor, who will record the stopping time and complete the form, giving the white copy to the steward and the remaining copies to the timekeeper.

If the problem is not settled in oral discussions between the steward and the grievant's supervisor, a written grievance may be presented. The supervisor will arrange for a meeting to discuss the written grievance promptly, but no later than five (5) working days after receipt of the written grievance. The supervisor shall return a written Step 1 response to the Steward promptly following this meeting,

but no later than five (5) working days after the meeting has concluded.

2. Step Two. If the Vice President, or equivalent desires to process the grievance further, he will forward the grievance to the Manager of Labor Relations, or designated representative within fourteen (14) working days of presentation to the Steward. The Labor Relations Manager or designated representative will arrange for a meeting promptly, but within ten (10) working days to include the Union representatives present at step one and such others, not exceeding five in total, as the Local feels can contribute to the constructive discussion of the issues involved. The Company representatives at step two, shall include those present at step one together with the Manager of Manufacturing, or equivalent, and the Labor Relations Manager or designated representative, not exceeding five in total. The reply by the Labor Relations Manager or designated representative shall be delivered to the President of the Local promptly, but within ten (10) working days following the meeting.

3. Appeal Level. The appeal level shall involve the President and the Vice President of the Local. If the Union desires to process the grievance further, the Union must forward the grievance to the Company's Union Relations Director within thirty (30) working days of the Local's receipt of the step two response. The Union Relations Director will arrange for an appeal meeting promptly, but no later than thirty (30) calendar days following the receipt of the grievance. A meeting will be held at a mutually

agreed location and time. At the appeal meeting, the Union and the Company may have up to five (5) representatives each. The Union Relations Director will provide a written appeal response to the President of the Local promptly, but no later than twenty (20) working days following the appeal meeting.

4. It is expected that meetings and answers at all levels will occur as soon as possible within the time limits specified unless there is a mutual agreement in writing to extend the time limits.

5. The Company's reply to a grievance will be considered final at any level of the grievance procedure and the grievance closed, if written notification to the contrary is not received within forty-five (45) working days of the date such reply is delivered to the Local.

6. Should the parties fail to resolve any grievance after exhausting the grievance procedure, the provisions of Section XIV-A shall apply.

7. Failure to present an argument at any step of the grievance procedure shall not prejudice either party at a later step of the grievance procedure or in the arbitration procedure.

8. Disciplinary notices (excluding Last Chance Letters) which are issued three years or more before an event that may give rise to formal discipline will not be used against an employee for purposes of the formal disciplinary process. However, such notices will not be removed from personnel files.

9. Where the Company or the Union believes that an emergency grievance dispute exists, following exhaustion of the local grievance procedure, an appeal level grievance meeting will be held within five (5) five working days of the communication between the respective Company and Union officials that such emergency exists, and a written answer will be given to the Union within three (3) working days following the conclusion of the meeting.

SECTION XIV-A – ARBITRATION

A. Any grievances, other than those concerning probationary employees, which remain unsettled after the grievance procedure has been exhausted, shall be arbitrable upon valid request by the Union. A request for arbitration shall be valid only if it (a) is in writing, and (b) is made within thirty (30) days after the Company receives notice that its final reply at the Appeal level is unsatisfactory. If no timely demand for arbitration is made, the grievance shall be resolved consistent with the disposition at the final step of the grievance procedure.

B. 1. When a request for arbitration is made, either party may, but only within 30 calendar days after the date of such admission, request the American Arbitration Association to submit a list of names from the Association's panels, from which an arbitrator may be chosen. Such request to the Association shall be accompanied by a copy of the original arbitration request. No arbitrator shall be appointed by the Association who has not been approved by both parties unless and until the parties have had submitted

to them three (3) lists of arbitrators from the Association's panels, and have been unable to select a mutually satisfactory arbitrator therefrom.

In the event the arbitrator requests the parties to supply him with a stenographic record of the arbitration proceeding, the parties shall equally divide the cost of one (1) copy for him. The arbitrator shall have no authority to issue any subpoena or other form of legal process or award to compel either party to produce new evidence (not already presented during processing of the grievance in the grievance procedure) considered by such party to be confidential or not relevant or material to the proceeding, or which is not available. This shall not limit the arbitrator's authority to compel the production of information which this Agreement requires either party to provide the other.

The arbitrator shall have no authority to make any award requiring payment to any employee for any period more than thirty (30) calendar days preceding the filing of a grievance.

2. Only one request shall be scheduled for the same arbitration hearing, except by mutual agreement of the parties.

3. In the selection of an arbitrator and the conduct of an arbitration hearing, the applicable provisions of the Voluntary Labor Arbitration Rules of the Association shall control, except that either party may, if it desires, be represented by counsel.

4. The dispute as stated in the request for arbitration shall constitute the sole and entire subject matter to be heard by the Arbitrator, unless the parties agree to modify the scope of the hearing.

C. This Agreement sets out expressly all the restrictions and obligations assumed by the respective parties, and no implied restrictions or obligations inherent in this Agreement or were assumed by the parties in entering into this Agreement.

D. The award of an arbitrator upon any grievance subject to arbitration as herein provided shall be final and binding upon all parties to this Agreement provided that no arbitrator shall have any authority or jurisdiction to add to, detract from, or in any way alter the provisions of this Agreement.

E. Absent specific agreement of the parties as expressed in a submission, an arbitrator shall have no authority or jurisdiction to hear any case or to review, revoke, modify, or enter any award with respect to any matter involving the interpretation or application of any pension, insurance, layoff income and benefit plan, or other benefit plan referred to by or made part of this Agreement, or otherwise negotiated between the parties, or with respect to the establishment, change, or administration of any such benefit plan, or to make any award requiring payment to an employee for any period more than sixty (60) days prior to the date when the Union knew or should have known of the incident giving rise to the grievance, a date to be

determined by the arbitrator; or to compel either party to produce new evidence not already presented during the course of the grievance procedure considered by such party to be confidential, irrelevant, or immaterial to the proceeding, or which is not available.

F. Grievances filed on or after the effective date of this Section which are arbitratable under this Agreement and allege that an employee has been disciplined or discharged from the active rolls without just cause may be processed specially into arbitration.

Any request for arbitration under this Paragraph F must be received by the Company within forty-five (45) calendar days after the date of the Company's Appeal Level response. The Company must respond within ten (10) calendar days after receipt of such request. If the parties agree as stated above, and they are unable to agree on an arbitrator, the Union will promptly obtain from the American Arbitration Association a panel of nine (9) qualified arbitrators, from which an arbitrator will be selected forthwith by agreement or alternate striking method.

In arbitration hearings held under this Paragraph F only, the parties agree that no transcript or other formal record of the proceedings shall be required, and that no post-hearing briefs will be filed unless otherwise mutually agreed upon. Either party may, however, present oral or written summations at the hearing. Hearings will be scheduled within sixty (60) calendar days of the appointment of an arbitrator, unless the parties agree upon a subsequent date, and

awards with only a brief written opinion shall be issued within two (2) weeks after the hearing is closed, except as provided below. No award issued under the Paragraph F may be considered as establishing a precedent. All provisions of Section XIV-A shall otherwise apply to arbitration under the Paragraph.

In any arbitration under this Paragraph F involving discipline (but not discharge) of an employee, either party may, after all presentation of evidence and summation is concluded, request that the arbitrator decide the matter without an opinion. In such case, the arbitrator shall, within one (1) hour thereafter, submit a written decision to the parties without stating any grounds of reasons for the award.

SECTION XIV - B - UNION BUSINESS ALLOWANCE

A. The President and the Vice President of the Local Union, while on the active employee role, will be permitted up to a maximum of forty (40) hours per week at his/her regular rate of pay for the performance of the functions of their office, including but not limited to:

- 1.** Receiving complaints and the investigation, handling and adjustment of grievances;
- 2.** Attendance at meetings with management within the employees basic working hours;
- 3.** Attendance at meetings with management outside the employees basic working hours where attendance is mandatory;

4. Attendance at meetings with management for the purpose of collective bargaining; and

5. Attendance at meetings held in the plant during regular working hours involving employee discipline at which the steward or designated union representative is entitled to attend.

B. The President and the Vice President shall not normally be eligible to work overtime. Each of these employees will therefore be paid an amount corresponding to one and one-half times his or her regular rate of pay for the average number of overtime hours worked by employees in his/her job classification during the prior calendar year in addition to the 40 hours of pay set forth in Section A above. However, notwithstanding the foregoing, the Company reserves the right to mandate that either or both of these employees work overtime, when operational considerations warrant. In such instances, the employee will be paid for such time worked at his overtime rate of pay in addition to the other pay set forth above.

C. Stewards will not conduct any form of union business during working hours except after they have been granted permission to do so, as provided below. Before leaving work to conduct the type of union business described in Paragraph D. below, the steward will report to his supervisor and request permission to leave his job, which will be granted unless his departure would cause serious interference with operations. In such cases, the supervisor will make arrangements for the steward to leave his

job as promptly as possible if warranted by the circumstances.

D. Stewards who request release from work under Paragraph E., below must secure a time report from their respective supervisor when released for purposes of authorized union business and must return the report to the supervisor when the authorized union business is concluded. Such time will be considered as hours worked for the purposes of determining overtime.

E. In addition to the above, the Company will provide payment for one Union representative to meet with an OSHA or MOSHA Inspector for on-site inspections of areas in which employees covered by this agreement are assigned to work. Payment will be provided for the pre-inspection conference, to accompany the Inspector during the inspection and to participate in the final conference.

F. In addition to the persons designated under Paragraph A., the Union shall have the right to designate working active rolls employees as stewards. In addition to his regular assigned tasks as an employee, the steward shall have the right to receive complaints or grievances and to discuss and assist in the adjustment of the same with the employees' appropriate supervisor.

SECTION XV - BULLETIN BOARDS

The Company will permit the use of factory bulletin boards for the purpose of posting Union notices or other information of interest to members of the Union, provided that all such notices will be subject to the local Management's approval and arrangements made by the Management for posting.

SECTION XVI - COURT APPEARANCES

A. When called for jury duty, employees will be paid as if the employee has worked his regularly scheduled straight time hours in the period involved exclusive of overtime but including group leader or night turn remuneration, where applicable. No wages will be paid for jury service during non-scheduled workdays, furloughs or days that would have been furloughs.

B. Employees will be reimbursed in the manner set forth in Paragraph A of this Section when time is lost because of attendance at a proceeding of a court or governmental agency at the request of the Company or in response to a subpoena served on the employee. However, when subpoenaed by other than the Company, the employee will not be reimbursed if the employee, the Company or the Local is a party in the case, or the employee has any direct interest or financial interest in the case.

SECTION XVII - MILITARY SERVICE

A. IUE represented employees shall be subject to the Company's Military Service and Training Procedure H252. Management retains the authority to alter, amend, modify or terminate Procedure H252 and any such change will not be subject to the grievance procedure. To the extent that such actions affect the eligibility of IUE represented employees, the IUE shall be provided notice of any such change prior to its implementation.

SECTION XVIII - SICKNESS AND PERSONAL BUSINESS

A. Effective January 1, 2005, an hourly paid employee with one (1) or more years of credited service, who is absent from work because of personal illness for which weekly disability benefits are not payable under the Northrop-Grumman Insurance Plan, or under Workers' Compensation; (2) absent from work, with approval of Management, because of personal business; or (3) absent from work because of Management's decision to furlough, other than disciplinary suspension, or furlough resulting from disciplinary action to other employees, or slowdowns, or any other form of work stoppage in the plant, is eligible to receive a total of 6.5 days in each calendar year.

B. All employees who are otherwise eligible to receive such pay and who have completed thirty (30) days continuous employment immediately preceding the day or days of absence will be paid for their established shift hours:

1. If the absence is of the type described in paragraph A.(1) or (2) above; or

2. If the absence is of the type described in paragraph A.(3) above and pay has been requested for such day or days.

3. Such payment shall be calculated on straight time hours and shall not include any overtime premium payments. Hourly paid daywork employees will be paid for such hours on the basis of their rate of record, and in addition night turn bonus and group leader remuneration where applicable, on the date immediately preceding the day or days for which payment under this Section is requested.

C. An employee who has any unused benefits under this Section remaining at the end of any calendar year, may have such unused benefits, up to a maximum of thirty (30) days, carried forward to the following calendar year for use in the event of absences of the type described in Paragraph A. above. Employees who have been laid off and who are returned to the active roll in the same calendar year or the following year are entitled, effective upon reinstatement to the active roll, to all unused benefits earned under this Section up to the date they were placed on the inactive roll. Upon retirement from or death while on the active or disability rolls of the Company, an employee will be paid for all days of benefits accumulated under Paragraph **D.** below and which are unused as of the employee's last day of work up to a maximum of 36.5 days.

D. Reimbursement under this Section will not be made for any day or days for which the employee receives any other type of monetary benefits from the Company.

E. Employees otherwise eligible to receive pay under this Section may be paid one-half a day's pay for a one-half day of any absence defined in paragraph A provided the employee informs his supervisor, in advance of an intent to be absent.

SECTION XIX - MODIFICATION

A. This Agreement expresses the complete understanding of the parties in respect to all matters deemed by them to be applicable to the collective bargaining unit and it will not be changed, modified or varied except by a written instrument signed by duly authorized agents of the parties hereto, and any negotiations relating to proposed changes in such provisions will be carried on between representatives as outlined in Section II.

B. This Agreement replaces and supersedes all prior agreements and understandings between the parties, whether oral, written or by past practice, and all such prior agreements and understandings are hereby terminated. The Company and the Union realize the immense effort made during these negotiations, at identifying those side letter agreements which remain in full force and effect was an extremely difficult one. Therefore, it is agreed by both parties, to leave open for the period of this contract, the possibility of unidentified items arising that could be considered part of the Appendix C.

C. The parties acknowledge that all agreements arrived at by them during the negotiations concluded by this Agreement are set forth herein (except to the extent they are set forth in the Pension and Insurance Agreement between the Company and the Union). Therefore, except as hereinafter specifically provided in this Section XIX, the Company and the Union, for the life of this Agreement, each voluntarily and unqualifiedly waives the right, and each agrees that the other shall not be obligated, to bargain collectively with respect to any subject or matter referred to or covered in this Agreement, or with respect to any subjects or matters not specifically referred to or covered in this Agreement which were discussed during the negotiation of this Agreement.

D. Except as herein before provided in this Section XIX, the Company and the Union agree that neither of them will request consideration of any proposed changes in or additions to this Agreement, including any general wage or salary adjustments, before July 1, 2009. If this Agreement continues in effect for any subsequent contract term or terms beginning on or after August 30, 2009, the provisions of the last sentence above shall apply (substituting the year to which this Agreement is renewed for the figures "2009" wherever they appear). When any such request is received, a conference will take place within fifteen (15) calendar days for the purpose of considering it.

E. If the parties do not reach agreement prior to August 30, 2009, with respect to any

requested contractual changes or additions or wage and salary adjustments submitted on or after July 1, 2009, or if the parties do not reach agreement prior to the end of any subsequent contract term, with respect to any requested contractual changes or additions or wage and salary adjustments submitted on or after July 1 of such subsequent contract term, the Union may strike after the beginning of the next succeeding contract term in support of any such requests made by it. Such strike shall not be a violation of Section V or any other provision of this Agreement, but either party may, upon not less than one (1) day's written notice given to the other during such strike, thereupon terminate this Agreement.

SECTION X - TERMINATION

This Agreement constitutes the Complete Agreement between the Parties. This Agreement having been in full force and effect since March 1, 1996, is further extended and renewed until August 30, 2009 and such succeeding periods of one (1) year being sometimes referred to herein as a "contract term", provided that either party may terminate this Agreement as of midnight, August 30, 2009, or at the end of any succeeding contract term, by giving the other party written notice of such termination not more than sixty (60) days and not less than thirty (30) days before the termination date.

Dated and signed August 29, 2004. Effective as of August 29, 2004.

**NORTHROP GRUMMAN CORPORATION
ELECTRONIC SYSTEMS SECTOR
BWI SITE**

By: _____ /s Richard F. Schmaley
Vice President
Human Resources and
Administration

By: _____ /s Shirley M. Zaetz
Director
Labor Relations - ES

By: _____ /s Susan L. Brunson
Manager
Labor Relations – IUE

By: _____ /s John P. Roche
Director
Manufacturing Operations

By: _____ /s George J. Votta
Director
Commodity Cells

By: _____ /s Jorge Gomez
Manager
Human Resources

**LOCAL 130 - INTERNATIONAL UNION OF
ELECTRONIC, ELECTRICAL,
SALARIED, MACHINE AND FURNITURE
WORKERS/COMMUNICATIONS WORKERS
OF AMERICA (A.F.L.-C.I.O.,C.L.C.)**

By: _____ /s/ Richard T. O'Leary
President
IUE-CWA Local 130

By: _____ /s/ William M. Daugherty
Vice President
IUE-CWA Local 130

By: _____ /s/ John Carr
IUE-CWA Local 130
Negotiating Committee

By: _____ /s/ Michael Green
IUE-CWA Local 130
Negotiating Committee

By: _____ /s/ Roosevelt Robinson
IUE-CWA Local 130
Negotiating Committee

By: _____ /s/ Gwendolyn McNeil
IUE-CWA Local 130
Negotiating Committee

By: _____ /s/ Thomas Barnes
IUE-CWA Local 130
Negotiating Committee

APPENDIX A

Aug. 30, 2004

LG	Service-In Months						A	B	C
	0-6	7-12	13-18	19-24	25-30	31-36			
01	13.180	14.120	15.060	16.000	16.945	17.885	18.825	19.005	19.120
02	13.280	14.230	15.175	16.125	17.075	18.020	18.970	19.185	19.245
03	13.340	14.295	15.250	16.200	17.155	18.105	19.060	19.325	19.400
04	13.430	14.390	15.350	16.305	17.265	18.225	19.185	19.465	19.545
05	13.515	14.485	15.450	16.415	17.380	18.345	19.310	19.650	19.725
06	13.625	14.600	15.570	16.545	17.520	18.490	19.465	19.875	19.960
07	13.750	14.730	15.710	16.695	17.675	18.660	19.640	20.110	20.235
08							19.875	20.580	20.755
09							20.130	20.885	21.060
10							20.755	21.450	21.780
11							21.250	22.095	22.435
12							21.785	22.760	23.145
13							22.455	23.495	23.850
14							23.535	24.620	25.135
15							25.035	26.145	26.630

LG	0-6	7-12	13-18	19-24	25-30	31-36	A	B	C
10A	14.530	15.565	16.605	17.640	18.680	19.715	20.755	21.450	21.780
IUENW									
10B	14.530	15.565	16.605	17.640	18.680	19.715	20.755	21.450	21.780
IUEUMH									
12A	-	-	-	-	-	-	21.785	22.760	23.145
IUECMH									

CODE

IUEJ10

MINIMUM

11.000

MAXIMUM

11.000

APPENDIX B - SALARY SCHEDULES
EFFECTIVE Aug. 30, 2004

CODE	MINIMUM	MAXIMUM
01	399.30	713.53
02	401.44	722.91
03	403.86	732.75
04	406.53	744.63
05	409.50	758.92
06	412.85	774.24
07	416.15	792.38
08	420.10	811.97
09	423.95	833.43
10	428.05	859.10
11	433.55	885.76
12	438.45	915.45
13	443.00	945.88
14	450.15	979.24
15	455.55	1013.75
16	465.05	1049.24
17	473.05	1088.00
18	485.00	1131.27

CODE	MINIMUM	MAXIMUM
IUECMS	804.58	1013.75
IUEUMS	804.58	1013.75

CODE	Position Title	MINIMUM	MAXIMUM
10R300	Electronic Tech. C	586.60	871.27
IUEUTS	Sensors & Systems Technician-Uncertified	486.00	1065.17
IUECTS	Sensors & Systems Technician-Certified	486.00	1131.27

CODE	Position Title	MINIMUM	MAXIMUM
08R500	Inspector C	446.00	847.74
09R500	Inspector/Material Disposition	452.50	883.02
10R500	Inspector B- Precision/Mechanical	459.00	930.38
10R502	Inspector B-Assembly and Process	459.00	930.38
13R500	Inspector A-Assembly	481.00	1028.24
IUECIS	Processor Assessor	481.00	1076.23

APPENDIX C - LETTERS OF UNDERSTANDING

November 1, 1980	Overtime - 4 hrs. Of work
February 3, 1982	Addendum to L/S #4 "Hours of Work - New 3 rd shift in AWACS Area"
July 29, 1983	Feeder Subcontracting
December 12, 1990	Developer Job Descriptions
May 8, 1991	Addendum to Job Blending Agreement - Posting for "C" Insp. Pos.
March 13, 1996	Sale of Westinghouse
June 30, 1998	Electronic Manufacturing Specialist Agreement
January 1999	Maintenance Relocation Agreement (IBEW/IUE)
August 1999	Temporary Jobs
November 1, 1999	Transfer of Product Support Services work and Employees into the IUE Bargaining Unit
October 30, 2000	Model Maker Agreement
October 30, 2000	Electronic Manufacturing Specialist
October 30, 2000	Janitor Agreement
January 12, 2001	ESSS Savings & Investment Plan for Represented Employees (Viacom)
September 2, 2002	MDL Consolidation
April 14, 2004	Change of Contract Expiration (8/31/04 to 8/29/04)
August 3, 2004	Manufacturing Training Program Certification (Platform) Agreement

2004 Wage Supplement

to

Agreement Dated as of

29th Day of August 2004

Between

**Northrop Grumman Corporation Electronic
Systems Sector**

And

IUE CWA Local 130

**International Union of Electronic, Electrical,
Salaried, Machine and Furniture
Workers/Communications Workers of
America
AFL-CIO, CLC**

Northrop Grumman Corporation Electronic Systems sector (herein called the "Company") and International Union of Electronic, Electrical, Salaried, Machine and Furniture Workers/Communications Workers of America CWA Local 130 (AFL-CIO, CLC) (herein called the "Union") hereby mutually agree to supplement the Agreement made and entered into by them as of the 29th day of August 2004, as follows:

1. WAGE AND SALARY ADJUSTMENTS

- a. **(1)** Effective August 30, 2004, all eligible employees will receive a Special Wage or Salary Bonus of SEVEN HUNDRED FIFTY DOLLARS (\$750). Employees classified on Job Number IUEJ-10, Labor Grade 91, will also be eligible for this Special Wage Bonus only for this Agreement dated August 29, 2004.

For purposes of this Bonus Payment, eligible employees are those on the Active Roll as of August 27, 2004 and those returning to the Active Roll between August 27, 2004 to and including August 27, 2005 from the Disability Roll, * Inactive Seniority List or leave of absence within one (1) year from their last day worked. Employees eligible by reason of their timely return to the Active Roll hereunder will receive their Bonus Payment as soon as practical following their return.

(2) Effective August 28, 2006, all eligible employees will receive a Special Wage or Salary Bonus of FIVE HUNDRED DOLLARS (\$500). Employees classified on Job Number IUEJ-10, Labor Grade 91, will also be eligible for this Special Wage Bonus only for this Agreement dated August 29, 2004.

For purposes of this Bonus Payment, eligible employees are those on the Active Roll as of August 25, 2006 and those returning to the Active Roll between August 25, 2006 to and including August 25, 2007

from the Disability Roll, * Inactive Seniority List or leave of absence within one (1) year from their last day worked. Employees eligible by reason of their timely return to the Active Roll hereunder will receive their Bonus Payment as soon as practical following their return.

(3) Effective August 25, 2008, all eligible employees will receive a Special Wage or Salary Bonus of FIVE HUNDRED DOLLARS (\$500). Employees classified on Job Number IUEJ-10, Labor Grade 91, will also be eligible for this Special Wage Bonus only for this Agreement dated August 29, 2004.

For purposes of this Bonus Payment, eligible employees are those on the Active Roll as of August 22, 2008 and those returning to the Active Roll between August 22, 2008 to and including August 22, 2009 from the Disability Roll, * Inactive Seniority List or leave of absence within one (1) year from their last day worked. Employees eligible by reason of their timely return to the Active Roll hereunder will receive their Bonus Payment as soon as practical following their return.

*Hourly paid employees are considered to be on the Disability Roll as of the time they are eligible to receive Short Term Disability Benefits due to injury or illness. Salaried employees are considered to be on the Disability Roll as of the time they are eligible to receive Salary Continuance or Short

Term Disability Benefits due to injury or illness.

b. The guaranteed keysheet rates and pay of hourly paid daywork employees and the salary schedule maximums and pay of salaried employees will be increased according to the schedule below and applied to the rates indicated:

Increase	Effective Date	Applied to Rates In Effect on
Three and one-half percent (3 ½%)	August 30, 2004	August 27, 2004
Three and one-half percent (3 ½%)	August 29, 2005	August 26, 2005
Three and one-half percent (3 ½%)	August 28, 2006	August 25, 2006
Three percent (3%)	August 27, 2007	August 24, 2007
Three percent (3%)	August 25, 2008	August 22, 2008

(1) The guaranteed keysheet rates and pay of hourly paid daywork employees will be rounded to the nearest one-half (1/2) cent.

(2) *The salary schedule maximums and pay of salaried employees will be rounded to the nearest whole cent.

* Wherever reference is made throughout this Supplement to increases for salaried employees, such increases will be based on a regular forty (40) hour workweek. Proportionately smaller increases than those stated will be

granted salaried employees on a regular workweek of less than forty (40) hours. Proportionately smaller increases will be made in their salary schedules. Any increases for any salaried employees pursuant to this Supplement shall not exceed the amount of increase applicable to the maximum of the salary range for the classification on which the employee is then working.

c. Cost-of-Living Adjustments will be made to the guaranteed keysheet rates and pay of hourly paid employees and to the salary schedule maximums and minimums and pay of salaried employees as follows:

(1) The term “Consumer Price Index” as used herein shall mean the National Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W; Base 1982-84 = 100) as published monthly by the Bureau of Labor Statistics of the U.S. Department of Labor.

(2) Cost of Living Adjustments effective on the date shown below in the amount of one (1) cent per hour (forty cents (\$.40) per week, rounded to the nearest cent if necessary, for salaried employees paid weekly) for each full one and one-quarter tenths of one percent (0.125%) by which the Consumer Price Index increases in the applicable measurement period.

Effective Date	Measurement Period
May 30, 2005	November 2004 through March 2005
November 28, 2005	March 2005 through September 2005
May 29, 2006	March 2005 through March 2006*
November 27, 2006	March 2006 through September 2006
May 28, 2007	March 2006 through March 2007**
November 26, 2007	March 2007 through September 2007
May 26, 2008	March 2007 through March 2008***
November 24, 2008	March 2008 through September 2008
May 25, 2009	March 2008 through March 2009****
<p>*Note: While the measurement period for the Cost-of-Living Adjustment effective May 29, 2006 includes the entire measurement period from March 2005 to March 2006, the adjustment shall be the difference between the full amount calculated for the period and the amount of the Cost-of-living Adjustment paid in November, 2005.</p>	
<p>**Note: While the measurement period for the Cost-of-Living Adjustment effective in May 28, 2007 includes the entire measurement period from March 2006 to March 2007, the adjustment shall be the difference between the full amount calculated for the period and the amount of the Cost-of-living Adjustment paid effective November 27, 2006.</p>	

Effective Date	Measurement Period
*** Note:	While the measurement period for the Cost-of-Living Adjustment effective in May 26, 2008 includes the entire measurement period from March 2007 to March 2008, the adjustment shall be the difference between the full amount calculated for the period and the amount of the Cost-of-Living Adjustment paid effective November 26, 2007
**** Note:	While the measurement period for the Cost-of-Living Adjustment effective in May 25, 2009 includes the entire measurement period from March 2008 to March 2009, the adjustment shall be the difference between the full amount calculated for the period and the amount of the Cost-of-Living Adjustment paid effective November 24, 2008.

(3) In the event the Consumer Price Index defined in 1.c.(1) above shall be discontinued, changed, or otherwise becomes unavailable during the term of this Agreement, and if the Bureau of Labor Statistics issues a conversion table by which changes in the present index can still be determined, the parties agree to accept such conversion table. If no such table is issued, the parties will promptly undertake negotiations solely with respect to agreeing upon a substitute formula for determining a comparable Cost-of-Living Adjustment. If after such negotiations the parties fail to reach agreement, the Union shall, upon giving ten (10) days written notice, have the right to strike solely with respect to such issue.

d. All employees on the active roll and classified on Job Number IUEJ-10, Labor Grade 91, will receive the following wage adjustments to their hourly base rate in accordance with the schedule below:

Effective Date	Amount of Increase	New Hourly Rate	Applied to Rates in Effect on
August 30, 2004	\$.50	\$11.00	August 27, 2004
August 29, 2005	\$.50	\$11.50	August 26, 2005
August 28, 2006	\$.50	\$12.00	August 25, 2006
August 27, 2007	\$.50	\$12.50	August 24, 2007
August 25, 2008	\$.50	\$13.00	August 22, 2008

Note: The IUEJ-10 janitors are not eligible for any of the general increases or cost of living adjustments that are referenced in Paragraphs 1.b. and 1.c.

e. The wage and salary increases referred to in Paragraphs **1.b.** and **1.c.** above establish the amount and manner by which hourly daywork keysheets and pay and salary schedules and pay shall be increased, and will be applied for purposes of overtime, vacations, and night-turn bonus.

f. The wage increases referred to in Paragraph 1. d. above establish the amount and manner by which the hourly janitor keysheet and pay shall be increased, and

will only be applied for purposes of overtime and vacation.

2. GENERAL PROVISIONS

a. On the basis of the 2004 negotiations held between the Company and the Union pursuant to the modification provisions outlined in Article I of the Agreement dated August 29, 2004, as modified, which negotiations have been concluded by this Agreement (except to the extent they are set forth in the Pension and Insurance Agreement between the Company and the Union), all provisions of such Agreement as modified and amended, shall remain in full force and effect as modified herein.

b. The parties hereto agree that the Agreement dated August 29, 2004, as modified and amended, including the changes therein referred to in this Wage Supplement, shall be deemed to have been re-executed as a single document by the parties hereto contemporaneously with the execution of this Wage Supplement.

**PENSION AND INSURANCE
AGREEMENT**

Between

**NORTHROP GRUMMAN CORPORATION
ELECTRONIC SYSTEMS SECTOR
BWI SITE**

and

**INTERNATIONAL UNION OF ELECTRONIC,
ELECTRICAL, SALARIED MACHINE AND
FURNITURE WORKERS/
COMMUNICATIONS WORKERS OF
AMERICA, AFL-CIO, CLC**

IUE-CWA LOCAL 130

August 29, 2004

INTRODUCTION

AGREEMENT made and entered into as of the 29th day of August, 2004, by and between NORTHROP GRUMMAN CORPORATION, ELECTRONIC SYSTEMS SECTOR, BWI SITE, hereinafter called the "COMPANY," and IUE-CWA Local 130 of the International Union of Electronic, Electrical, Salaried, Machine and Furniture Workers/Communications Workers of America, AFL-CIO, CLC, hereinafter referred to as the "Union."

ARTICLE I GENERAL

Section 1

The term "employees" as used herein means, unless otherwise clearly indicated, all employees of the Company who are within a bargaining unit which is or becomes and continues to be covered by this Agreement, as herein provided.

Section 2

(a) Subject to compliance with such laws and governmental regulations as the Company deems applicable, and receipt of such rulings and approvals of governmental agencies as the Company deems necessary or advisable, the Company and the Union agree that (i) the Northrop Grumman Electronic Systems sector ("ES") Benefits Plan providing for medical, dental, and life insurance benefits for active employees ("Current Benefits Plan") in effect for employees covered by this Agreement as of August 29, 2004 shall be continued in effect until June 30, 2005, and (ii) effective July 1, 2005, and for the remaining duration of this Agreement, medical, dental, and life insurance benefits for active employees shall be provided pursuant to the New Welfare Benefits Plan set forth in Article II of this Agreement. Both the Current Benefits Plan and the New Welfare Benefits Plan shall be subject to variations because of State law as described in Article II.

(b) Subject to compliance with such laws and governmental regulations as the Company deems applicable, and receipt of such rulings and approvals of other governmental agencies as the Company deems necessary or advisable, the Company and the Union agree that the Northrop Grumman ES Union Represented Pension Plan (“Pension Plan”) in effect for Pension Plan participants covered by this Agreement shall, subject to Section 4(b) of Article I hereof, be continued in effect for the duration of this Agreement as to those participants first hired at the BWI site prior to January 1, 2005, with the changes summarized on Exhibit A hereto. Effective January 1, 2005, the Pension Plan will be amended to provide the following Pension Plan participants with a new benefit formula (“Benefit Formula”) in lieu of the existing Pension Plan formula: Pension Plan participants covered by this Agreement who are first hired or rehired at the BWI site on or after January 1, 2005. The Benefit Formula will be the same as the standard benefit formula under Section 7.20(a)(1) of the July 1, 2003 Restatement of the Northrop Grumman Corporation Pension Plan.

(c) Subject to compliance with such laws and other governmental regulations as the Company deems applicable, and receipt of such rulings and approvals of governmental agencies as the Company deems necessary or advisable, the Company and the Union agree that (i) the Northrop Grumman ES Savings and Investment Program (“Current Savings Plan”) in effect for employees covered by this Agreement as of

August 29, 2004 shall, subject to Section 4(c) of Article I hereof, be continued in effect through October 24, 2004, and (ii) effective October 25, 2004, and for the remaining duration of this Agreement, the new savings plan benefit for employees set forth in Article IV of this Agreement ("New Savings Plan") shall, subject to Section 4 (c) of Article I hereof, be continued for the duration of this Agreement.

(d) The Company and the Union agree that the following benefit plans in effect for employees covered by this Agreement as of August 29, 2004 shall be continued through June 30, 2005, except as provided in Section 6 of Article II: the Northrop Grumman ES Personal Accident Insurance Plan (the "Personal Accident Insurance Plan"), the Northrop Grumman ES Long Term Disability Benefits Plan (the "Disability Benefit Plan"), the Northrop Grumman ES Dependent Life Insurance Plan (the "Dependent Life Insurance Plan"), the Northrop Grumman ES Dental Assistance Plan ("the Dental Assistance Plan"), and the Northrop Grumman ES Long Term Care Insurance Plan (the "Long Term Care Insurance Plan"). In addition, the Company and the Union agree that the Northrop Grumman Retirement Health Care Security Fund For Represented Employees (the "Retirement Health Care Security Fund For Represented Employees"), the Northrop Grumman ES In-Hospital Indemnity Plan ("the In-Hospital Indemnity Plan"), and the Northrop Grumman ES Employee Security and Protection Plan ("the Employee Security and Protection Plan") shall be continued as provided for in Article II and Article V.

Section 3

(a) It is agreed that the benefit plans provided for in this Agreement are accepted by the Union, for the duration of this Agreement, as a complete insurance, pension, employment security and savings program. It is further agreed that both parties have had the unlimited right and opportunity to make demands and proposals, and otherwise bargain collectively with reference to all matters pertaining directly or indirectly to insurance, pension, savings, and employment security, and, subject to the provisions of Section 5 of Article II, Section 2(b) of Article VI and Section 3 of Article VIII of this Agreement, the parties unqualifiedly waive any rights they may now have, or hereafter acquire, to bargain collectively with respect to anything covered by any of the benefit plans referred to herein or with respect to any benefits, the payment of which could or might be insured by the Company, whether or not such matters were within the knowledge or contemplation of either of the parties at the time of negotiation or execution of this Agreement. The Union also agrees that, during the term of this Agreement, there shall be no strike, slowdown, sitdown, or other form of stoppage of work arising out of or conducted in connection with any effort to induce modifications of or amendments or additions to the insurance, pension, employment security and savings programs or of other benefits provided for by this Agreement, or the terms or conditions under which such benefits and programs are provided.

(b) It is further understood that no matter respecting any plan provided by this Agreement or any differences arising under any such plan, or arising concerning any benefits payable by the Company under any such Plan or any benefits the payment of which could or might be insured by the Company, shall be subject to any grievance or arbitration procedure which may be established by agreement between the Company and the Union, or otherwise.

(c) Claims of employees concerning their rights under any plan provided by this Agreement may be presented in writing in accordance with the applicable claims review procedures of the various plans. Nothing herein shall be construed to deny an employee the assistance of the Union or the Local in the presentation of such claims. Payment for time spent for the above purpose by Local representatives (who are in the active employ of the Company) within the Plant during their regular working hours while meeting with the representative designated by Management shall be made in the same manner, and such time shall for all purposes be considered in the same category, as time spent in the handling or adjustment of grievances. Neither the Union nor the Company shall have the right to strike or lock out with respect to any claims of employees under any of the Plans provided by this Agreement.

(d) Nothing in this Agreement shall be deemed to prevent the Company from making any of the benefits plans identified herein, in whole or in part, available to other represented employees of the Electronics Systems sector as may be

determined or negotiated by the Company.

Section 4

The Company agrees that, during the term of this Agreement, as to employees covered by this Agreement:

(a) Subject to Section 2 of this Article and to Article II, it will not amend or terminate the Current Benefits Plan or the New Welfare Benefits Plan; and

(b) Subject to Section 2 of this Article and to Article III, it will not discontinue the Pension Plan or make any amendment which would adversely affect the rights thereunder of the employees, nor suspend or reduce the payment of Company contributions to the Pension Plan below the level required by applicable law.

(c) Subject to Section 2 of this Article and to Article IV, it will not discontinue the Current Savings Plan or the New Savings Plan or make any amendment to the Plan which would adversely affect the rights of employees under either of these plans; provided, however, that such amendments of the Current Savings Plan or the New Savings Plan may be made by the Company as it deems necessary or advisable to secure the approval of the Commissioner of Internal Revenue and to obtain the rulings and approvals of other governmental departments, commissions and agencies and to comply with laws and regulations as referred to in Article I, Section 2(c) above; provided further, that the Company may make any amendments to the

New Savings Plan as it deems desirable as long as such amendments (i) apply equally to both union represented and non-union represented employees participating in such plans, and (ii) do not adversely affect the Company match or vesting schedule for employees covered by this Agreement.

ARTICLE II WELFARE BENEFIT PLANS

Section 1 – Current Welfare Benefits Plan

Except as otherwise provided in this Agreement, employees will continue to be eligible for benefits under the following welfare benefit plans from the effective date of this Agreement through June 30, 2005: the Current Benefits Plan, the Northrop Grumman ES Dental Assistance Plan (the “Dental Assistance Plan”), the Personal Accident Insurance Plan, the Disability Benefit Plan, the Dependent Life Insurance Plan, and the Long Term Care Insurance Plan. These plans are collectively hereafter referred to as the “Current Welfare Benefits Plan.” Employee premium costs for the Current Welfare Benefits Plan are set forth on Exhibit B.

Section 2 – New Welfare Benefits Plan

Effective July 1, 2005, employees shall no longer be eligible for benefits under the Current Welfare Benefits Plan, but instead shall have the opportunity to enroll in and receive benefits pursuant to a New Welfare Benefits Plan, the components of which are described on Exhibit

C. Employee premium costs for the New Welfare Benefits Plan are set forth on Exhibit C.

Section 3 – Retiree Benefits

The Retirement Health Care Security Fund for Represented Employees and the In-Hospital Indemnity Plan shall be continued in effect for the duration of this Agreement. However, no new participants will be permitted to enroll in the Retirement Health Care Security Fund for Represented Employees after August 31, 2004. Employee premium costs for these two plans are set forth on Exhibit D.

Section 4 – Administration of Welfare Benefit Plans

(a) The Company shall have the sole responsibility for the administration of the Current Welfare Benefits Plan, the New Welfare Benefits Plan, the Retirement Health Care Security Fund for Represented Employees and the In-Hospital Indemnity Plan. The benefits of these plans may be provided under a group insurance policy or policies issued by an insurance company or companies selected by the Company, which policy or policies shall not be inconsistent with the terms of this Agreement and shall be in the general form of such policies customarily issued by the insurance company or companies; provided, however, that the Company may at its discretion at any time and from time to time cancel any such policy or policies and become a self-insurer of any or all of the benefits of these plans for all or any group or class of active or former employees.

(b) The employees shall make the contributions to the Current Welfare Benefits Plan, the New Welfare Benefits Plan, the Retirement Health Care Security Fund for Represented Employees, and the In-Hospital Indemnity Plan which are appropriate for their coverage as specified on Exhibits B, C, and D.

(c) By the collection of contributions and transmittal thereof to the insurance company or companies providing the policy or policies, the Company shall discharge its full obligation hereunder, and shall be relieved of any and all liability to employees or their representatives hereunder, with respect to such insured benefits of the Current Welfare Benefits Plan, the New Welfare Benefits Plan, the Retirement Health Care Security Fund for Represented Employees, or the In-Hospital Indemnity Plan.

(d) The Company agrees to furnish the Union for each calendar year in which this Agreement is in effect, a copy of all information which becomes a matter of public record concerning the Current Welfare Benefits Plan (for years in which it is in effect), the New Welfare Benefits Plan (for years in which it is in effect), the Retirement Health Care Security Fund for Represented Employees, and the In-Hospital Indemnity Plan which is filed by the Company in accordance with Public Law 93-406, the Employee Retirement Income Security Act of 1974. The Union agrees that by furnishing such information the Company will fully comply with any statutory or other obligation to supply the Union with information concerning the operation

of these plans, and the Union hereby expressly waives any right to receive further information concerning the operation of these plans for any purpose whatsoever; provided, however, that such waiver shall not apply to requests that further information be furnished not more than one hundred twenty (120) days prior to August 30, 2009, or August 30 of any subsequent contract year, for purposes of collective bargaining with respect to modification, extension or renewal of this Agreement.

Section 5 – Non-Duplication of Benefits

(a) It is agreed that benefits under the Current Benefits Plan, the Dental Assistance Plan, and the medical and dental components of the New Welfare Benefits Plan (all of the foregoing are hereafter referred to as “Medical/Dental Benefits”) shall not duplicate any benefits provided or required under state or federal laws, regardless of whether the benefits under such laws are larger or smaller than those provided under the Medical/Dental Benefits.

(b) Notwithstanding any other provisions of this Agreement, any benefits under the Medical/Dental Benefits which are of the same type (although not necessarily of the same name or in the same amount) as one or more of the benefits provided under the laws of any state which shall have such laws, shall not become payable to employees in any such state who hereafter become covered by this Agreement, until the Company and the Union have agreed either (i) that no changes in such benefits under the Medical/Dental Benefits are necessary or

desirable by reason of such legislation, or (ii) upon the modifications of the Medical/Dental Benefits with respect to such benefits which shall apply with respect to such employees; and further provided that, notwithstanding any other provision of this Agreement, where any state or federal legislation or regulation is adopted which mandates the provision of additional benefits to benefits already provided under the Medical/Dental Benefits to employees and their families/dependents, the reasonable cost of providing such additional mandated benefits, if any, may after proper notification to the Union, be assessed to employees subject to such additional mandated benefits.

(c) If any state or federal legislation is hereafter adopted which will provide benefits of the same type (although not necessarily of the same name or in the same amount) as one or more of the benefits provided under the Medical/Dental Benefits, or if any presently existing or future state or federal legislation providing such benefits may be hereafter amended, any benefit or benefits under the Medical/Dental Benefits which are similar or related to the benefits provided or affected by such legislation shall, at the written request of either the Company or the Union, become a subject for collective bargaining, which shall be carried on, and completed if possible, sufficiently in advance of the effective date of the new or amendatory legislation to permit the working out in good time of the administrative details which may be involved. If either party requests collective bargaining, but no agreement is reached during negotiations, prior to the effective date of such

legislation, the Company may terminate or modify any such benefits provided under the Medical/Dental Benefits with respect to employees in the state involved (or employees in the United States in the case of federal legislation). Written notice of such termination or modification of benefits shall be given to the Union before it is announced generally to the affected employees. In the event of such termination or modification of benefits, an appropriate adjustment shall be made in the employees' contributions under the Medical/Dental Benefits.

Section 6 - Amendments

The Company reserves the right during the term of this Agreement, as to the employees covered by this Agreement, to modify, amend, discontinue, change, add to or terminate the Personal Accident Insurance Plan and/or the Disability Benefit Plan and/or the Dependent Life Insurance Plan and/or the In-Hospital Indemnity Plan, and/or the Long Term Care Insurance Plan and/or the long term disability, dependent life insurance and/or accidental death and dismemberment coverage of the New Welfare Benefits Plan, so long as such action does not discriminate against employees covered by this Agreement. In the event of any such action affecting benefits of employees under any of these plans, an appropriate adjustment shall be made in the rate of employee contributions.

ARTICLE III PENSION PLANS

Section 1

During the term of this Agreement, Pension Plan participants who are initially hired prior to January 1, 2005, shall be eligible to continue to participate in the Pension Plan, as modified by Exhibit A, and in accordance with Section 2(b) of Article I. Effective January 1, 2005, the Pension Plan will be amended to provide the following Pension Plan participants with a new benefit formula ("Benefit Formula") in lieu of the existing Pension Plan formula: Pension Plan participants covered by this Agreement who are first hired or re-hired at the BWI site on or after January 1, 2005. The Benefit Formula will be the same as the standard benefit formula under Section 7.20(a)(1) of the July 1, 2003 Restatement of the Northrop Grumman Corporation Pension Plan.

Section 2

The Company agrees to furnish the Union with the following information for each full calendar year in which this Agreement is in effect, such information to be furnished by May 15 of the following year:

(i) the number of persons retiring during the year, with their average age at retirement and the average pension of such persons who retired at their Normal Retirement Date during the year.

(ii) a summary of the most recent Actuarial Valuation of the Pension Plan showing total assets of the trust, including the present value of prospective contributions for both prior and future service, the present value of prospective pensions earned under the Pension Plan by all present active employees covered by the Pension Plan, and total liabilities of the Pension Plan.

(iii) a copy of all information which becomes a matter of public record concerning the Pension Plan which is filed by the Company in accordance with Public Law 93-406, the Employee Retirement Income Security Act of 1974.

The Union agrees that by furnishing it with the information listed in this sub-section (a) the Company will fully comply with any statutory or other obligation to supply the Union with information concerning the operation of the Pension Plan, and the Union hereby expressly waives any right to receive further information concerning the operation of the Pension Plan for any purpose whatsoever, provided, however, that such waiver shall not apply to requests that further information be furnished not more than one hundred and twenty (120) days prior to August 30, 2009, or August 30 of any subsequent contract year, for purposes of collective bargaining with respect to modification, extension or renewal of this Agreement.

Section 3

Subject to the provisions of Sections 3(c) of Article I of this Agreement, the Company shall have the sole responsibility for the administration of the Pension Plan, in accordance with its provisions. By payment of its contributions to the designated trustee or trustees and/or insurance company or companies, the Company shall be relieved of any further liability under the Pension Plan, and benefits shall be payable only from the trust fund or funds and/or insured contract or contracts; provided however, that any trust agreement and/or insurance contract under which such payments are made shall not be inconsistent with any provision of this Agreement.

ARTICLE IV SAVINGS PLAN

Section 1

Employees shall continue to be eligible to participate in the Current Savings Plan through October 24, 2004. Effective October 25, 2004, employees shall be eligible to participate in the New Savings Plan. Those who elect to participate shall be assigned to the same Sub-Plan within the Northrop Grumman Savings Plan as the non-union represented Electronic Systems sector employees at the BWI site. The Union acknowledges that most of the employees in the Northrop Grumman Savings Plan are not represented by any labor union. As a condition to Union-represented employees participating in

the New Savings Plan, the Union agrees that the Company has the unilateral right, in its sole and absolute discretion, to amend or modify the Savings Plan without any notice obligation to or bargaining obligation with the Union, as long as the same amendment or modification applies to non-represented Electronic Systems sector employees at the BWI site. The Union hereby waives and relinquishes, clearly and unmistakably, any and all rights it may have to bargain over any such amendment or modification. Notwithstanding the foregoing, the Company agrees that during the term of this Agreement, it will not (i) terminate the New Savings Plan; or (ii) reduce the New Savings Plan Company match that applies to contributions made by employees covered by this Agreement; or (iii) modify the vesting schedule in any way that adversely affects employees covered by this Agreement.

Section 2

(a) The Company shall have the sole responsibility for the administration of the Current Savings Plan and the New Savings Plan, and for the payment of all administrative expenses thereof.

(b) By making payments as required by the Current Savings Plan and the New Savings Plan to the designated trustee or trustees, the Company shall be relieved of any further liability under the Savings Plan and/or the New Savings Plan, and distributions shall be payable only from the trust fund or funds; provided, however,

that any trust agreement under which such distributions are made shall not be inconsistent with any provision of this Agreement.

(c) The Company agrees to furnish the Union for each calendar year in which this Agreement is in effect, a copy of all information which becomes a matter of public record concerning the Current Savings Plan and the New Savings Plan which is filed by the Company in accordance with Public Law 93-406, the Employee Retirement Income Security Act of 1974. The Union agrees that by furnishing such information the Company will fully comply with any statutory or other obligation to supply the Union with information concerning the operation of the Current Savings Plan and the New Savings Plan, and the Union hereby expressly waives any right to receive further information concerning the operation of the Current Savings Plan and the New Savings Plan for any purpose whatsoever; provided, however, that such waiver shall not apply to requests that further information be furnished not more than one hundred and twenty (120) days prior to August 30, 2009, or August 30 of any subsequent contract year, for purposes of collective bargaining with respect to modification, extension or renewal of this Agreement.

ARTICLE V EMPLOYEE SECURITY AND PROTECTION PLAN

Nothing in this Agreement shall be deemed to prevent the Company from making the Employee Security and Protection Plan (hereinafter the "Plan"), available in whole or in part to other represented employees of ES as may be determined or negotiated by the company.

Section 1 - Definitions

Whenever used in this Plan, masculine pronouns include both men and women unless the context indicates otherwise.

Whenever used in this Plan for the purposes of this Plan:

(a) Affiliated Entity means a subsidiary which is at least 50% owned by the Company or a partnership or a joint venture in which the Company is at least a 50% owner that has not been designated as an Employer.

(b) Automated Manufacturing Machine means a device for doing production which has programmable controllers (PC), numerical controls (NC), computer numerical controls (CNC) or direct numerical controls (DNC).

(c) Automated Office Machine means a computer-based device for doing office work

related to processing information and includes words, data and image processors, electronic mail, business and engineering graphic devices, and similar equipment.

(d) Company means Northrop Grumman Corporation, Electronic Systems sector.

(e) Decrease in Work Force means a reduction in the number of Employees assigned to a group, section or other organization unit through Layoff or Permanent Job Separation.

(f) Eligible Employee means an Employee who has two (2) or more full years of service.

(g) Employee means a person who is in the service of an Employer (except part-time or casual employees) who is represented by a labor organization or other representative (hereinafter referred to as the Union) which has entered into a written agreement (hereinafter referred to as the Agreement) with the Employer providing for participation in this Plan, provided such person is not employed in an Excluded Unit.

(h) Employer means Northrop Grumman Corporation, Electronic Systems sector, a subsidiary company which has been designated by the Company as eligible to participate in the Plan or a joint venture in which the Company is participating which has been designated by the Company as eligible to participate in the Plan and which has entered into an agreement to participate in this Plan.

(i) Excluded Unit means a group of employees who have been designated by the Company or an Employer as not eligible to participate in this Plan.

(j) Increase in Work Force means the recall, rehire or hire of an Employee to fill an open job in a group, section or other organization unit.

(k) Job Movement or Product-Line Relocation means the permanent discontinuance of the manufacturing of a product at an Employer location provided that the product continues to be produced by an Employer but at a different Employer location. Layoffs due to adjustments in the work force caused by changes in production requirements, manufacturing processes, sales volume, inventory levels, make or buy decisions, decisions to discontinue a product line, or any other reasons associated with the business shall not be a Job Movement or Product-Line Relocation.

(l) Layoff means the termination of the employment of an Employee with an Employer through no fault of his own for lack of work for reasons associated with the business where the Employer determines there is a reasonable expectation of recall within one year.

(m) Location Closedown means the permanent cessation of all activities and operations by an Employer (except for that work necessary to protect the property, i.e., plant guard service, power house operations) at a specific location.

(n) Location Closedown Date means the date on which the permanent cessation of all activities and operations by an Employer occurs.

(o) Permanent Job Separation means the termination of the Employment of an Employee with an Employer through no fault of his own for lack of work for Reasons Associated With the Business for whom the Employer determines there is no reasonable expectation of recall. In no event does a Permanent Job Separation occur if the Employee is offered continued employment by an Employer, an Affiliated Entity, or a successor employer which is neither an Employer or an Affiliated Entity. An Employee who is on Layoff status shall not be deemed a Permanent Job Separation provided, however, that if such an Employee continues on Layoff for one year without an offer of employment by an Employer or Affiliated Entity, a Permanent Job Separation shall be deemed to occur one year from the original date of Layoff.

(p) Plan means the Northrop Grumman Corporation, Electronic Systems Sector Employee Security and Protection Plan, as herein set forth.

(q) Plan Administrator means Northrop Grumman Corporation.

(r) Reasons Associated With the Business means reasons such as changed customer ability and willingness to buy as reflected in adjusted production requirements, changed manufacturing processes, product discontinuance or plant closing.

(s) Robot means a programmable, multifunction manipulator designed to move materials, parts, tools or specialized devices through variable programmed motions for the performance of a variety of tasks.

(t) Transfer of Work means the discontinuance of ongoing work at an Employer location coupled with the assignment of the same work to another employer, if such assignment of work would directly cause a decrease in the number of employees performing the same work at the Employer location.

(u) A Week's Pay for a salaried Employee who is paid weekly shall be the Employee's normal straight time weekly salary including any applicable night turn bonus and group leader remuneration for the last full week worked by the employee. A Week's Pay for an hourly-paid Employee shall be calculated by multiplying his hourly rate including any applicable night turn bonuses and group leader remuneration at the time of Layoff or Permanent Job Separation by the number of hours regularly scheduled in his basic workweek, up to forty (40) hours.

Section 2 - Location Closedown or Sale

(a) The Company will not announce or engage in any Location Closedown during the term of this Agreement unless all Employees affected by such Location Closedown who are eligible for such benefits, are offered Permanent Job Separation Benefits as set forth in Section 5 of this Plan.

(b) The Company will not sell any facility during the term of this Agreement unless the successor employer:

1. Recognizes the Union as the representative of the Employees in the unit which is included in the sale; and

2. Agrees to provide comparable wages and benefits to all Employees in the unit who are offered continued employment by the successor.

Section 3 - Notice Provisions

(a) Location Closedown

1. The Company will give the Union notice of a decision to effect a Location Closedown as soon after such a decision as practical.

2. Such notice shall be given at least six (6) months in advance of the Location Closedown date unless, because of conditions over which the Company has no control, it is unable to do so.

3. Such notice shall include:

(i) Identification of the location to be closed;

(ii) The Union which represents the Employees involved;

(iii) The anticipated Location Closedown Date; and

(iv) The date when termination of represented Employees because of the Location Closedown is expected to begin.

(b) Job Movement or Product-Line Relocation

1. The Company will give the Union involved notice of a decision to effect a Job Movement or Product-Line Relocation as soon after such decision as practical.

2. Such notice shall be given at least six (6) months in advance of the date on which the Job Movement or Product-Line Relocation will be completed, unless because of conditions over which the Company has no control, it is unable to do so.

3. Such notice shall include:

(i) Identification of the Job Movement or Product-Line Relocation that is to be made; and

(ii) The anticipated date on which the Job Movement or Product-Line Relocation will begin.

(c) Transfer of Work or Installation of Robots, Automated Manufacturing Machines or Automated Office Machines.

1. The Company will give the Union involved notice of a decision to Transfer Work or to begin use of a Robot, or an Automated Manufacturing Machine, or an Automated Office

Machine in a work area as soon after such decision as practical.

2. Such notice shall be given at least sixty (60) days before a Transfer of Work or before use of a Robot, an Automated Manufacturing Machine, or an Automated Office Machine begins, unless because of conditions over which the Company has no control, it is unable to do so.

3. Such notice shall include:

(i) A description of the work to be transferred or the function of the device;

(ii) The expected decrease in the number of represented Employees as a direct consequence of the Transfer of Work or use of the device; and

(iii) The anticipated date of the Transfer of Work and use of the device for production.

Section 4 - Layoff Income and Benefits

(a) Eligibility

1. An Eligible Employee will receive layoff income and benefits in accordance with Option 1 or 2 listed below in Subsection 4(c) from a total maximum sum available to him which is defined in Subsection 4(b). An Eligible Employee will receive layoff income and benefits if he

(i) is not on disability or leave of absence;

(ii) Is Laid Off;

(iii) Has not been recalled to work; and

(iv) Is determined by the Employer not to be eligible for Permanent Job Separation benefits because a reasonable expectation of recall exists.

2. Notwithstanding Subsection 4(a)1, above, when an Eligible Employee who in accordance with the applicable Decrease in Work Force procedure would be placed in a salary code or labor grade the maximum keysheet rate for which is more than ten percent (10%) lower than the maximum keysheet rate for the salary code or labor grade of record in which the Employee was assigned on the day six months prior to the placement in question, the Employee may elect to be Laid Off. Such employee who otherwise qualifies as an Eligible Employee will not affect his eligibility by his election of Layoff. For purposes of this Subsection 4(a)2, whenever an incentive labor grade is involved in percentage determinations, the maximum rate(s) used shall be the maximum daywork keysheet rate at the same labor grade level.

3. Notwithstanding Subsection 4(a)1, above, a laid-off Eligible Employee who in accordance with the Increase in Work Force procedure is recalled to work, for placement in a salary code or labor grade the maximum keysheet rate for which is more than ten percent (10%) lower than the maximum keysheet rate for

the salary code or labor grade in which the Employee was assigned on the day six months prior to his Layoff, the Employee may waive recall. Such waiver shall not affect his status on the inactive seniority list nor any eligibility he may have to benefits under this Plan. For purposes of this Subsection 4(a)3, wherever an incentive labor grade is involved in percentage determinations, the maximum rate(s) used shall be the maximum daywork keysheet rate at the same labor grade level.

4. In making the percentage determination in Subsections 4(a)2 and 4(a)3, above:

(i) If there has been in intervening pay schedule rate adjustment, such increase shall be added to the prior maximum pay schedule rate for purposes of making the above percentage determinations, and

(ii) If the Employee was not on active roll as of the prior six months' date, the salary code or labor grade applicable when the Employee first subsequently returned to the active roll shall be used.

(b) Total Maximum Sum

The total maximum sum available to an Eligible Employee shall be equal to one (1) Week's Pay for each of the Employee's full years of service except to the extent that such sum shall be affected by prior Layoffs and rehires in accordance with the provisions of Subsections 4(d) hereof. However, in no event shall the total

maximum sum available to an Eligible Employee equal less than four (4) Week's Pay.

(c) Options

1. Lump Sum Payment up to Sixty (60) Days

Within sixty (60) days after a Layoff which in management's opinion will exceed six (6) months in duration, an Eligible Employee may request payment of and receive his total maximum sum in a lump sum payment, in which case he will permanently sever his relationship with the Employer and relinquish recall rights and service credits for any purpose (except such rights as may exist under the Northrop Grumman Electronic Systems Union Represented Employees Pension Plan and the Northrop Grumman Electronic Systems Sector Personal Savings Plan) including the calculation of any Permanent Job Separation benefits. Vacation pay and any other sums due will also be paid in a lump sum payment.

2. Income Extension

An Eligible Employee who has not elected Option 1 above will be eligible to apply for weekly benefits in such amounts and upon such conditions as set forth in this subsection 4(c)2.

(i) Prior to the exhaustion of entitlements to federal and state unemployment compensation benefits, the employee will be paid a weekly benefit in an amount (if any) which, when added to the total federal and

state unemployment compensation benefits received for that week, equals sixty percent (60%) of his Week's Pay, provided, however, that payment shall be made only if the Employee has applied for and received unemployment compensation benefits for that week and only if has provided the Employer with satisfactory proof of the total of such benefits received for the week.

(ii) After exhaustion of his entitlements to federal and state unemployment compensation benefits, the Employee will be paid a weekly benefit in an amount equal to sixty percent (60%) of his Week's Pay.

(iii) Weekly benefits as defined in this Subsection will be paid upon application by an Eligible Employee until the total maximum sum available to him has been exhausted in accordance with the provisions of the Plan, or until twelve (12) months have elapsed from the date of his Layoff, subject to the following provisions:

a. No payment will be made for any week which would have been a waiting week under any applicable state or federal unemployment compensation law or similar legislation.

b. If an Eligible Employee becomes eligible for additional unemployment compensation benefits after weekly payments have commenced, payments will be adjusted in accordance with Subsection 4(c)2(i) above.

c. No payment will be made for any week in which an Employee is entitled to receive weekly accident and sickness benefits under the Northrop Grumman Electronic Systems Sector Benefits Plan for Employees, or to receive benefits under any state or federal worker's compensation law, occupational disease law, or similar legislation, or to receive benefits under any state or federal temporary disability benefits law or similar legislation. If any such benefits are awarded retroactively, the Employee will reimburse the Employer for all weekly benefits received for the same time period under the Plan.

d. No payment will be made for any week in which an Employee is entitled to receive weekly retraining allowances under any applicable state or federal legislation. If any such benefits are awarded retroactively, the Employee will reimburse the Employer for all weekly benefits received for the same time period under the Plan.

e. Payments made under this Option 2 will not affect service credit or recall rights.

f. If an Eligible Employee who satisfies the requirements for an Early Retirement Pension or a Normal Retirement Pension under the Northrop Grumman Electronic Systems Union Represented Employees Pension Plan at the time of Layoff or while on Layoff, retires prior to exhaustion of the total maximum sum available to him, no further payments from the total maximum sum will be thereafter paid.

g. Payments under this option are also subject to the provision that while receiving such payments the Employee must in fact be still unemployed and certify to this fact in writing on a form provided by the Employer.

(d) Repayment and Rebuilding

1. If the Employee elects to receive a lump sum payment pursuant to the option described in Subsection 4(c)1 above, service credits and recall rights which were lost may be restored upon subsequent rehire only if the Employee repays in full the lump sum payment received under such option. Arrangements to make repayment must be made within sixty (60) days of rehire, at which time the Employee may either make repayment in full, or arrange with local management for repayment in installments which will extend no longer than one (1) year after rehire.

2. Repayment is not required upon subsequent rehire by an Employee who elects Option 2 described in Subsection 4(c)2 above. If the total maximum sum available to an Employee under Option 2 has been reduced by payments received under Option 2, then, upon his return to work following a Layoff, the total maximum sum available will be fully restored at the time he is placed on the payroll.

Section 5 - Permanent Job Separation Benefits

(a) General

1. Whenever the Company decides that a Permanent Job Separation will occur, the Company shall give notice of its decision to the local Union(s) involved and the Employees affected.

2. Each Employee whose employment is terminated as a result of a Permanent Job Separation shall be given at least two (2) weeks advanced notice of the specific date of his separation.

(b) Eligibility

1. An Eligible Employee at the time of a Permanent Job Separation shall be eligible for those Permanent Job Separation benefits in effect on the date of separation.

2. An Eligible Employee who at the time of his termination of employment was classified as a Layoff, shall be eligible for Permanent Job Separation benefits effective one year after Layoff if the Employee has not been recalled to employment or employed by an Employer or an Affiliated Entity.

(c) Special Conditions

1. An Employee who is eligible for Permanent Job Separation benefits shall be

entitled to the benefits for which he is eligible as set forth in this Section 5 as well as the full vacation allowance for which the Employee might have qualified in the calendar year in which he is separated, provided that the Employee, after being given notice of a Permanent Job Separation, continues regularly at work for the Employer until the specific date of his separation. If the Employee fails to continue regularly at work until the specific date of his scheduled separation due to verified personal illness or leave of absence, no Permanent Job Separation benefits will be paid to such an Employee unless and until he is available to return to work. An Employee on the disability roll is automatically separated from the Employer after two (2) continuous years on disability roll from his last day worked and is not eligible for Permanent Job Separation benefits. An Employee separated while on the disability roll is not eligible for Permanent Job Separation benefits unless he is available to return to work within two (2) years from his last day worked.

2. An Employee eligible for Permanent Job Separation benefits may request that the date of scheduled separation be advanced so that he can accept other employment. Local management will attempt to honor this request.

3. An Employee, otherwise eligible for Permanent Job Separation Benefits, will not affect his eligibility for such benefits by electing not to accept a job placement, if such election is exercised in accordance with the same limitations set forth for layoff income and benefits in Section 4(a)2 and 4(a)3.

(d) Permanent Separation Amount

A total permanent separation amount available to an Employee eligible for Permanent Job Separation benefits on or after March 1, 1996 will be computed in the following manner, subject to the reductions set forth in Subsection 5(d)2 below:

(i) One week's pay for each full year of service up to and including five (5) years of service, with a minimum of four (4) week's pay; plus

(ii) One and one-half (1 1/2) weeks' pay for each full year of service over five (5) years of service up to a maximum of fifty (50) weeks; less

(iii) Any amounts paid to the Employee under Section 4, Layoff Income and Benefits, of this Plan during the preceding twelve (12) month period.

(e) Payment of Permanent Separation Amount

The permanent separation amount computed in Subsection 5(d) above, for an Employee eligible for Permanent Job Separation benefits will be provided to the Employee in monthly payments equal to fifty percent (50%) of his monthly pay immediately preceding separation. Such payments will start at the end of the first full month of separation and continue until the

permanent separation amount available to the Employee is exhausted.

(f) Employment Continuation Program

An hourly-paid or nonexempt salaried Employee eligible for Permanent Job Separation benefits may elect to participate in the Company employment continuation program. In this event,

1. The Employee will select up to three (3) Company locations where he asks to be considered for employment and the Human Resources representative will notify the local union of all selections made by the permanently separated employees as well as those received from other locations;

2. The Employee will be given preference in hiring at any one of the selected locations over new hires provided he is qualified for the job opening;

3. The Employee, if hired, will retain credited service, as defined in the Northrop Grumman ES Union Represented Pension Plan, for benefit purposes but will utilize location or plant seniority for job retention, job movement and other seniority purposes at the new location;

4. The Employee, if hired, will be provided relocation assistance up to one thousand dollars (\$1,000) for an individual, and up to two thousand dollars (\$2,000) if he has dependents. Following relocation, reimbursement will be made for reasonable, necessary and

documented relocation expenses up to these specified maximums;

5. The Employee, after thirty (30) days of continued employment on the new job, will be eligible for reimbursement of documented expenses incurred in traveling to the job interview up to a maximum of one hundred dollars (\$100);

6. The hiring preference will expire one year after the initial election to participate, but may be extended an additional year if a request is made within thirty (30) days of the initial expiration date;

7. The rejection of a valid employment offer will terminate the Employee's participation in the program.

(g) Recall or Re-Employment

1. An Employee who is receiving or has already received Permanent Job Separation benefits will retain any recall rights to which he may be entitled by policy at the location from which he was separated.

2. In the event an Employee who is receiving Permanent Job Separation benefits is re-employed by an Employer or by an Affiliated Entity, all Permanent Job Separation benefits will cease; however, at the time of re-employment, eligibility for full Permanent Job Separation benefits, if available, will be re-established.

3. In the event an Employee who has received all Permanent Job Separation benefits to which he may be entitled is re-employed by an Employer or by an Affiliated Entity, all Permanent Job Separation benefits if available will be re-established in full one year after re-employment.

(h) Training and Outplacement Assistance

To assist Employees who are eligible for Permanent Job Separation benefits to find new jobs and learn new skills, local management will establish a training and outplacement assistance program following notice of a Permanent Job Separation. The training and outplacement assistance program will include education, retraining and job placement assistance.

1. Education and Retraining

(i) An Employee who is eligible for Permanent Job Separation benefits may receive education and retraining aid for courses approved by the Employer which contribute to or enhance the Employee's ability to obtain other employment provided that the Employee begins the approved course within one year following the Permanent Job Separation. Approved courses will normally be given at schools which are accredited by recognized regional or state accrediting agencies and may include:

Occupational or vocational skill development;

Fundamental reading or numerical skill improvement;
High school diploma or equivalency achievement; and
College level career oriented courses.

(ii) An Employee will be reimbursed up to a maximum of five thousand dollars (\$5,000) for authorized expenses which are incurred within four (4) years, (five (5) years beginning 1/1/99) following a Permanent Job Separation provided a passing grade is received in the course. However, if an Employee is employed by another employer at 75% or more of his hourly rate at the time of the Permanent Job Separation, no further authorization will be made by the administrator on or after the date of such employment.

(iii) Authorized expenses include verified tuition, registration and other compulsory fees, costs of necessary books, and other required supplies but excluding computer hardware and software. However, if tuition or other authorized expenses are covered by government benefits, other employers, or scholarships, the reimbursement by the Employer will not apply to that portion covered by such other plan. For courses which are not accredited by a recognized regional or state accredited agency, reimbursement will be made based upon similar courses offered that are locally accredited or credited as determined by the administrator.

(iv) An Employee who elects to receive benefits under the Northrop Grumman Electronic Systems Sector Educational Opportunity Program in lieu of benefits under this Subsection 5(h) will not be eligible for education and retraining aid.

2. Outplacement Assistance

(i) Job placement assistance will include job counseling as well as job information services. Examples of such services are counseling in job search and interviewing techniques, identification and assessment of skills, and employment application and resume preparation as well as providing Employees information on placement opportunities.

(ii) Management may also use the expertise and resources of public and private agencies in providing these services.

(i) Other

1. An Employee who is eligible for Permanent Job Separation benefits will receive a lump sum payment for any sickness and personal business days not used at the time of separation.

2. An Employee who is eligible for Permanent Job Separation benefits will receive pay in lieu of vacation for any vacation days not used on the day of separation.

Section 6 - Transfer of Work; Robotics; Automated Manufacturing or Office Machines

An hourly-paid or nonexempt salaried Employee whose job is directly eliminated by a Transfer of Work, the introduction of a Robot or the introduction of an Automated Manufacturing or Office Machine and who is entitled to transfer or displace to another job shall be paid on any job to which transferred in the facility at a rate not less than the regular hourly rate or the salary received on the job eliminated for up to 52 weeks immediately following the transfer.

Section 7 - Voluntary Reduction-in-Force Benefit

In the event of a bona fide reduction in force by the Company, employees who satisfy the following conditions will be eligible for severance under the ES&PP:

1. Employee must be hourly-paid or nonexempt salaried ;
2. Employee must be in a job classification in which a Permanent Job Separation occurs;
3. Employee must volunteer to be included in the reduction in force;
4. Employee must sign a Separation Agreement and Release.
5. Number of Employees accepted under this section will not exceed number of Employees

affected by Permanent Job Separation. Selection will be made based upon seniority;

6. Application for participation must be made within 15 days of the announcement of the Permanent Job Separation;

7. Available for period from September 1, 2004 through August 30, 2009.

Section 8 - Limitations

(a) The provisions of this Plan shall not be applicable where an Employer decides to close a plant, relocate product lines, move work or lay off an Employee because of the Employer's inability to secure production, or carry on its operations, as a consequence of a strike, slowdown or other interference with or interruption of work participated in by employees in the Employer's plant, service shop or other facility. However, the operation of this Section 7 shall not affect the rights or benefits already provided hereunder to an Employee Laid Off or Permanently Separated for lack of work, prior to and not in anticipation of the commencement of any such strike, interference or interruption.

(b) An Employee shall not be eligible for any benefits under the provisions of this Plan where the Employer has sold or transferred operations to a successor employer and such successor employer offers continued employment to the Employee. Continued employment means employment continued from the Employer to the successor employer without a break in employment. However, in the event a

successor employer does not provide its employees a sickness and personal business day plan or its equivalent, or does not agree to the carry-over of accrued days of sickness and personal business days by an employee, the employee will receive a lump sum payment for any sickness and personal business days not used at the time his employment ceases with the Employer.

(c) The Company reserves the right to amend or terminate the Plan at any time. There is not consideration paid by the Employee for benefits and the benefits provided by the Plan are not vested.

Section 9 - Review Procedure

(a) An Employee or former Employee whose application for benefits under this Plan is denied, in whole or in part, will be notified in writing. The notification will include the specific reasons for denial, the Plan provisions involved, and the procedure for requesting a review of the denied claim.

(b) A request for a review of a denied claim shall be made in writing to the Plan Administrator, c/o Human Resources Northrop Grumman, Electronic Systems Sector, P. O. Box 17319, Baltimore, MD 21203. The request must be submitted within 60 days of the date the application for benefits was denied. It must include any documents, records, questions or comments necessary for a complete review.

(c) The Plan Administrator, having the discretionary authority to operate and administer the Plan, including, but not limited to, determining eligibility for benefits, will review the application for benefits and notify the Employee in writing of its final decision and the reasons for such decision, as well as specific references to Plan provisions. This decision will be made within 60 days of the date the request for review is received, unless there are special circumstances, in which case the time may be extended to 120 days.

(d) The Plan Administrator and those persons acting on its behalf are vested with the full power and sole discretion to interpret all of the terms of the Plan. This includes, but is not limited to, applying the Plan terms to facts involving those covered by the Plan or those claiming to be covered by the Plan or those asserting entitlement to a different level of benefits under the Plan, and making credibility findings and interpreting all facts involved in administering the Plan. The intent of this paragraph is to provide the Plan Administrator and those persons acting on its behalf with the sole and final authority to exercise the fullest scope of discretion with respect to all terms of the Plan, including, but not limited to: participation, coverage, level of benefits, eligibility and all facts that are involved in any fashion with the Plan or those claiming a benefit under the Plan. The Plan Administrator and those persons acting on its behalf will make all final determinations based solely on the evidence and facts before them at the time of the determination.

(e) All decisions of the Plan Administrator will be final and binding.

ARTICLE VI EDUCATIONAL OPPORTUNITY PROGRAM

Section 1

The company, through an Educational Opportunity Program, will refund tuition and compulsory fees up to a maximum amount of two thousand dollars (\$2,000.00) per calendar year to eligible hourly and non-exempt salaried employees and to eligible former employees who successfully complete a training course which relates to maintaining or improving employee skill in performing his job or contributes to the career development of the employee within the Company.

Section 2

An employee, to be eligible to participate in the Educational Opportunity Program, must meet the following conditions:

- (a) He must have six (6) months or more credited service prior to the completion of any training course for which refund is requested;
- (b) He must obtain from a designated Company representative advance written approval of his participation in the training course; and
- (c) He must provide evidence that he completed the training course satisfactorily.

Section 3

An eligible former employee is an hourly or non-exempt salaried employee who is not on disability or leave of absence, who has been laid off through no fault of his own for lack of work occasioned by reasons associated with the business (such as changed customer ability and willingness to buy as reflected in adjusted production requirements, changed manufacturing processes, product discontinuance or plant closing) and meets the conditions set forth in Section 2, above. In addition, an eligible former employee in order to participate in the Educational Opportunity Program must begin the training course within one (1) year after his layoff.

Section 4

In addition to the refund of tuition and compulsory fees as set forth in Section 1, above, an eligible former employee who has at least two (2) years of service and who is participating in a training course under the Educational Opportunity Program, but who is not eligible to receive unemployment compensation benefits, will receive a weekly training allowance equal to fifty percent (50%) of his "Week's Pay" as defined in the Employee Security and Protection Plan. This weekly training allowance will continue until the Total Maximum Sum available to the eligible former employee under the Employee Security and Protection Plan has been exhausted, but for a maximum period of not less than eight (8) weeks; provided,

however, that this allowance will be paid to the eligible former employee weekly only so long as he remains in the training course. The weekly training allowance will be charged against the Total Maximum Sum as defined in the Employee Security and Protection Plan, which may be due to the eligible former employee under the Plan.

ARTICLE VII MODIFICATION AND TERMINATION

Section 1

(a) This Agreement shall become effective as of August 29, 2004.

(b) If, during the term of this Agreement, either the Union or a Local affiliated with it shall hereafter be recognized, after lawful certification by the National Labor Relations Board, as exclusive bargaining representative of other bargaining units of Company employees, this Agreement shall, but in no way retroactively, automatically become effective as to such certified exclusive bargaining representative, and the employees represented by it, upon delivery to the Company of the written assent of such representative to this Agreement.

Section 2

This Agreement shall, subject to its terms, continue in full force and effect as to the Company and the Union, as provided in the first paragraph of this Agreement, until August 30, 2009, and from year to year thereafter, unless and until either party shall give notice in writing to the other party of its intention to terminate this

Agreement upon such date or subsequent anniversary thereof, said notice to be given not more than sixty (60) days and not less than thirty (30) days prior to such date or subsequent anniversary thereof.

Section 3

Either the Company or the Union may terminate this Agreement as of midnight, August 30, 2009, or as of midnight August 30 in any subsequent contract term, by giving written notice of such termination to the other not more than sixty (60) days nor less than thirty (30) days prior to August 30, 2009, or August 30 of any such subsequent contract term. In the event of such termination, neither party shall have the right to strike or lock out with respect to any matter covered by this Agreement unless the collective bargaining agreement between the Company and the Union effective August 29, 2004, as amended, has also been terminated in its entirety.

Section 4

(a) The Company and the Union agree that neither of them will request consideration of any proposed changes in or additions to this Agreement, unless one party gives written notice of its requests for such changes or additions which is received by the other party not more than sixty (60) days nor less than thirty (30) days before August 30, 2009, or August 30 of any subsequent contract term. Not more than fifteen (15) days following receipt of such written request, collective bargaining negotiations shall

commence between the parties for the purpose of considering proposed changes in or additions to this Agreement, including proposed changes in any of the Plans provided by this Agreement which may be submitted by either the Company or the Union.

(b) If written notice is given as provided in Section 4(a) above, and the parties do not reach agreement prior to August 30, 2009, or August 30 of any subsequent contract term, with respect to the proposals submitted during the above-mentioned negotiations, this Agreement shall continue in full force and effect (provided written notice of termination has not been given under Section 3 of this Article) until the tenth (10th) day after written notice is received by either the Company or the Union of the other party's intention to terminate this Agreement. In the event this Agreement is terminated pursuant to the provisions of this Section 4(b), neither party shall have the right to strike or lock out with respect to any matters covered by this Agreement unless the collective bargaining agreement between the Company and the Union effective August 29, 2004, as amended, has also been terminated in its entirety.

This Agreement supersedes and replaces all prior Pension and Insurance Agreements.

Dated and signed August 29, 2004; effective as of August 29, 2004.

**NORTHROP GRUMMAN CORPORATION
ELECTRONIC SYSTEMS SECTOR
BWI SITE**

By: _____ /s/ Richard F. Schmaley
Vice President
Human Resources and
Administration

By: _____ /s/ Shirley M. Zaetz
Director
Labor Relations -ES

By: _____ /s/ Susan L. Brunson
Manager
Labor Relations – IUE

By: _____ /s/ John P. Roche
Director
Manufacturing
Operations

By: _____ /s/ George J. Votta
Director
Commodity Cells

