

MEMORANDUM OF UNDERSTANDING

ADVANCED SHIPBUILDING TRAINING FACILITY GRANT PROGRAM

THIS MEMORANDUM OF UNDERSTANDING (this "Memorandum"), dated as of the 30th day of June, 2009, between the COMMONWEALTH OF VIRGINIA (the "Commonwealth") and NORTHROP GRUMMAN SHIPBUILDING, Inc., a Virginia corporation (the "Company") provides:

Recitals

The Commonwealth, in consideration of the Capital Investment to be made, the New Full-Time Jobs within the Virginia Class Submarine Program to be created and maintained, the Training Expenses to be incurred, and the New Training Facility anticipated to be developed by or on behalf the Company, as such capitalized terms are defined below, has offered certain incentives, including those to be codified at Section 59.1-284.23 (the "Act") of the Code of Virginia of 1950, as amended (the "Virginia Code"). The Act created an Advanced Shipbuilding Training Facility Grant Program (the "Grant"). It is expected that such grant will be paid to the Company, based on certain performance targets set forth in the Act and this Memorandum.

The stimulation of the additional tax revenue and economic activity to be generated by the Capital Investment, New Full-Time Jobs within the Virginia Class Submarine Program and Training Expenses and the enhanced workforce training opportunities that may be offered by the Company at the New Training Facility constitute valid public purposes for the expenditure of public funds and are the animating purposes for the Advanced Shipbuilding Training Facility Grant Program.

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, receipt of which is hereby acknowledged, the Commonwealth and the Company agree as follows:

Section 1. Definitions.

As used in this Memorandum:

"*Act*" means Section 59.1-284.23 of the Virginia Code, as such Section may be amended or supplemented, as originally enacted by Chapters 798 and 850 of the Acts of the General Assembly of Virginia of 2009.

"*Advanced Shipbuilding*" means (i) the manufacture, construction, assembly, overhaul, repair, and test of nuclear vessels and submarines for the United States Navy; (ii) the design or development of nuclear vessels and submarines for the United States Navy; or (iii) the manufacturing activities of a private company described under 2007 index number 336611 of the North American Industry Classification System.

"Application" means an annual written application for a Grant payment, with supporting documentation, provided by the Company to the Secretary, as described in Section 3(b).

"Base Training Expense" means the total Training Expenses made by the Company in calendar year 2008. The Base Training Expense is \$52,957,919.

"Capital Investment" means an investment by or on behalf of the Company on or after January 1, 2009 in real property, tangible personal property, or both, within the Eligible City. Such investment must be directly or indirectly related to Advanced Shipbuilding, but need not be related to the Company's Virginia Class Submarine program.

"Eligible City" means the City of Newport News, Virginia.

"Fiscal Year" means the Commonwealth's fiscal year, which runs from July 1 of one calendar year through June 30 of the following calendar year.

"Full-Time Job" means employment of an indefinite duration in the Eligible City, for Advanced Shipbuilding or activities ancillary to or supportive of Advanced Shipbuilding and as the direct result of the Capital Investment, for which the average annual wage is at least equal to the prevailing average annual wage in the Eligible City and for which the standard fringe benefits are paid by the Company, requiring a minimum of either (i) 35 hours of an employee's time per week for the entire normal year of the Company's operations, which "normal year" must consist of at least 48 weeks or (ii) 1,680 hours per year. Seasonal or temporary positions, and positions created when a job function is shifted from an existing location in the Commonwealth shall not qualify as Full-Time Jobs. The aggregate number of hours worked (including paid holidays, vacation, sick leave, and all other paid time off) during a particular calendar year will count toward the Full-Time Jobs.

"Full-Time Jobs within the Virginia Class Submarine Program" shall be the total number of man hours of work in a work week on the Virginia Class Submarine program performed by people holding Full-Time Jobs, divided by 40 less any holiday time during that week. The man hours of work shall be as reported by the Qualified Shipbuilder to the United States Navy. The annual average will be for the first 48 work weeks of each calendar year.

For the employees and employers noted in clauses (a) through (d) below, jobs will count as Full-Time Jobs within the Virginia Class Submarine Program on a full-time equivalent basis, even if the jobs are not of an indefinite duration or even if the Company is not directly paying the wages or providing the fringe benefits, but only so long as the other conditions for a Full-Time Job have been satisfied. Whether to include the growth in these categories of jobs above their calendar year 2008 baseline numbers in determining the achievement of the New Full-Time Jobs Target shall be at the option of the Qualified Shipbuilder, but once included they must continue to be reported in subsequent Applications:

- (a) Employees of a subsidiary or partner, a joint venturer, or an affiliated company, if such employees are in the Commonwealth and are assigned to the Company's Virginia Class Submarine program;

- (b) Employees of contractors and subcontractors in the Commonwealth who provide dedicated full-time support during a particular calendar year related to the Company's technical, production, manufacturing or similar operations in support of the Company's Virginia Class Submarine program;
- (c) Members of the United States Navy assigned to duty in the Eligible City to support the Virginia Class Submarine Program or to serve on Virginia Class Submarines during construction, testing or outfitting by the Qualified Shipbuilder in the Eligible City; and
- (d) Employees of the Qualified Shipbuilder enrolled full time in the Apprentice School above the calendar year 2008 base enrollment of 750.

"Fund" means the Advanced Shipbuilding Training Facility Fund created under the Act and established on the books of the Comptroller of the Commonwealth. Grant payments will be made to the Company from the Fund.

"Grant" means the expected advanced shipbuilding training facility grant payments to be made by the Commonwealth to the Company pursuant to the Act and in accordance with this Memorandum.

"New Full-Time Job Target" means each of the annual targets shown below for the aggregate number of New Full-Time Jobs within the Virginia Class Submarine Program, to be created and maintained by the Company:

<u>Calendar Year</u>	<u>Aggregate New Full-Time Jobs Within the Virginia Class Submarine Program Created and Maintained</u>
2011	81
2012	276
2013	500
2014	750
2015	1,000

"New Full-Time Jobs within the Virginia Class Submarine Program" means the number of Full-Time Jobs within the Virginia Class Submarine Program over the calendar year 2008 base of 3,010 including apprentices or 2,892 not including apprentices.

"New Training Facility" means a facility that may be constructed after January 1, 2009 that is to be operated by the Company, primarily to provide education, training and retraining of workers in the shipbuilding industry. Such New Training Facility may be owned by the

Company, or may be operated by the Company through a lease agreement with the Eligible City, a local industrial development authority, or a private developer.

“Qualified Shipbuilder” means a shipbuilder located in an Eligible City that (i) makes a Capital Investment of at least \$300 million from January 1, 2009 through December 31, 2011, related to Advanced Shipbuilding in an Eligible City; (ii) creates at least 1,000 New Full-Time Jobs within the Virginia Class Submarine Program from January 1, 2009 through December 31, 2015 in an Eligible City for Advanced Shipbuilding or activities ancillary to or supportive of Advanced Shipbuilding; (iii) maintains an apprenticeship program accredited by the Council for Occupational Education with an average annual enrollment of at least 750 and articulation agreements with local community colleges that allow its graduates to qualify for accredited associate degrees from those institutions; and (iv) maintains a level of Training Expenses in each calendar year no less than the Base Training Expense.

“Secretary” means the Secretary of Commerce and Trade for the Commonwealth, or his designee.

“Substantial Reduction” means either (i) the aggregate Capital Investment remaining at the end of a calendar year is more than 20% less than the Capital Investment remaining at the end of the previous calendar year because the Qualified Shipbuilder has sold or otherwise disposed of the assets, or (ii) the number of New Full-Time Jobs within the Virginia Class Submarine Program remaining at the end of a calendar year is more than 20% less than the number of New Full-Time Jobs within the Virginia Class Submarine Program remaining at the end of the previous calendar year.

“Training Expense” means an expense paid directly or indirectly by the Company to train or retrain a new or existing employee in Advanced Shipbuilding or activities ancillary to or supportive of Advanced Shipbuilding, including but not limited to (i) the personnel cost of employees of the Company conducting the training or being trained; (ii) materials and supplies used in providing that training; (iii) tuition and other costs paid to a school or vendor for training of a new or existing employee; or (iv) the capital or lease cost of any New Training Facility.

“VEDP” means the Virginia Economic Development Partnership Authority.

Section 2. Advanced Shipbuilding Training Facility Grant Program; Generally.

(a) Company as Qualified Shipbuilder. The parties anticipate that the Company will be a “Qualified Shipbuilder,” as defined above and in the Act.

(b) Memorandum. The parties intend that this Memorandum meet the requirement in the Act that there be a memorandum of understanding between the Company and the Commonwealth setting forth the requirements for the payment and receipt of Grant payments.

(c) Grant Payments Subject to Appropriation. The parties acknowledge that all of the Grant payments described in this Memorandum are subject to appropriation by the Virginia

General Assembly, will be paid from the Fund, and are subject to reduction should there be insufficient moneys in the Fund to make the Grant payments in full.

Although payments to the Company under this Memorandum are subject to appropriation by the Virginia General Assembly, the Commonwealth agrees to exercise diligence in seeking the necessary funding for Grant payments under this Memorandum from the Virginia General Assembly. The Commonwealth will include such funding in the appropriate budget requests to the Governor for the appropriate fiscal years and for later fiscal years, should there be any deferrals of Grant payments or failures to appropriate in earlier fiscal years. The obligation to include such funding in budget requests to the Governor for later fiscal years based on the Commonwealth's failure to appropriate in a prior fiscal year will cease three fiscal years after the failure to appropriate.

(d) No Double-Counting. No capital expenditures made nor new jobs created that are subject to any other performance agreement with the Commonwealth, the Eligible City or any other Virginia locality may count as Capital Investments or New Full-Time Jobs within the Virginia Class Submarine Program under this Memorandum. For example, the capital expenditures to be made and the new jobs to be created by AREVA Newport News, LLC or by Newport News Energy Company that are related to the nuclear power industry, may not be counted as Capital Investments or New Full-Time Jobs within the Virginia Class Submarine Program.

When reporting on the New Full-Time Jobs within the Virginia Class Submarine Program, the Company will be consistent throughout the Grant payment period on whether to include or exclude apprentices.

(e) Use of Grant Proceeds. The Company agrees to expend the proceeds of each Grant payment on Training Expenses, including, without limitation, the capital or lease cost of the New Training Facility.

Section 3. Grant Payments.

(a) Maximum Payments. The maximum aggregate amount of the Grant payments to be made under this Memorandum is \$25 million. Notwithstanding the foregoing, as described in Section 6(c), the Secretary may recommend to the Virginia General Assembly that the Company be eligible for an additional \$25 million in Grant payments to be paid in five annual installments of \$5 million each in a future five-year period, on terms and conditions to be considered by the Virginia General Assembly at that time.

Except as noted in Section 4 related to deferred payments, the maximum Grant payment to be made hereunder in any of the Commonwealth's Fiscal Years is \$5 million.

(b) Annual Application for Grant Payment. On or before April 1 of each year, commencing April 1, 2012, the Company shall provide an Application for a Grant payment providing evidence, satisfactory to the Secretary, of:

- (i) the aggregate number of New Full-Time Jobs within the Virginia Class Submarine Program in the period from January 1, 2009 through the end of the previous calendar year, and the average annual wage paid for the Full-Time Jobs within the Virginia Class Submarine Program in the previous calendar year;
- (ii) the extent to which, if any, the number of New Full-Time Jobs within the Virginia Class Submarine Program at the end of the previous calendar year is less than the number of New Full-Time Jobs within the Virginia Class Submarine Program at the end of the second previous calendar year;
- (iii) the aggregate amount of the Capital Investment made or lost in the period from July 1, 2009 through December 31, 2011 and through the end of the previous calendar year;
- (iv) the extent to which, if any, the aggregate Capital Investment at the end of the previous calendar year is less than the aggregate Capital Investment at the end of the second previous calendar year;
- (v) (A) the continued existence of the Company's apprenticeship program, (B) the continued accreditation of that program by the Council for Occupational Education, or a successor or similar accreditation organization, (C) the continued existence of articulation agreements between that program and one or more of Virginia's community colleges, and (D) the number of apprentices enrolled in that program in the previous calendar year; and
- (vi) the aggregate amount of Training Expenses incurred during the previous calendar year.

Failure to meet the April 1 filing deadline shall result in a deferral of a scheduled Grant payment, as set forth in Section 4(a). For filings by mail, the postmark cancellation shall govern the date of the filing determination.

(c) Annual Grant Payment. Assuming that the following conditions have been met and have been demonstrated to the satisfaction of the Secretary in a timely-filed Application for a Grant payment, in each of the five Fiscal Years 2013 through 2017, a Grant payment will be made to the Company in the amount of \$5 million each. Such Grant payment will be made in the Fiscal Year following the filing of the Application. To receive the full \$5 million Grant payment in each Fiscal Year, the Company must have timely filed an Application by the prior April 1 demonstrating to the satisfaction of the Secretary:

- (i) that the Company has achieved the New Full-Time Jobs Target in the period from January 1, 2009 through the end of the previous calendar year;
- (ii) that no Substantial Reduction in the number of New Full-Time Jobs within the Virginia Class Submarine Program occurred during the previous calendar year ;

(iii) that the aggregate amount of the Capital Investment made in the period from January 1, 2009 through December 31, 2011 was at least \$300 million;

(iv) that no Substantial Reduction in the aggregate amount of Capital Investment occurred during the previous calendar year;

(v) that (A) the Company's apprenticeship program continues to exist, (B) that program continues to be accredited by the Council for Occupational Education, or a successor or similar accreditation organization, (C) the articulation agreements between that program and one or more of Virginia's community colleges continue to exist, and (D) the number of apprentices enrolled in that program in the prior calendar year is not less than 750; and

(vi) that the amount of Training Expenses incurred by the Company in the prior calendar year was at least \$52,957,919 plus the amount of any Grant payment received in the previous calendar year.

Section 4. Deferred or Reduced Grant Payments.

(a) Deferral for Late Application. If an Application that otherwise would have demonstrated compliance with the conditions for a Grant payment is submitted after April 1, the Grant payment will not be made in the succeeding Fiscal Year, but will be made in the second succeeding Fiscal Year, together with any other Grant payment that may be due in that second succeeding Fiscal Year.

(b) Deferral for Failure to Meet Capital Investment Target. If the Company has failed to make Capital Investments of at least \$300 million in the period from January 1, 2009 through December 31, 2011, the Company will have until December 31, 2014 to make Capital Investments of at least \$300 million. No Grant payment will be made unless and until the Company has made Capital Investments of at least \$300 million. An Application demonstrating compliance may be filed no later than April 1, 2015, reflecting Capital Investments made by December 31, 2014.

(c) Deferral for Failure to Achieve New Full-Time Jobs Target. If the Company has failed to achieve the applicable New Full-Time Jobs Target as of the end of the preceding calendar year, the Company will be ineligible for a Grant payment in the succeeding Fiscal Year, but that Grant payment will be deferred and paid in the first Fiscal Year after which the Company has demonstrated in an Application compliance with such condition. Any such deferred payment will be added to any Grant payment otherwise due in such succeeding Fiscal Year. An Application demonstrating compliance may be filed no later than April 1, 2016.

(d) Deferral for Failure to Maintain Targets Related to Apprenticeship Program. If an Application indicates that the Company has failed to achieve or maintain one or more of the conditions described in Section 3(c)(v), related to the Company's apprenticeship program, the Company will be ineligible for a Grant payment in the succeeding Fiscal Year, but that Grant payment will be deferred and paid in the first Fiscal Year after which the Company has

demonstrated in an Application compliance with such conditions. Any such deferred payment will be added to any Grant payment otherwise due in such succeeding Fiscal Year. An Application demonstrating compliance may be filed no later than April 1, 2016.

(e) Reduction and Deferral for Substantial Reduction. If an Application reveals that a Substantial Reduction, either in aggregate Capital Investment or New Full-Time Jobs within the Virginia Class Submarine Program has occurred, the amount of the Grant payment due in the following Fiscal Year shall be reduced, but not if the Capital Investment has been reduced below \$300 million or the New Full-Time Jobs within the Virginia Class Submarine Program retained has been reduced below the applicable New Full-Time Jobs Target. For this purpose, each regularly-scheduled \$5 million Grant payment will be allocated 50% to the Capital Investment and 50% to the New Full-Time Jobs within the Virginia Class Submarine Program and the reduction will reflect the percentage by which there has been a Substantial Reduction. For example, if an Application reveals that there has been a reduction in the aggregate Capital Investment in the previous calendar year of 25% from the second previous calendar year and a reduction in the New Full-Time Jobs within the Virginia Class Submarine Program in the previous calendar year of 25% from the second previous calendar year, the Grant payment shall be reduced by 25% of that portion allocable to the Capital Investment ($\$2,500,000 \times .25 = \$625,000$) and by 25% of that portion allocable to the New Full-Time Jobs within the Virginia Class Submarine Program ($\$2,500,000 \times .25 = \$625,000$), for an aggregate Grant payment of \$3,750,000 ($\$5,000,000 - \$625,000 - \$625,000 = \$3,750,000$). The amount of the reduction will be deferred for payment with any Grant payment otherwise due in a Fiscal Year following an Application which demonstrates that the Capital Investment and/or New Full-Time Jobs, as applicable, have returned to a level that existed in the second previous calendar year that served as the base year for the Substantial Reduction. No Grant payments so deferred will be paid unless the Capital Investment or New Full-Time Jobs within the Virginia Class Submarine Program have returned to such a level by the second Application after the Substantial Reduction.

If a Substantial Reduction has reduced the remaining Capital Investment below \$300 million or the New Full-Time Jobs within the Virginia Class Submarine Program retained below the applicable New Full-Time Jobs Target, no Grant payments, including deferrals from prior years, will be made until the level of aggregate Capital Investment has returned to at least \$300 million and the level of New Full-Time Jobs within the Virginia Class Submarine Program retained has returned to at least the applicable New Full-Time Jobs Target.

(f) Reduction and Deferral Related to Training Expenses; Clawback. If an Application shows that the Training Expenses for the prior calendar year were less than the Base Training Expense plus the amount of any Grant payment received by the Company in the prior calendar year, the next Grant payment will be reduced by the amount of the shortfall. If a future Application demonstrates that the Training Expenses for the prior calendar year were more than the Base Training Expense plus the amount of any Grant payment received by the Company in the prior calendar year, the Grant amount deferred in the prior year may be added to the Grant amount due in the next Fiscal Year, until the amount earlier deferred is fully recovered, subject to deferral and reduction as provided above.

The Company shall file an Application by April 1 in the year after the final Grant payment was made, which need only provide the information required by Section 3(b)(vi) above. If such Application shows that the Training Expenses for the prior calendar year were less than the Base Training Expense plus the amount of any Grant payment received by the Company in the prior calendar year, the Company shall repay to the Commonwealth the amount of the shortfall. Such repayment is due by June 30 of that year.

(g) Other Provisions Related to a Substantial Reduction. In the case of any Substantial Reduction, the Company shall provide written notice to the Secretary and VEDP within thirty (30) days of becoming aware of such event and shall meet with VEDP to propose and discuss a recovery plan.

Section 5. Repayment Obligation.

According to the Act, a Qualified Shipbuilder entitled to Grant payments must have created at least 1,000 New Full-Time Jobs within the Virginia Class Submarine Program. Until the Company creates and maintains at least 1,000 New Full-Time Jobs within the Virginia Class Submarine Program any Grant payments received by the Company are subject to repayment to the Commonwealth. If by the Application filed by the Company on or before April 1, 2016, reflecting the Company's performance as of December 31, 2015, the Company has not created and maintained at least 1,000 New Full-Time Jobs within the Virginia Class Submarine Program the Company must repay to the Commonwealth all Grant payments previously received and will be entitled to no further Grant payments. Such repayment is due by June 30, 2016.

Section 6. Reporting and Tracking.

(a) Pre-Submission Evaluation. In advance of submitting any Application, the Company may request of the Secretary a pre-submission evaluation for the purpose of determining the adequacy of records and other documentation proposed to be submitted.

(b) Secretary's Report on Application. Within thirty (30) days after receiving an Application, the Secretary shall certify to (i) the Comptroller of the Commonwealth and (ii) the Company the amount of the Grant to which the Company is entitled under this Memorandum. Such Grant amount will be paid to Company from the Fund in the next Fiscal Year. The Comptroller shall not draw any warrants to issue checks to the Company without a specific legislative appropriation, as specified in the conditions and restrictions on expenditures in the applicable appropriation act.

(c) Secretary's Report Following Application for Fifth Grant Installment. No later than 90 days following the Secretary's receipt of the Application for the fifth Grant installment payment, the Secretary shall provide a report to the chairmen of the House Committee on Appropriations and the Senate Committee on Finance detailing the performance of the Company under the Grant. Such review shall include, but not be limited to, an evaluation of (i) the return on investment, (ii) the time frame for return on investment to the Commonwealth, (iii) the average wages of the New Full-Time Jobs within the Virginia Class Submarine Program created by the Company, (iv) the additional Capital Investment made by the Company, and (v) the status

of the Company's apprenticeship program and facilities. If the Secretary finds the Company has met the terms of the Grant program, he may recommend to the Virginia General Assembly eligibility for an additional \$25 million in grants for additional training activities by the Company payable over a subsequent five-year period.

(d) Confidential and Proprietary Information. Any documents containing confidential and proprietary information made available and identified as such by the Company to the Commonwealth, shall be maintained as confidential by VEDP and the Secretary, to the extent permitted by law.

Section 7. Miscellaneous.

(a) Assignments. None of the Company's rights or responsibilities under this Memorandum shall be transferred or assigned, including by operation of law, without the prior written consent of the Commonwealth.

(b) Successors and Assigns. Subject to the limitations on assignments set forth in subsection (a) above, all of the provisions of this Memorandum shall be binding upon and for the benefit of the respective successors and assigns of the parties hereto, to the same extent as if each successor and assign were in each case named as a party to this Memorandum.

(c) Completeness; Modification. This Memorandum constitutes the entire agreement between the parties with respect to the Grant and supersedes all prior discussions, understandings, agreements and negotiations between the parties, except the Act. This Memorandum may be modified only by a written instrument duly executed by the parties and any such modification must be in accordance with the Act. Any modification to this Memorandum shall be submitted by the Secretary to the chairmen of the House Committee on Appropriations and the Senate Committee on Finance not later than 30 days after being executed by the Secretary.

(d) Numbers; Gender. Whenever in this Memorandum the singular number is used, the same shall include the plural where appropriate, and vice versa. Words of any gender used in this Memorandum shall include each other gender where appropriate.

(e) Notices. All notices, communications and other information provided under this Memorandum shall be in writing and shall be given by (i) personal delivery, (ii) a nationally recognized overnight courier (providing confirmation receipts) for delivery on the following business day, (iii) confirmed facsimile, or (iv) first class mail postage prepaid, as follows:

If to the Commonwealth:

Commonwealth of Virginia
Address: 1111 East Broad Street, 4th Floor (zip code: 23219)
P.O. Box 1475
Richmond, VA 23218
Attention: Secretary of Commerce and Trade
Telecopier: (804) 371-0250

With a copy to:

Virginia Economic Development Partnership
Address: 901 East Byrd Street, 19th Floor (zip code: 23219)
P.O. Box 798
Richmond, VA 23218-0798
Attention: Executive Director
Telecopier: (804) 545-5611

If to the Company:

Northrop Grumman Shipbuilding, Inc.
Address: 4101 Washington Avenue
Building 86-3
Newport News, Virginia 23607
Attention: Vice President, Human Resources and Administration
Telecopier: (757) 688-7750

With a copy to:

Law Department
Address: 4101 Washington Ave.
Building 86-3
Newport News, Virginia 23606
Attention: Ann L. Pharr, Senior Counsel
Telecopier: (757) 380-3875

or to such other address or telecopier number as shall be notified by either party to the other party. Except as noted in the next sentence, any notice shall be deemed given when received or first refused by the addressee. Any evidence provided by the Company by mail pursuant to Section 3 shall be deemed given when postmarked.

(f) Governing Law. This Memorandum shall be governed by and construed in accordance with the laws of the Commonwealth.

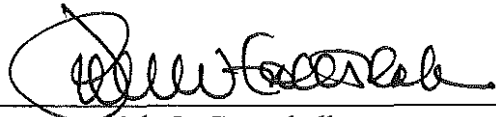
(g) Severability. If any court determines that any clause, provision or section of this Memorandum is illegal or invalid, the parties shall negotiate in good faith a substitute clause, provision or section, which such substitute must be in accordance with the Act, and the unaffected provisions shall remain in effect.

(h) Counterparts. This Memorandum may be executed in several counterparts, each of which will be an original, and the counterparts will together constitute one and the same instrument.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

WITNESS the following signatures as of the day and year first written above.

COMMONWEALTH OF VIRGINIA

By 
Name: Patrick O. Gottschalk
Title: Secretary of Commerce and Trade

NORTHROP GRUMMAN SHIPBUILDING, INC.

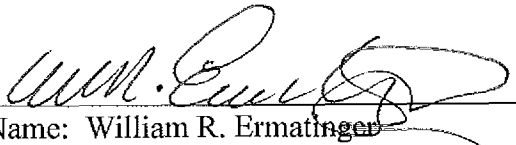
By _____
Name: William R. Ermatinger
Title: Vice President, Human Resources and
Administration

WITNESS the following signatures as of the day and year first written above.

COMMONWEALTH OF VIRGINIA

By _____
Name: Patrick O. Gottschalk
Title: Secretary of Commerce and Trade

NORTHROP GRUMMAN SHIPBUILDING, INC.

By  _____
Name: William R. Ermatinger
Title: Vice President, Human Resources and
Administration