HII Avondale Industries, Inc.

Summary Plan Description (SPD)

Pension Plan

For Shipyard Employees

2023

Retirement Plan "B" – Supplement J

148102043v8

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Introduction

Knowing your retirement will be financially secure and comfortable is important to you — and to Huntington Ingalls Industries, Inc. (“HII” or “Company”).

To help you reach your long-term financial goals, the Company offers the HII Avondale Industries, Inc. Pension Plan (the “Plan”). The Plan provides you with another source of income when you retire, in addition to your savings and Social Security benefits. This summary plan description (“SPD”) is provided to help you learn how the Plan works.

Effective December 31, 2013, the Plan merged (the “Plan Merger”) into the Huntington Ingalls Industries Retirement Plan “B” (the “Retirement Plan “B””), and all of its substantive provisions were preserved under that plan in Supplement J. References in this SPD to “Plan” refers to the HII Avondale Industries, Inc. Pension Plan component of the Retirement Plan “B”.

Special Plan Rules

Avondale Industries, Inc. Non-Represented Employees Pension Plan

If you transferred to the Avondale Industries, Inc. Non-Represented Employees Pension Plan (the “Non-Represented Plan”) on July 1, 2003, ***your “frozen” pension benefit under this Plan was generally based on your benefit service and earnings through June 30, 2003***. Beginning July 1, 2003, you became eligible for benefits under the Non-Represented Plan. The Non-Represented Plan is part of the Retirement Plan “B”, and all of its substantive provisions are preserved under that plan in Supplement C.

- **If you commenced Plan benefits before January 1, 2014**, your **Part A** pension benefit may consist of two components: (i) a pension benefit calculated under this Plan - for benefit service and compensation earned through June 30, 2003 (your “frozen” **Part A** benefit); and (ii) a pension benefit calculated under the Non-Represented Plan - reflecting any compensation increases through termination “offset” by the amount payable under this Plan (your **Part A*** benefit), subject to certain exceptions.
- **If you had not commenced Plan benefits as of December 31, 2013**, your “frozen” **Part A** benefit was transferred to the Non-Represented Plan, though pension calculations continue to reflect your “frozen” Part A benefit and Part A* benefit to preserve certain Plan provisions and actuarial factors that apply to each component.

A current description of the Non-Represented Plan can be found in the Part A Supplement to the Huntington Ingalls Industries Cash Balance Program Summary Plan Description for the Avondale Industries, Inc. Non-Represented Employees Pension Plan. Appendix A of this SPD describes the “frozen” Part A benefit a Non-Represented Plan participant may have accrued under this Plan’s pension formula.

Northrop Grumman Retirement Value Plan

If you transferred to the Northrop Grumman Retirement Value Plan on July 1, 2002, your benefit in the Plan is based on your participation through June 30, 2002. Beginning July 1, 2002, you became eligible for a cash balance benefit under the Retirement Value Plan, which is now a component plan under Retirement Plan "B". See the Northrop Grumman Retirement Value Plan Summary Plan Description for details.

Danly Machine Salaried or Danly Machine Hourly Pension Plans

If you participated in the Danly Machine Salaried or Danly Machine Hourly Pension Plans, see Appendix B for the specific Plan rules that apply to you.

IRS Correction

This SPD describes the Plan, including certain retroactive changes to the pension benefit formula made in connection with the Company's submission under the Internal Revenue Service's Employee Plans Compliance Resolution System ("EPCRS"), Voluntary Compliance Program ("VCP") to ensure compliance with the "accrual rules" under Code Section 411(b). These retroactive changes impact certain represented and non-represented participants with "frozen" benefits – such as the "frozen" Part A benefit accrued by certain represented Plan and Non-Represented Plan participants. The changes were approved by the IRS in November 2020 and are described in the "Pension Equity Plan Benefit" section of this SPD.

Questions?

More information about the Plan is available at http://hiibenefits.com, click on the Your Benefits Resources *button, or call the HII Benefits Center at 1-877-216-3222. If you are calling from outside the United States, please call 408-916-9765. You will need your password to secure your call. Benefits service representatives are available to assist you Monday through Friday from 9:00 a.m. to 6:00 p.m. Eastern time, excluding holidays. If you are hearing impaired, you will need to use a relay service through your TTY/TDD service provider.*

Huntington Ingalls Industries, Inc. reserves the right to suspend and/or reduce benefit accruals under Retirement Plan "B" and each component plan thereof (the "HII Plans"). It also may amend or terminate the HII Plans at any time. You will be notified of any significant amendments to the plan(s). This SPD is a summary of the main features of the Plan. It presents a summary only and does not contain all the details of all aspects of the Plan or HII Plans. It is not an official plan document, and neither the plan documents nor this SPD constitute an implied or expressed contract of employment. The actual terms of the HII Plans are contained in the plan documents, which are available from the HII Benefits Center. Receipt of this document does not act as a waiver of any eligibility requirement that may apply to you. The official plan text and trust agreement(s) govern the operation of the HII Plans and payment of all benefits. In the event of any ambiguity in or omission from this SPD, or any conflict between this SPD and the official plan text and trust agreement, the official plan text and trust agreement govern.

Overview

NOTE: Plan participation was closed for new hires and rehires (regardless of the length of any break in service) effective July 7, 2014. Certain sections of this SPD describe Plan provisions in effect before the Plan was closed to new entrants - for historical purposes. If you have any questions regarding your eligibility for Plan benefits, please contact the HII Benefits Center.

Eligibility

Prior to July 1, 2003, both non-represented employees and employees who were covered by a collective bargaining agreement that provided for participation in the Plan and who were on the payroll of the following participating entities were eligible to participate in the Plan:

- Avondale Industries, Inc., effective October 1, 1985
- Avondale Gulfport Marine, Inc., effective July 2, 1988
- Avondale Industries of New York, Inc., effective July 1, 1989
- Avondale Transportation Co., Inc., effective July 1, 1989
- Avondale Enterprises, Inc., effective January 1, 1990

Non-Represented Employees

Plan benefits for active, non-represented participants were frozen as of June 30, 2003. Effective July 1, 2003, all active, non-represented employees transferred to the newly created Avondale Industries, Inc. Non-Represented Employees' Pension Plan. In connection with the Plan Merger, the "frozen" Part A benefits of those Non-Represented Plan participants not in pay status at the time of the Plan Merger were transferred to and assumed by the Non-Represented Plan on December 31, 2013. For those participants, no benefits are payable under this Plan, though this SPD describes how the "frozen" Part A benefits are calculated. As a result, impacted non-represented employees must read this SPD and the Part A Supplement to the Huntington Ingalls Industries Cash Balance Program Summary Plan Description for the Avondale Industries, Inc. Non-Represented Employees Pension Plan to understand their eligibility for pension benefits.

Plan benefits of non-represented employees who terminated prior to July 1, 2003 and who had not commenced Plan benefits before the Plan Merger were also transferred to and assumed by the Non-Represented Plan on December 31, 2013. However, their benefits are generally determined in accordance with Plan provisions in effect as of their termination date – as described in this SPD (or a prior version thereof).

Represented Employees

Effective July 1, 2003, employees who are covered by a collective bargaining agreement that provides for participation in the Plan and who are on the payroll of one of the participating entities listed above are eligible to participate in the Plan.

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

- Employees covered by a collective bargaining agreement that does not provide for participation
- Leased employees
- Nonresident aliens (non-U.S. citizens who reside abroad)
- Employees on international payrolls
- Individuals not treated as common law employees on payroll records, even if a court or administrative agency determined any such individual was a common law employee

As previously indicated, Plan participation was closed for new hires and rehires (regardless of the length of any break in service) effective July 7, 2014.

If you have a question about your eligibility, contact the HII Benefits Center.

Participation

Effective January 1, 1997, you became a participant in the Plan on January 1 or July 1 coincident with or following the date you completed one year of participation service, if you were at least age 21. This January 1 or July 1 is referred to as your participation date. Before 1997, prior participation rules applied. Also, special participation rules applied if you terminated from the Company and were then rehired (see the "Rehires" section).

Important Pension Concepts

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

Employment Year

Your Employment Year is the 12-consecutive-month period of employment starting on the date you first performed an hour of service (typically, your hire date). Prior to January 1, 2008, your Employment Year was used in determining a Year of Service under the Plan for both participation and vesting purposes. Generally speaking, a Year of Service was an Employment Year in which you completed 1,000 hours of service. Beginning January 1, 2008, a Year of Service for vesting purposes changed. That is, you received credit for each plan year (calendar year) you completed 1,000 hours of service (see "Years of Vesting Service").

If you are rehired, your Employment Year for the Plan is reset to the rehire date if:

- You are not rehired within the same Employment Year in which you terminate employment; and
- You experience a one-year break in service during the Employment Year prior to the Employment Year in which you are rehired.

Hours of Service

You earn an hour of service for each hour for which you are paid (or are entitled to be paid) by the Company, while actively at work and during certain periods away from work, including vacation, holiday, illness, disability, layoff, jury duty, or a leave of absence (note that for periods when you are away from work, no more than 501 hours will be counted). You will receive credit for eight hours a day for each day you are on a qualifying military leave, provided that you return to active employment within five years of the beginning of your leave and within 90 days of an honorable discharge, or if you die while on a qualifying military leave.

If you are a leased or contract employee and you become an eligible employee under Plan rules, you may receive credit toward your hours of service for participation and vesting purposes in accordance with IRS rules. If you think you may be impacted by these rules, please contact the HII Benefits Center.

Years of Vesting Service

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

Your years of vesting service generally equals:

- On or after January 1, 2008* — one year of service for any calendar year in which you complete 1,000 hours
- From January 1, 1997** through December 31, 2007 — one year of service for any Employment Year in which you complete 1,000 hours
- From January 1, 1988 through December 31, 1996*** — one year of service for each 12-month period of employment, starting on the first day service is credited (typically, date of hire)
- From January 1, 1985 through December 31, 1987*** — your period of employment, from hire date to termination (if prior to or on December 31, 1987).

* *If you were an active participant in this Plan on December 31, 2007 and January 1, 2008, your vesting service as of January 1, 2008 was equal to all your years of vesting service as of December 31, 2007, plus one additional year of service. Your vesting service at the time of your termination is equal to your years of service as of January 1, 2008, plus your years of service after January 1, 2008, calculated as described above.*

*** Measured in completed years.*

**** Measured in completed years and months.*

A participant who has completed at least five Years of Vesting Service will be fully vested in Plan benefits.* Effective January 1, 2008, a non-represented participant who has completed at least three Years of Vesting Service will be fully vested in Plan benefits; this change does not impact represented participants accruing benefits under the Plan's "traditional" pension formula. A participant will also become fully vested in Plan benefits upon reaching age 65 while actively employed by the Company, regardless of Years of Vesting Service.

* *Prior to January 1, 1989, participants became vested in Plan benefits after completing 10 years of service.*

Benefit Service

General Rules

Benefit service is used to determine the amount of your benefit. Benefit service generally equals your:

- Historical service as of December 31, 1996, *plus*
- Benefit service credited on January 1, 1997 and later for each day you are employed by a participating business unit.
  - Benefit service is equal to your years of service (measured in years and completed days), beginning on your date of hire and ending on your date of termination. ***Exception***: If you perform service for the Company within 12 months of your termination date, your period of absence is counted in calculating your benefit service.
  - Benefit service is counted for any period of a qualifying military leave, provided you return to active employment within five years of the beginning of your leave and within 90 days of an honorable discharge, or if you die while on a qualifying military leave.

No benefit service is granted beyond:

- The date you die, voluntarily terminate employment, are discharged, retire, or transfer to a nonparticipating entity or to a joint venture that is not part of the Company;
- The first anniversary of a layoff or approved leave of absence; and
- The second anniversary of a parental absence (FMLA leave).

Corporate Transactions

Corporate transactions may impact your benefit service. For example, you will no longer receive benefit service upon the divestiture of your business unit, and other special rules may apply if the Company acquired your former employer. Contact the HII Benefits Center for any questions concerning a corporate transaction and your Plan benefits.

- If you participated in the **Danly Hourly** or **Danly Salaried Pension Plans**, see "Appendix B" for details on your Danly benefit.

Plan Transfers and Other Service Rules

As a general rule, you may not actively participate (i.e., accrue benefit service) in more than one Company-sponsored defined benefit pension plan at the same time. This means that your benefit service under this Plan will freeze as of the date you become eligible to actively accrue pension benefits under another Company pension plan (or component thereof). For example:

- If you transferred to the **Avondale Industries, Inc. Non-Represented Employees Pension Plan** on July 1, 2003, your benefit service under this Plan was frozen as of June 30, 2003. Beginning July 1, 2003, your benefits are determined under the rules of the Non-Represented Plan. A current description of the Non-Represented Plan can be found in the Part A Supplement to the Huntington Ingalls Industries Cash Balance Program Summary Plan Description for the Avondale Industries, Inc. Non-Represented Employees Pension Plan. Appendix A of this SPD describes the "frozen" Part A benefit a Non-Represented Plan participant may have accrued under this Plan.
- If you transferred to the **Northrop Grumman Retirement Value Plan** on July 1, 2002, your benefit service under the Plan was frozen on June 30, 2002. Beginning July 1, 2002, your benefit service is determined under the rules of the Retirement Value Plan. See the Northrop Grumman Retirement Value Plan Summary Plan Description for details.

Breaks in Service

A break in service is a period during which you complete less than 501 hours of service during a 12 month period – such as an Employment Year or calendar/plan year (as the context requires). A break in service may impact your right to Plan benefits.

If You Are Not Vested

If you experience five consecutive break-in-service years *before* you are vested:

- You forfeit your benefit under the Plan; and
- You will be treated as a new hire upon subsequent rehire. You will accrue a new benefit, and your prior vesting, participation, and benefit service will not be included in your service earned under the new employment period.

If you were a prior participant and your break in service is less than five years, your years of vesting and benefit service prior to your break in service will be restored after you complete one year of benefit service following your rehire.

If You Are Vested

If you are vested and experience a break in service (regardless of the number of break-in-service years), your vesting and benefit service prior to your break in service will be restored after you complete one year of participation service following your rehire.

If You Are on FMLA Leave

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

Rehires

NOTE: Plan participation was closed for new hires and rehires (regardless of the length of any break in service) effective July 7, 2014. The following describes special participation rules that applied to rehires before the Plan was closed to new entrants.

Rehire Within One Month

If you leave the Company and are rehired before the end of the month in which you terminated, your participation in the Plan is not affected — your termination is “ignored” for purposes of determining and/or maintaining your participation in the Plan and your years of vesting, participation, and benefit service.

Rehire After You Became a Participant

If you are a participant in the Plan at the time you terminate your employment with the Company, and are later rehired, your participation and service will be impacted as follows:

- ***If you are rehired within 12 months of your termination date,*** your active participation resumes on your rehire date (you do not have to meet the one year of participation service requirement upon rehire). Your termination is “ignored” for purposes of determining your years of benefit service — meaning your vesting and benefit service prior to your break in service will be restored upon rehire.
- ***If you are rehired more than 12 months after your termination date*** (even if you terminate again and are subsequently rehired within 12 months of your second termination date), your eligibility to be an active participant under the Plan starts over — your active participation resumes on the date on which you complete one year of participation service. Your vesting and benefit service prior to your termination will be restored after you complete one year of participation service following your rehire, provided you did not have five consecutive break-in-service years before you are vested. See “Breaks in Service” for details.

Rehire If You Were Not a Participant

If you are rehired within the year* in which you terminate or you do not have a one-year break in service during the prior year:

- If you were not eligible to participate in the Plan before you terminated employment, your participation date is January 1 or July 1 coincident with or following the date on which you become eligible. If you retire within the year in which you terminate, your prior hours of service will be included in determining your eligibility.
- If you were eligible to participate in the Plan before you terminated employment, but you did not reach the participation date before your termination, you become a participant in the Plan on January 1 or July 1 immediately following your rehire date.

If you are not rehired within the same year* in which you terminate, and you experience a break in service during the prior year:

- If you were not eligible to participate in the Plan before you terminated employment, your participation date is January 1 or July 1 coincident with or following the date on which you become eligible.
- If you were eligible to participate in the Plan before you terminated employment, but you did not reach the participation date before your termination, you become a participant in the Plan on January 1 or July 1 following completion of one year of participation service (from your date of rehire).

** Calendar year on and after January 1, 2008; Employment Year prior to January 1, 2008.*

Final Average Earnings

Your final average earnings (FAE) is your average monthly compensation for your five consecutive highest paid years during the last ten years of your employment with the Company. Months in which you do not receive compensation (e.g., due to a break in service) are not counted toward the average. If you have less than five years of monthly compensation prior to your termination, your FAE is based on your average monthly compensation for all years of employment. However, special rules may apply if you:

- Transferred to the Avondale Industries, Inc. Non-Represented Employees Pension Plan on July 1, 2003. A current description of the Non-Represented Plan can be found in the Part A Supplement to the Huntington Ingalls Industries Cash Balance Program Summary Plan Description for the Avondale Industries, Inc. Non-Represented Employees Pension Plan. Appendix A of this SPD describes the "frozen" Part A benefit a Non-Represented Plan participant may have accrued under this Plan.
- Participated in the Danly Hourly or Danly Salaried Pension Plans - see "Appendix B."

Pension-Eligible Compensation

The definition of pension-eligible compensation for FAE purposes includes your monthly base wages or salary paid* in effect on July 1 of each year, plus any pre-tax contributions to a Company-sponsored 401(k) or 125 plan.

The following items are not included in pension-eligible compensation:

- Bonuses

- Overtime pay
- Shift differentials
- Severance pay
- Imputed income or other non-cash compensation
- Contributions or benefits under this Plan, the Performance Share Plan, the Stock Appreciation Plan, or any other employee benefit plan
- Reimbursed expenses

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

Compensation in Your Year of Termination

Your compensation in the year in which you terminate from active employment is included in your FAE only if the date of your termination is December 31 (or the last working day of the year if December 31 falls on a weekend).

** If you are an hourly employee who works at least 2,080 hours per year, your basic hourly rate of pay on July 1 is used to determine your compensation. Your hourly rate is multiplied by 2,080 hours, and then divided by 12 months to obtain the monthly rate. For commission-based, temporary, and part-time employees, your monthly compensation is your compensation for the previous year divided by 12, unless you were not in active or paid leave status for the entire year. In that case, your actual compensation is multiplied by the ratio of the number of calendar days in the year divided by the number of days you were in active status or on paid leave, and then divided by 12.*

Freeze on Compensation Earned at AMSEC LLC

If you voluntarily transfer to AMSEC LLC ("AMSEC") on or after February 1, 2008, compensation earned at AMSEC (now known as HII Fleet Support Group LLC) will not be taken into account for purposes of determining your FAE for your benefit under the Plan.

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

Freeze on Compensation Earned at Avondale Engineering and Construction Co.

If you transfer to Avondale Engineering and Construction Co. ("Avondale Engineering") on or after July 7, 2014, compensation earned at Avondale Engineering will no longer be taken into account for purposes of determining your FAE. This means the Plan will no longer recognize your compensation earned at Avondale Engineering on or after July 7, 2014 for purposes of determining your Plan benefits.

Non-Duplication of Benefits

You may actively participate in (meaning contribute to or accrue a benefit under) only one HII pension plan at any given time. If you are eligible to participate in two plans (for example, as a result of an acquisition), you will be covered by the plan specified by your payroll.

Suspension of Benefits Upon Re-employment

In the event you terminate your employment and commence your benefit under the Plan, then you are reemployed by the Company as a regular employee who earns more than 40 vesting hours in a calendar month, payment of your annuity benefit will be suspended while you remain actively employed in accordance with Plan rules.

You will receive a notice of suspension before any benefit payments are suspended. If your annuity benefit is suspended, then the benefit determined upon your subsequent retirement will be reduced to reflect the actuarial equivalent value of any benefits previously received from this Plan.

Required Minimum Distributions

Generally speaking, IRS rules require that retirement benefits commence no later than a participant's **required distribution date**. For IRS and Plan purposes, your required distribution date is April 1 of the year following the year in which you reach your **required distribution age** or, if later, the year your employment with the Company terminates.

Prior to the SECURE Act of 2019, the required distribution age was 70 ½. The SECURE Act of 2019 increased the required distribution age to 72 for individuals born on or after July 1, 1949. The SECURE Act of 2022 increased the required distribution age to 73 for individuals who attain age 72 after 2022, and age 75 for individuals who attain age 74 after 2032. As a result:

If your date of birth is…	Your required distribution age is …
Earlier than July 1, 1949	Age 70 ½
On or after July 1, 1949 but before January 1, 1951	Age 72
On or after January 1, 1951 but before January 1, 1960*	Age 73
On or after January 1, 1960*	Age 75

* *There is conflicting language in the SECURE Act of 2022, such that someone born in 1959 would have a required distribution age of both age 73 and age 75. IRS guidance is needed to confirm the required distribution age for impacted individuals.*

If your Plan benefits are impacted by these rules, you'll be contacted and advised of your payment options and the amount of your benefit. ***Failure to timely commence Plan benefits could result in adverse tax consequences***.

Applying for Your Benefit

Once you decide on your retirement date, you must contact the HII Benefits Center to begin the retirement process. In general, you must provide notice of your intent to retire and request your retirement kit *at least* two months prior to the date you want your retirement to begin (which can be the first day of any month). For example, if you want to begin your retirement on June 1, 2023, you must request your retirement kit by April 1, 2023.

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

Effective for benefit commencement dates on or after July 1, 2009, if you provide a signed and dated note from your treating physician stating that you have a terminal illness and are not expected to survive more than six months, or some longer period of time as deemed acceptable by the Plan Administrator, from the date the written note is executed by the physician, then you will be permitted to provide notice of your intent to retire and request your retirement kit within the two-month period prior to the date you want your retirement to begin.

As a participant in the Plan, it is *your* responsibility (or your surviving spouse's responsibility, if applicable) to request your retirement kit and start the retirement process. Your retirement date is the date you want to begin your pension benefit payments. Failure to contact the HII Benefits Center and timely apply for retirement may result in a delay in payment or even a forfeiture of benefits.

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

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

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

If you have a qualified domestic relations order (QDRO) that awards any part of your pension benefit to a former spouse, such order should be submitted to the HII Benefits Center well in advance of your retirement date in order to avoid a delay in processing your retirement. You may obtain a copy of the Plan's procedures regarding QDROs free of charge by contacting the Domestic Relations Matters Group at 1-877-324-4255.

Benefit Calculations - Examples

As you review the benefit examples that follow, please keep in mind that they are for illustration only; they are not intended to confer greater benefits than what you are entitled to under Plan rules. Pension calculations can be complex and depend in part on the particular facts of each participant in light of specific Plan provisions. You should contact the HII Benefits Center if you have any questions regarding your benefit calculation or application of any Plan rules. While the examples that follow use full years of age and service, your retirement benefit will be based on your actual years and months of age and service at the time of your retirement. Moreover, the examples are based on the "straight life annuity" form of payment.

Normal Retirement

Eligibility for Normal Retirement

You are eligible for a normal retirement benefit if your Company employment ends on or after your normal retirement age. Your normal retirement date is the first day of the month coincident with or following your normal retirement age.

Normal Retirement Age for Your Benefit

Your normal retirement age for your benefit is the later of:

- Age 65; or
- Your age on the fourth anniversary of your participation in the Plan.

Benefit Amount for Normal Retirement

When you retire, your normal retirement benefit is calculated based on:

- Your final average earnings;
- Your years of benefit service through your date of termination;
- If you were a participant prior to January 1, 2000, the value of the annuity equivalent of your Avondale Industries, Inc. Savings Plan (ESOP) account (the ESOP annuity equivalent, described below); and

- Your decision to roll over your ESOP account, if eligible, into the Plan in order to maximize your Plan annuity.

If you transferred to the Non-Represented Plan on July 1, 2003, a current description of the that plan can be found in the Part A Supplement to the Huntington Ingalls Industries Cash Balance Program Summary Plan Description for the Avondale Industries, Inc. Non-Represented Employees Pension Plan. Appendix A of this SPD describes the "frozen" Part A benefit a Non-Represented Plan participant may have accrued under this Plan. If you participated in the Danly Machine Salaried or Danly Machine Hourly Pension Plans, see Appendix B for details on how your benefit is calculated.

ESOP Annuity Equivalent

Participants in the Plan prior to January 1, 2000* may have an accrued ESOP benefit. In this case, your accrued benefit from the Plan is reduced by the annuitized value of your ESOP account — called the ESOP annuity equivalent — calculated as a straight life annuity as follows:

- The market value of your account as of the close of business on the last trading day of the month coincident with or preceding your date of termination (including the number of shares or cash amounts that were distributed to you prior to the calculation date)

  multiplied by

- A monthly annuity conversion factor based on your age**

For annuity start dates on or after January 1, 2013, benefit calculations for the ESOP annuity equivalent will use both the market value as described above and the market value of your ESOP account as of your annuity start date.

* *The ESOP was frozen on January 1, 2000, and there are no new ESOP participants on or after that date.*

** *For details on the annuity conversion factor, contact the HII Benefits Center.*

ESOP Rollover Benefit

If you have an ESOP account and elect to roll it over to the Plan at termination, the annuitized value of the rolled over amount is calculated as described under "ESOP Annuity Equivalent" above.

In order to be eligible to roll over your ESOP account to the Plan, you must immediately retire* upon termination (if eligible). To "immediately retire," you must meet all of the following requirements:

- You must contact the HII Benefits Center and initiate retirement no later than the first of the month following the date you stop accruing service (contact the HII Benefits Center for further information regarding when your service stops accruing);
- Your retirement date must be the earliest benefit commencement date after you have notified the HII Benefits Center of your intent to retire; and
- You return your election forms prior to the expiration date in your retirement package.

If you are eligible for only a deferred vested benefit and not an immediate benefit, then you are not eligible to roll over your ESOP account to the Plan.

** If you are laid off, **you must commence your benefit within 12 months** of your layoff date to be eligible for the rollover.*

Calculating Your Normal Retirement Benefit

Your monthly normal retirement benefit is calculated as follows*:

- 25% of your monthly FAE up to $550
- ***plus*** 40% of your monthly FAE over $550
- ***multiplied by*** your actual benefit service* (up to 30 years) / 30
- ***minus*** your ESOP annuity equivalent
- ***plus*** the greater of your ESOP rollover benefit using Plan actuarial factors and IRS actuarial factors**

  ** If you transferred to the Non-Represented Plan on July 1, 2003, your benefit under this Plan is calculated using your years of service and compensation earned through June 30, 2003. A current description of the Non-Represented Plan can be found in the Part A Supplement to the Huntington Ingalls Industries Cash Balance Program Summary Plan Description for the Avondale Industries, Inc. Non-Represented Employees Pension Plan. Appendix A of this SPD describes the "frozen" Part A benefit a Non-Represented Plan participant may have accrued under this Plan.*

  If you participated in the Danly Hourly or Danly Salaried Pension Plans, see "Appendix B" for details on how your normal retirement benefit is calculated.

  *** **If you are a highly compensated employee:** Your benefit will be increased by your ESOP rollover benefit determined using actuarial factors set forth in Internal Revenue Service guidance. When specific Internal Revenue Service rules are met by the Plan, the increase will be re-determined as the greater of the annuity equivalent of your ESOP rollover benefit determined using the Plan's actuarial factors and the actuarial factors set forth in Internal Revenue Service guidance.*

Note: If you were a participant in the Plan on September 30, 1985, your monthly benefit will also be reduced by the monthly income payable to you from the annuity purchased on your behalf at that time from the Massachusetts Mutual Life Insurance Company (the Mass Mutual annuity). For more information or to commence your Mass Mutual annuity benefit, contact Mass Mutual at 1-800-788-8781.

Normal Retirement Benefit Examples

Example 1 — No ESOP Rollover

Let's assume you terminate on June 30, 2013 and retire on July 1, 2013, at age 65 with 30 years of benefit service. Also, assume your monthly final average earnings is $3,500, and the value of your ESOP account on June 30, 2013 is $50,000, which produces a monthly annuity benefit of $486.83 using the Plan's actuarial factors and a monthly annuity benefit of $350 using IRS actuarial factors. Since you were a participant in the Plan on September 30, 1985, assume your Mass Mutual annuity benefit is $300. In addition, you do not roll over your ESOP account to the Plan and you are not a highly compensated employee. Your benefit is determined as follows:

- 25% of your monthly FAE up to $550

- ***plus*** 40% of your monthly FAE over $550
- ***multiplied*** *by* your actual benefit service (up to 30) / 30
  [((25% of $550) + (40% of $2,950)) X (30 / 30)] = $1,317.50
- ***minus*** ESOP annuity equivalent = $486.83
- ***plus*** ESOP rollover benefit = $0.00
- ***minus*** Mass Mutual annuity benefit = $300.00

equals

- Monthly normal retirement benefit = $**<u>530.67</u>**

  ($1,317.50 - $486.83 + $0 - $300.00)

Your monthly normal retirement benefit from the Plan is equal to $530.67 per month. Your Mass Mutual benefit of $300 will be paid by Mass Mutual and will be in addition to your Plan benefit of $530.67. Since you did not transfer your ESOP balance into the Plan, you are entitled to take a distribution of your ESOP balance of $50,000, according to the ESOP plan rules. See the ESOP Summary Plan Description for further details.

Example 2 — With ESOP Rollover

Let's use the same example shown above, but this time assume you roll over your ESOP account to the Plan. Your benefit is determined as follows:

- 25% of your monthly FAE up to $550
- ***plus*** 40% of your monthly FAE over $550
- ***multiplied*** *by* your actual benefit service (up to 30) / 30
  [((25% of $550) + (40% of $2,950)) X (30 / 30)] = $1,317.50
- ***minus*** ESOP annuity equivalent = $486.83
- ***plus*** ESOP rollover benefit (greater of $350 and $486.83) = $486.83
- ***minus*** Mass Mutual annuity benefit = $300.00

equals

- Monthly normal retirement benefit = $**<u>1,017.50</u>**

  ($1,317.50 - $486.83 + $486.83 - $300.00)

Your normal retirement benefit from the Plan is equal to $1,017.50 per month. Again, your Mass Mutual benefit of $300 will be paid by Mass Mutual and will be in addition to your Plan benefit of $1,017.50. Since you transferred your ESOP balance into the Plan, your ESOP balance will be paid into the Plan, and therefore you are not entitled to take a distribution of your ESOP balance of $50,000.

Early Retirement

Eligibility for Early Retirement

In general, you are eligible for an early retirement benefit if you stop accruing service under the Plan on or after attaining age 55 if you have at least 10 years of benefit service.

Special Layoff Early Retirement Benefit

If you are not covered by a negotiated collective bargaining agreement and you are laid off on or after July 1, 2009 before meeting the early retirement eligibility requirements described above, you are eligible for an early retirement benefit under the Plan on or after attaining age 55 if you are on layoff status or you have terminated employment due to layoff when your benefit commences and you meet either of the following requirements:

- Your points (your age plus your years of benefit service on your layoff date) equal or exceed 75*; or
- You are at least age 53 and you have 10 or more years of service* on your layoff date.

If you receive a layoff notice and you qualify for this special layoff provision, and you then transfer to another entity instead of being terminated, you are no longer eligible for the special layoff provision. If you are laid off and you qualify for the special layoff provision and you are then rehired, the special layoff provision no longer applies. If you are subsequently laid off and qualify, you would again be eligible for the special layoff provision.

* *If you go to work for an affiliated company that is not a participating employer, your service with that affiliated company* ***will not count*** *for purposes of meeting this service requirement. However, you may grow into the age-related requirement while you are employed by an affiliated company that is not a participating employer.*

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

Benefit Amount for Early Retirement

If you elect to begin receiving your benefit before age 65 and have terminated after meeting the early retirement eligibility requirements described above, your early retirement benefit is determined as a normal retirement benefit *before* the ESOP and Mass Mutual annuity offsets (using the projected years of service you would have completed had you continued to work to age 65) *multiplied by* the ratio of your actual benefit service at your date of termination *divided by* your projected service at age 65. The ESOP and Mass Mutual annuity offsets are then deducted (the ESOP rollover benefit is added, if applicable), and the remaining benefit is reduced to a percentage of that amount as shown in the table below.

Your age when payments begin	Percentage of your normal retirement benefit that you receive
65	100%
64	93.28%
63	86.56%
62	79.84%
61	73.12%
60	66.40%
59	63.04%
58	59.68%
57	56.32%
56	52.96%
55	49.60%

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

If you transferred to the Non-Represented Plan on July 1, 2003, your benefit under this Plan is calculated using your years of service through June 30, 2003. A current description of the Non-Represented Plan can be found in the Part A Supplement to the Huntington Ingalls Industries Cash Balance Program Summary Plan Description for the Avondale Industries, Inc. Non-Represented Employees Pension Plan. Appendix A of this SPD describes the frozen benefit a Non-Represented Plan participant may have accrued under this Plan. If you participated in the Danly Hourly or Danly Salaried Pension Plans, see "Appendix B" for details on how your normal retirement benefit is calculated.

Early Retirement Benefit Examples

Example 1 — No ESOP Rollover

Let's assume you terminate on June 30, 2013 and retire on July 1, 2013, at age 60 with 15 years of benefit service. Therefore, you would have had 20 years of benefit service had you continued working to age 65. Also, assume your monthly final average earnings is $3,500, and the value of your ESOP account on June 30, 2013 is $15,000, which produces a monthly annuity benefit of $204.84 using the Plan's actuarial factors and $115 using IRS actuarial factors. You were not a participant in the Plan on September 30, 1985, so there is no Mass Mutual annuity benefit. In addition, you do not roll over your ESOP account to the Plan and you are not a highly compensated employee. Your benefit is determined as follows:

1. Determine your normal retirement benefit

- 25% of your monthly FAE up to $550
- ***plus*** 40% of your monthly FAE over $550
- ***multiplied*** *by* your projected benefit service to age 65 (up to 30) / 30

- ***multiplied*** *by* your actual benefit service / projected benefit service to age 65

  [((25% of $550) + (40% of $2,950)) X (20 / 30) X (15 / 20)] = $658.75
- ***minus*** ESOP annuity equivalent = $204.84
- ***plus*** ESOP rollover benefit = $0.00
- ***minus*** Mass Mutual annuity benefit = $0.00

equals

- Monthly normal retirement benefit before reduction = $453.91

  ($658.75 - $204.84 + $0 - $0)

2. Calculate your early retirement benefit

This benefit amount is then reduced for early retirement at age 60:

$453.91 x 66.40% (early retirement reduction) = **$301.40**

Your monthly early retirement benefit from the Plan is equal to $301.40. Since you did not transfer your ESOP balance into the Plan, you are entitled to take a distribution of your ESOP balance of $15,000 according to the ESOP plan rules. See the ESOP Summary Plan Description for further details.

Example 2 — With ESOP Rollover

Let's use the same example shown above, but this time assume you roll over your ESOP account to the Plan. Your benefit is determined as follows:

1. Determine your normal retirement benefit

- 25% of your monthly FAE up to $550
- ***plus*** 40% of your monthly FAE over $550
- ***multiplied*** *by* your projected benefit service to age 65 (up to 30) / 30
- ***multiplied*** *by* your actual benefit service / projected benefit service to age 65

  [((25% of $550) + (40% of $2,950)) X (20 / 30) X (15 / 20)] = $658.75
- ***minus*** ESOP annuity equivalent = $204.84
- ***plus*** ESOP rollover benefit (greater of $115 and $204.84) = $204.84
- ***minus*** Mass Mutual annuity benefit = $0.00

equals

Normal retirement benefit before reduction = $658.75

($658.75 - $204.84 + $204.84 - $0)

2. Calculate your early retirement benefit

This benefit amount is then reduced for early retirement at age 60:

$658.75 x 66.40% (early retirement reduction) = **$437.41**

Your monthly early retirement benefit from the Plan is equal to $437.41. Since you transferred your ESOP balance into the Plan, your ESOP balance will be paid into the Plan, and therefore you are not entitled to take a distribution of your ESOP balance of $15,000.

Deferred Vested Benefits

Eligibility for Deferred Vested Benefits

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

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

*You must commence your benefit no later than your **required distribution date**. **Failure to timely commence Plan benefits could result in adverse tax consequences**.*

Note: If you are commencing a deferred vested benefit, you are not eligible to roll over your ESOP account to the Plan.

Benefit Amount for Deferred Vested Benefits

Your monthly deferred vested benefit is calculated as follows:

- 25% of your monthly FAE up to $550
- ***plus*** 40% of your monthly FAE over $550
- ***multiplied** by* your projected benefit service to age 65 (up to 30 years) / 30
- ***multiplied** by* your actual benefit service / projected benefit service to age 65
- ***minus** y*our ESOP annuity equivalent

If you have at least 10 years of benefit service at termination, and you elect to commence your benefit between ages 55 and 65, your monthly benefit is equal to a percentage (as shown in the preceding table) of your deferred vested benefit.

Deferred Vested Benefit Examples

Example 1 — Unreduced Deferred Vested Benefit

Let's assume you terminate at age 50 with 15 years of benefit service, and begin receiving your benefit at age 65. If you had continued working to age 65, you would have had 30 years of benefit service. Also, assume your monthly final average earnings is $3,500, and the value of your ESOP account on June 30, 2013 is $15,000, which produces a monthly annuity benefit of $402.95. Because you are commencing a deferred vested benefit, you are not eligible to roll over your ESOP account to the Plan. Your deferred vested benefit is determined as follows:

- 25% of your monthly FAE up to $550
- ***plus*** 40% of your monthly FAE over $550
- ***multiplied*** *by* your projected benefit service to age 65 (up to 30) / 30
- ***multiplied*** *by* your actual benefit service / projected benefit service to age 65

  [((25% of $550) + (40% of $2,950)) X (30 / 30) X (15 / 30)] = $658.75
- ***minus*** ESOP annuity equivalent = $402.95

equals

- Deferred vested benefit before reduction = **$255.80**

  ($658.75 - $402.95)

Your monthly deferred vested benefit from the Plan is equal to $255.80. Because you were not eligible to transfer your ESOP balance into the Plan, you are entitled to take a distribution of your ESOP balance according to the ESOP plan rules. See the ESOP SPD for further details.

Example 2 — Reduced Deferred Vested Benefit

Let's use the same example shown above, but this time assume you begin receiving your benefit immediately upon termination at age 60. Your deferred vested benefit is determined as follows:

1. Determine your unreduced deferred vested benefit

- 25% of your monthly FAE up to $550
- ***plus*** 40% of your monthly FAE over $550
- ***multiplied*** *by* your projected benefit service to age 65 (up to 30) / 30
- ***multiplied*** *by* your actual benefit service / projected years to age 65

  [((25% of $550) + (40% of $2,950)) X (30 / 30) X (15 / 30)] = $658.75
- ***minus*** ESOP annuity equivalent = $402.95

equals

- Deferred vested benefit before reduction = **$255.80**

  ($658.75 - $402.95)

2. Calculate your reduced deferred vested benefit

This benefit amount is then reduced for commencement at age 60:

$255.80 x 66.40% (early retirement reduction) = **$169.85**

Your monthly benefit from the Plan is equal to $169.85. Again, because you were not eligible to transfer your ESOP balance into the Plan, you are entitled to take a distribution of your ESOP balance according to the ESOP plan rules. See the ESOP SPD for further details.

Disability Retirement Benefits

If you retire due to disability, you are eligible for a disability retirement benefit if you:

- Are vested as of your date of disability;
- Have not reached normal retirement age; and
- Have been disabled for 12 months and are awarded Social Security disability benefits.

You are not eligible for a disability retirement benefit if you are receiving long-term disability benefits, workers' compensation benefits, or any other Company-provided disability benefits.

Benefit Amount

Your monthly disability benefit is calculated as an early retirement benefit (see "Early Retirement"), based on your age on your disability retirement date. If you begin receiving payments before age 55, an additional reduction will be made as shown in the table below.

Age	Percentage of Your Age 55 Early Retirement Benefit	Age	Percentage of Your Age 55 Early Retirement Benefit
55	100%	37	22.14%
54	91.07%	36	20.52%
53	83.07%	35	19.03%
52	75.88%	34	17.65%
51	69.41%	33	16.38%
50	63.57%	32	15.20%
49	58.29%	31	14.12%
48	53.52%	30	13.12%
47	49.18%	29	12.19%
46	45.24%	28	11.34%
45	41.66%	27	10.54%
44	38.40%	26	9.81%
43	35.42%	25	9.12%
42	32.69%	24	8.49%
41	30.20%	23	7.90%
40	27.92%	22	7.36%
39	25.83%	21	6.85%
38	23.91%	20	6.38%

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

Note: *If you are entitled to a Mass Mutual annuity benefit, your benefit may be different. Please contact the HII Benefits Center.*

Commencement Date

After your termination of employment, you may begin receiving a disability benefit on the first day of the month following the date you meet the eligibility requirements described above.

Benefit Termination Date

Your disability retirement benefit is payable for your lifetime, unless you recover from total and permanent disability prior to reaching age 65 (see below).

If You Return to Active Employment

If you recover from your disability before you reach normal retirement age and:

- Return to work at the Company, your benefit payments will be suspended until you retire again. Your subsequent benefit from the Plan at the time you retire will be:
  - Recalculated based on your final average earnings and combined years of benefit service earned prior to your disability retirement date and after you are rehired
  - Offset (reduced by) benefits previously paid from the Plan.
- Do not return to work at the Company, your benefit payments will be suspended until you retire (at early retirement or normal retirement). Your subsequent benefit from the Plan at the time you retire will be:
  - Based on your final average earnings and years of benefit service as of your disability retirement date
  - Offset (reduced by) benefits previously paid from the Plan.

Pension Equity Plan Benefit

IRS Submission

Pursuant to the Company's VCP submission under the Internal Revenue Service's Employee Plans Compliance Resolution System ("EPCRS"), Voluntary Compliance Program ("VCP"), the Plan was retroactively amended in April 2020, so that the Plan benefit (also known as the Part A benefit) complies with the "accrual rules" under Code Section 411(b) by ensuring impacted participants, as identified by the Plan Administrator, receive the greater of the Part A benefit determined under the Pension Equity Plan ("PEP") formula described below and the Part A formula described in this SPD when computing Normal Retirement, Early Retirement, Disability Retirement and Deferred Vested benefit amounts under the Plan. ***In no event, however, will application of the retroactive amendment reduce the Part A benefit a participant would be entitled to had such changes not be made***.

Background

Generally speaking, the "accrual rules" are designed to prevent a disproportionate portion of a participant's overall benefit from accruing in the later years of employment by requiring the benefit be earned and accrued ratably from one year to the next and by preventing large increases from one year to the next. The Company recently learned that the Part A benefit formula may violate those rules in certain circumstances. More specifically, it was discovered that the service calculation under the Plan's formula negatively impacts the accrual rate for certain participants whose benefit service under this Plan is frozen as a result of him or her becoming eligible for pension accruals under another Company-sponsored defined benefit pension plan. ***The amendment specifically impacts certain participants hired before they attained age 35***.

Retroactive Amendment

To address the issue, the Plan's benefit formula was amended with IRS approval. The amendment is structured as an alternate PEP formula, with the benefit defined as a percentage of FAE and expressed as a lump sum payment rather than an annuity payable at normal retirement age. The percentage accumulates over a participant's career according to an annual schedule based on the participant's age, service and age of entry into the Plan. Generally speaking, impacted participants receive the greater of the retirement benefit payable under the Plan's current benefit formula and the alternate PEP formula.

Impacted participants whose benefits were paid or whose benefits commenced before the retroactive amendment went into effect, received corrective payments – either as a lump sum and/or as an actuarial increase to future benefit payments – that reflected any additional benefits due based on the amended benefit formula. The benefits of impacted participants not yet in pay status will be actuarially adjusted, as applicable.

PEP Formula Benefit

The following provides an overview of how the monthly PEP formula benefit is determined. As you read through this information, please keep in mind that it is a summary only of the calculation methodology. If you have questions regarding the IRS submission or retroactive amendment and the impact on your Plan benefits, please contact the HII Benefits Center.

Monthly PEP Formula Benefit = (A X B) / C, where:

- A = monthly Normal Retirement benefit (see "Benefit Calculations - Examples" above)
- B = **PEP Credit Account**
- C = the factor derived from the **PEP Reduction Factor Table**

The "**PEP Credit Account**" is a bookkeeping account maintained for each impacted participant used only for purposes of tracking "PEP Credits" and "PEP Interest Credits".

"**PEP Credits**" are credited to the PEP Credit Account if a participant is actively employed by the Company as of the last day of the Plan Year. The amount credited is determined using "PEP Points" attained as of the last day of the Plan Year, the participants "entry age" (i.e., the later of his or her age when employment commenced and age 21), and the PEP Points Table.

"**PEP Points**" are the sum of (i) the participant's age and (ii) "Years of PEP Service."

"**Years of PEP Service**" are calculated based on the elapsed time rules of crediting service, beginning at the participant's entry age. Under the elapsed time method, an employee typically receives credit for service for the aggregate of all time periods (regardless of the employee's actual hours of service) commencing with the employee's employment commencement date and ending on the date a break in service begins.

“**PEP Interest Credits**” are credited if the participant has terminated his or her employment but has not commenced Plan benefits as of the last day of the Plan Year and are equal to 2.25% of the PEP Credit Account as of the beginning of the Plan Year.

PEP Points Table

	PEP Points									
PEP Entry Age	Under 35	36-40	41-45	46-55	56-65	66-75	76-85	86-95	96-105	106+
21	9.230%	11.867%	13.185%	14.504%	17.800%	21.096%	25.052%	30.326%	35.600%	40.874%
22	9.340%	12.008%	13.343%	14.677%	18.012%	21.348%	25.351%	30.688%	36.025%	41.362%
23	9.774%	12.567%	13.964%	15.360%	18.851%	22.342%	26.531%	32.116%	37.701%	43.287%
24	9.897%	12.725%	14.139%	15.553%	19.088%	22.622%	26.864%	32.520%	38.175%	43.831%
25	10.319%	13.268%	14.742%	16.216%	19.902%	23.587%	28.010%	33.907%	39.803%	45.700%
26	10.458%	13.446%	14.940%	16.434%	20.169%	23.904%	28.386%	34.362%	40.338%	46.314%
27	10.927%	14.049%	15.611%	17.172%	21.074%	24.977%	29.660%	35.904%	42.148%	48.393%
28	11.082%	14.248%	15.831%	17.414%	21.372%	25.330%	30.079%	36.411%	42.744%	49.076%
29	11.614%	14.932%	16.592%	18.251%	22.399%	26.546%	31.524%	38.160%	44.797%	51.434%
30	11.787%	15.155%	16.839%	18.523%	22.733%	26.942%	31.994%	38.730%	45.465%	52.201%
31	12.389%	15.929%	17.699%	19.468%	23.893%	28.318%	33.627%	40.707%	47.786%	54.865%
32	12.587%	16.184%	17.982%	19.780%	24.276%	28.771%	34.166%	41.359%	48.551%	55.744%
33	13.277%	17.071%	18.968%	20.864%	25.606%	30.348%	36.038%	43.625%	51.212%	58.799%
34	13.504%	17.362%	19.292%	21.221%	26.044%	30.866%	36.654%	44.370%	52.087%	59.804%
35 or older	14.172%	18.221%	20.246%	22.270%	27.331%	32.393%	38.466%	46.565%	54.663%	62.761%

PEP Reduction Factor Table

Age at benefit commencement	55	56	57	58	59	60	61	62	63	64	65+
PEP Reduction Factor*	19	18	17	16	15	14	13	12	11	10	9

**Interpolated for non-integer ages*

Example 1

The following example is for illustrative purposes only and is intended to illustrate how the Part A benefit and PEP formula benefit are calculated and then compared to see which formula produces the greater Plan benefit. The example assumes the participant has no ESOP account and is not entitled to a Mass Mutual annuity benefit.

Facts: Let’s assume you were hired by the Company in December 2008, when you were 27 years old, and you began participating in this Plan at that time. In July 2012, your employment status changed whereby you became eligible to participate and accrue benefits under another Company-sponsored pension plan. As a result, your benefit under this Plan froze as of your transfer date, when you had 3.5 years of benefit service. Assume your monthly FAE on the date of your transfer was $8,400. Assume you have no ESOP account and you are not entitled to a Mass Mutual annuity benefit. If you elect to commence Plan benefits beginning in August 2046, when you are age 65 (Normal Retirement Age), your Plan benefits would be determined as follows:

A. *Calculate the monthly Part A Benefit*

Your monthly retirement benefit is calculated as follows:

- 25% of your monthly FAE up to $550 = $137.50
- ***plus*** 40% of your monthly FAE over $550 = $3,140
- ***multiplied by*** your benefit service (up to 30 years) / 30 = .1167

Monthly Part A benefit = ***$382***

B. Calculate the monthly PEP Formula Benefit

Your PEP Points:

	Points									
Age at entry into the Plan	0 35	36 40	41 45	46 55	56 65	66 75	76 85	86 95	96 105	106
27	0.10927	0.14049	0.15611	0.17172	0.21074	0.24977	0.29660	0.35904	0.42148	0.48393

Your PEP Credit Account:

Age	Svc for year	Total Svc	Points	Accrual from table	Account BOP	Accrual for year	Account EOP
27.5	0.0656	0.0656	27	0.10927	0.0000%	0.7165%	0.7165%
28.5	1	1.0656	29	0.10927	0.7165%	10.9270%	11.6435%
29.5	1	2.0656	31	0.10927	11.6435%	10.9270%	22.5705%
30.5	1	3.0656	33	0.10927	22.5705%	10.9270%	33.4975%
31.5	1	4.0656	35	0.10927	33.4975%	10.9270%	44.4245%
32.5	1	5.0656	37	0.14049	44.4245%	14.0490%	58.4735%
33.5	1	6.0656	39	0.14049	58.4735%	14.0490%	72.5225%
34.5	1	7.0656	41	0.15611	72.5225%	15.6110%	88.1335%
35.5	1	8.0656	43	0.15611	88.1335%	15.6110%	103.7445%
36.5	1	9.0656	45	0.15611	103.7445%	15.6110%	119.3555%
37.5	1	10.0656	47	0.17172	119.3555%	17.1720%	136.5275%
38.5	1	11.0656	49	0.17172	136.5275%	17.1720%	153.6995%
39.5	1	12.0656	51	0.17172	153.6995%	17.1720%	170.8715%
40.5	1	13.0656	53	0.17172	170.8715%	17.1720%	188.0435%
41.5	1	14.0656	55	0.17172	188.0435%	17.1720%	205.2155%
42.5	1	15.0656	57	0.21074	205.2155%	21.0740%	226.2895%
43.5	1	16.0656	59	0.21074	226.2895%	21.0740%	247.3635%
44.5	1	17.0656	61	0.21074	247.3635%	21.0740%	268.4375%
45.5	1	18.0656	63	0.21074	268.4375%	21.0740%	289.5115%
46.5	1	19.0656	65	0.21074	289.5115%	21.0740%	310.5855%
47.5	1	20.0656	67	0.24977	310.5855%	24.9770%	335.5625%
48.5	1	21.0656	69	0.24977	335.5625%	24.9770%	360.5395%
49.5	1	22.0656	71	0.24977	360.5395%	24.9770%	385.5165%
50.5	1	23.0656	73	0.24977	385.5165%	24.9770%	410.4935%
51.5	1	24.0656	75	0.24977	410.4935%	24.9770%	435.4705%
52.5	1	25.0656	77	0.2966	435.4705%	29.6600%	465.1305%
53.5	1	26.0656	79	0.2966	465.1305%	29.6600%	494.7905%
54.5	1	27.0656	81	0.2966	494.7905%	29.6600%	524.4505%
55.5	1	28.0656	83	0.2966	524.4505%	29.6600%	554.1105%
56.5	1	29.0656	85	0.2966	554.1105%	29.6600%	583.7705%
57.5	1	30.0656	87	0.35904	583.7705%	35.9040%	619.6745%
58.5	1	31.0656	89	0.35904	619.6745%	35.9040%	655.5785%
59.5	1	32.0656	91	0.35904	655.5785%	35.9040%	691.4825%
60.5	1	33.0656	93	0.35904	691.4825%	35.9040%	727.3865%
61.5	1	34.0656	95	0.35904	727.3865%	35.9040%	763.2905%
62.5	1	35.0656	97	0.42148	763.2905%	42.1480%	805.4385%
63.5	1	36.0656	99	0.42148	805.4385%	42.1480%	847.5865%
64.5	1	37.0656	101	0.42148	847.5865%	42.1480%	889.7345%
65.5	0.5808	37.6464	102	0.42148	889.7345%	0.0000%	889.7345%

Your PEP Reduction Factor:

Age at benefit commencement	65+
PEP Reduction Factor	9

Your monthly PEP Formula Benefit:

- 25% of your monthly FAE up to $550 = $137.50
- ***plus*** 40% of your monthly FAE over $550 = $3,140
- ***multiplied*** by your benefit service (up to 30) / 30 = .1167
- ***multiplied*** by your PEP Credit Account = 889.7345%
- ***divided*** by your PEP Reduction Factor = 9

*Monthly PEP Formula Benefit = **$378***

C. *Compare Part A Benefit and PEP Formula Benefit*

In this example, your monthly Part A benefit payable under the Plan determined prior to application of the retroactive amendment ($382) is more than the benefit determined under the PEP formula ($378). As a result, your monthly Plan benefit equals **$382**.

Example 2

The following example is for illustrative purposes only and is intended to illustrate how the Part A benefit and PEP formula benefit are calculated and then compared to see which formula produces the greater Plan benefit. The example assumes the participant has no ESOP account and is not entitled to a Mass Mutual annuity benefit.

Facts: Let’s assume you were hired by the Company in November 2009, when you were 22 years old, and you began participating in this Plan at that time. In May 2013, your employment status changed whereby you became eligible to participate and accrue benefits under another Company-sponsored pension plan. As a result, your benefit under this Plan froze as of your transfer date, when you had 3.5 years of benefit service. Assume your monthly FAE on the date of your transfer was $8,400. Assume you have no ESOP account and you are not entitled to a Mass Mutual annuity benefit. If you elect to commence Plan benefits beginning in August 2051, when you are age 64, your Plan benefits would be determined as follows:

A. Calculate the monthly Part A Benefit

Your monthly retirement benefit is calculated as follows:

- 25% of your monthly FAE up to $550 = $137.50
- ***plus*** 40% of your monthly FAE over $550 = $3,140
- ***multiplied*** by your projected benefit service to age 65 (up to 30) / 30 = 1
- ***multiplied*** by your actual benefit service / projected benefit service to age 65 = 0.0819
- ***multiplied*** by your early retirement reduction = 93.28%

Monthly Part A benefit = ***$250***

B. Calculate the monthly PEP Formula Benefit

Your PEP Points:

	Points									
Age at entry into the Plan	0 35	36 40	41 45	46 55	56 65	66 75	76 85	86 95	96 105	106
22	0.0934	0.12008	0.13343	0.14677	0.18012	0.21348	0.25351	0.30688	0.36025	0.41362

Your PEP Credit Account:

Age	Svc for year	Total Svc	Points	Accrual from table	Account BOP	Accrual for year	Account EOP
22.33	0.1671	0.1671	22	9.340%	0.000%	1.561%	1.561%
23.33	1	1.1671	24	9.340%	1.561%	9.340%	10.901%
24.33	1	2.1671	26	9.340%	10.901%	9.340%	20.241%
25.33	1	3.1671	28	9.340%	20.241%	9.340%	29.581%
26.33	1	4.1671	30	9.340%	29.581%	9.340%	38.921%
27.33	1	5.1671	32	9.340%	38.921%	9.340%	48.261%
28.33	1	6.1671	34	9.340%	48.261%	9.340%	57.601%
29.33	1	7.1671	36	12.008%	57.601%	12.008%	69.609%
30.33	1	8.1671	38	12.008%	69.609%	12.008%	81.617%
31.33	1	9.1671	40	12.008%	81.617%	12.008%	93.625%
32.33	1	10.1671	42	13.343%	93.625%	13.343%	106.968%
33.33	1	11.1671	44	13.343%	106.968%	13.343%	120.311%
34.33	1	12.1671	46	14.677%	120.311%	14.677%	134.988%
35.33	1	13.1671	48	14.677%	134.988%	14.677%	149.665%
36.33	1	14.1671	50	14.677%	149.665%	14.677%	164.342%
37.33	1	15.1671	52	14.677%	164.342%	14.677%	179.019%
38.33	1	16.1671	54	14.677%	179.019%	14.677%	193.696%
39.33	1	17.1671	56	18.012%	193.696%	18.012%	211.708%
40.33	1	18.1671	58	18.012%	211.708%	18.012%	229.720%
41.33	1	19.1671	60	18.012%	229.720%	18.012%	247.732%
42.33	1	20.1671	62	18.012%	247.732%	18.012%	265.744%
43.33	1	21.1671	64	18.012%	265.744%	18.012%	283.756%
44.33	1	22.1671	66	21.348%	283.756%	21.348%	305.104%
45.33	1	23.1671	68	21.348%	305.104%	21.348%	326.452%
46.33	1	24.1671	70	21.348%	326.452%	21.348%	347.800%
47.33	1	25.1671	72	21.348%	347.800%	21.348%	369.148%
48.33	1	26.1671	74	21.348%	369.148%	21.348%	390.496%
49.33	1	27.1671	76	25.351%	390.496%	25.351%	415.847%
50.33	1	28.1671	78	25.351%	415.847%	25.351%	441.198%
51.33	1	29.1671	80	25.351%	441.198%	25.351%	466.549%
52.33	1	30.1671	82	25.351%	466.549%	25.351%	491.900%
53.33	1	31.1671	84	25.351%	491.900%	25.351%	517.251%
54.33	1	32.1671	86	30.688%	517.251%	30.688%	547.939%
55.33	1	33.1671	88	30.688%	547.939%	30.688%	578.627%
56.33	1	34.1671	90	30.688%	578.627%	30.688%	609.315%
57.33	1	35.1671	92	30.688%	609.315%	30.688%	640.003%
58.33	1	36.1671	94	30.688%	640.003%	30.688%	670.691%
59.33	1	37.1671	96	36.025%	670.691%	36.025%	706.716%
60.33	1	38.1671	98	36.025%	706.716%	36.025%	742.741%
61.33	1	39.1671	100	36.025%	742.741%	36.025%	778.766%
62.33	1	40.1671	102	36.025%	778.766%	36.025%	814.791%
63.33	1	41.1671	104	36.025%	814.791%	36.025%	850.816%
64.33	0.5781	41.7452	106	41.362%	850.816%	0.000%	850.816%

Your PEP Reduction Factor:

Age at benefit commencement	64
PEP Reduction Factor	10

Your monthly PEP Formula Benefit:

- 25% of your monthly FAE up to $550 = $137.50
- ***plus*** 40% of your monthly FAE over $550 = $3,140
- ***multiplied*** by your benefit service (up to 30) / 30 = .1167
- ***multiplied*** by your PEP Credit Account = 850.816%
- ***divided*** by your PEP Reduction Factor = 10

*Monthly PEP Formula Benefit = **$325***

C. Compare Part A Benefit and PEP Formula Benefit

In this example, your monthly Part A benefit payable under the Plan determined prior to application of the retroactive amendment ($250) is less than the benefit determined under the PEP Formula Benefit ($325). As a result, your monthly Plan benefit equals **$325**.

If You Die Before Benefit Payments Begin

Married Participants

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

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

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

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

Pre-retirement Death Benefit

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

If the actuarial value of the accrued benefit payable to your spouse is equal to or less than $5,000, your spouse can elect to receive the benefit as a lump sum rather than an annuity.

Note: Your spouse cannot elect a rollover of your ESOP account.

Benefit Commencement Date

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

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

Benefit payments must begin by December 31 of the later of the year in which you die or the year in which you would have reached your required distribution age. ***Failure to timely commence Plan benefits could result in adverse tax consequences***.

Unmarried Participants

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

Heroes Earnings Assistance and Relief Tax Act of 2008

To the extent permitted under the Heroes Earnings Assistance and Relief Tax Act of 2008, if you die during a period of qualifying military service, your beneficiary will be entitled to any additional benefits, other than benefit accruals, as if you were reemployed on the date immediately preceding your death and then terminated employment on the date of your death. Further, if you become totally and permanently disabled or die during a period of qualifying military service, your benefit will include the service for benefit accrual purposes that you would have received if you were reemployed by the Company on the date immediately preceding your disability or death, as applicable, and terminated employment on the date of your disability or death.

Payment Options

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

Spousal Consent

If you are married when you retire, written and notarized spousal consent is required if you elect any option other than the 50%, 66 2/3 % (if applicable), 75%, or 100% Joint and Survivor option with your spouse designated as the beneficiary.

Forms of Payment

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

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

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

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

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

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

- ***Lump Sum*** — If the present value of your accrued benefit is equal to or less than $5,000, you can elect to receive your benefit as a lump sum.

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

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

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

Additional Payment Options If You Were a Participant Prior to January 1, 1988

If you accrued a benefit in the Plan prior to January 1, 1988, you have additional payment form options from which you can choose.

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

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

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

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

Additional Payment Options for the Mass Mutual Annuity Benefit

If you are entitled to a Mass Mutual annuity benefit, you may receive that portion of your benefit in any of the forms listed above or the following additional payment form options:

- ***66-2/3% Joint and Survivor Annuity*** — You receive a monthly benefit over your lifetime. When you die, your spouse or other beneficiary receives a monthly payment equal to 66-2/3% of your monthly benefit for the rest of his or her lifetime. The monthly benefit you receive during your lifetime is smaller than the monthly benefit you would receive under the straight life annuity option, because benefits are paid over the joint lifetimes of you and your beneficiary. If your beneficiary dies before you but after your benefit payments are scheduled to begin, the Plan pays benefits for your lifetime only. Note that you may designate a beneficiary other than your spouse under this form of payment, if you obtain the written, notarized consent discussed below.

  If you are married when you retire, your benefit normally will be paid on a 50% joint and survivor basis with your spouse being the designated survivor, unless you elect one of the other forms of payment for which you qualify. If you are married and choose a form of payment other than a 50%, 66-2/3%, 75%, or 100% joint and survivor annuity with your spouse as beneficiary, your spouse must provide written, notarized consent.

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

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

- ***Joint and Survivor Annuity with Ten Year Certain and Continuous*** — Electing this form of payment means there will be a reduction in the amount of your straight life annuity benefit based on your age at retirement and your election to provide a joint and survivor benefit to your beneficiary after you die. The Plan guarantees payment for 120 months (10 years), and benefits are paid as follows:

  — You receive a reduced benefit for the duration of your life. After you die, your beneficiary receives a monthly payment equal to 50%, 66-2/3%, or 100% of your monthly benefit (whichever you selected) for the rest of his or her life.

  — If you die before 120 payments have been made, the remainder of your 120 payments will be paid to your designated beneficiary. After the 120 payments have been made, your beneficiary receives a monthly payment equal to 50%, 66-2/3%, or 100% of your monthly benefit (whichever you selected) for the rest of his or her life.

  — If your beneficiary dies after you but before 120 payments have been made, the remainder of the 120 payments will be paid to your beneficiary's estate in a lump sum. No further payments are made from the Plan.

If you are married when you retire, your spouse must provide written, notarized consent to this form of distribution.

Rollovers by Non-Spouse Beneficiaries

In the event that your designated beneficiary who is not your surviving spouse or former spouse becomes eligible to make a direct rollover of his or her eligible rollover distribution under the Plan, such beneficiary may elect to make a direct rollover only to an individual retirement account described in Section 408(a) of the Internal Revenue Code (the “Code”) or an individual retirement annuity described in Code Section 408(b) (other than an endowment contract).

Tax Considerations

Maximum Benefits for Tax Purposes

Plan benefits are limited to an annual maximum by federal law. In addition, federal tax law limits the amount of compensation that may be used to calculate your benefits. Those limits may be raised in accordance with Internal Revenue Service (IRS) regulations. The rules regarding maximum benefits are complex. Please contact the Plan administrator if you have questions regarding these IRS rules and/or the impact these limitations may have on your Plan benefits.

When You Pay Taxes

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

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

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

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

** Does not apply to after-tax contributions to the Plan. Taxes were withheld prior to contributions being made.*

General Plan Information

Your benefits belong to you and, except in the case of a qualified domestic relations order (QDRO), Internal Revenue Service (IRS) levy, or garnishment orders under the Federal Debt

Collection Procedures Act or the Mandatory Victims Restitution Act, may not be sold, assigned, transferred, pledged, or garnished. See "Payment of Benefits to Alternate Payees" for details about QDROs.

Facility of Payment

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

Payment of Benefits to Alternate Payees

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

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

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

The HII Domestic Relations Matters Group administers QDROs. If you are or may be subject to such an order, call the HII Domestic Relations Matters Group at 1-877-324-4255 to request a copy of the Plan's QDRO procedures and a model QDRO for your use. Issues pertaining to the qualified status of a domestic relations order may be pursued in federal court.

Top Heavy Rules

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

Loss of Benefits

Certain circumstances result in a loss or delay of benefits, such as, among others, those described below:

- If you terminate employment with the Company before becoming vested, you receive no Company-funded benefits from the Plan.

- If you move and do not notify the HII Benefits Center of your new address, you will not receive benefits until you contact the Plan Administrator. If you fail to notify the Plan Administrator of your new address and you cannot be located, in some cases you may forfeit your benefit. However, your benefit will be reinstated if you provide your new address to the Plan Administrator.
- Failure to notify the HII Benefits Center in a timely manner before your retirement date (as described in the “Applying for Your Benefit” section) may result in a delay in payment or even a forfeiture of benefits.
- If the Plan is terminated before you retire, you are unable to earn benefits after the date of Plan termination. If there are not enough funds to pay all benefits at termination, the Pension Benefit Guaranty Corporation (PBGC) guarantees all or a portion of the benefit you earned before the Plan terminated.
- If you die before commencing benefit payments under the Plan, any Company-funded benefits you had earned will be forfeited unless it is payable to a qualifying spouse.

Your ERISA Rights

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

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

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

once every 12 months. The Plan Administrator must provide the statement free of charge.

Prudent Actions by Plan Fiduciaries

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

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

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

Enforcing Your ERISA Rights

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

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

If a fiduciary misuses the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in federal court.

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

Assistance with Your Questions

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

Discretionary Authority of Plan Administrator

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

Incorrect Payment of Benefits

If the Plan Administrator or its delegates, in their full discretion, determine that the Plan made an incorrect payment of benefits (e.g., an overpayment), the Plan may, in accordance with applicable law, recover amounts incorrectly paid either by requiring the payee to return the excess to the Plan, by reducing any future Plan payments to the payee, or by any other method deemed reasonable to the Plan Administrator or its delegates. Any dispute regarding the correction of an overpayment may be brought under the Plan's claims procedures.

Claims and Appeals Processes

Claiming Benefits

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

Plan Administrator, HII Benefit Plans

Bldg 500-1, Huntington Ingalls Industries, Inc.

4101 Washington Avenue

Newport News, VA 23607

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

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

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

You or your authorized representative may review all documents related to any denial of benefits.

Appealing Claims Decisions

If you disagree with the Plan Administrator's decision regarding your benefits claim, you have 65 days from the receipt of the original denial to request a review. This request should be made in writing and sent to the Plan Administrator at the following address:

Plan Administrator, HII Benefit Plans
Bldg 500-1, Huntington Ingalls Industries, Inc.
4101 Washington Avenue
Newport News, VA 23607

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

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

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

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

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

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

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

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

Pension Benefit Guaranty Corporation (PBGC)

Your pension benefits under this Plan are insured by the Pension Benefit Guaranty Corporation (PBGC), a federal insurance agency. If the Plan terminates (ends) without enough money to pay all benefits, the PBGC will step in to pay pension benefits. Most people receive all of the pension benefits they would have received under their plan, but some people may lose certain benefits.

The PBGC guarantee generally covers: (1) normal and early retirement benefits; (2) disability benefits if you become disabled before the plan terminates; and (3) certain benefits for your survivors.

The PBGC guarantee generally does not cover: (1) benefits greater than the maximum guaranteed amount set by law for the year in which the plan terminates; (2) some or all of benefit increases and new benefits based on plan provisions that have been in place for fewer than 5 years at the time the plan terminates; (3) benefits that are not vested because you have not worked long enough for the company; (4) benefits for which you have not met all of the requirements at the time the plan terminates; (5) certain early retirement payments (such as supplemental benefits that stop when you become eligible for Social Security) that result in an early retirement monthly benefit greater than your monthly benefit at the plan's normal retirement age; and (6) non-pension benefits, such as health insurance, life insurance, certain death benefits, vacation pay, and severance pay.

Even if certain of your Plan benefits are not guaranteed, you still may receive some of those benefits from the PBGC depending on how much money your Plan has and on how much the PBGC collects from employers.

For more information about the PBGC and the benefits it guarantees, ask your Plan administrator or contact the PBGC's Technical Assistance Division, 1200 K Street N.W., Suite 930, Washington, D.C. 20005-4026 or call 202-326-4000 (not a toll-free number). TTY/TDD users may call the federal relay service toll-free at 1-800-877-8339 and ask to be connected to 202-326-4000. Additional information about the PBGC's pension insurance program is available through the PBGC's website on the Internet at http://www.pbgc.gov.

Funding and Plan Assets

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

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

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

About this SPD and the Plan Documents

In accordance with the disclosure requirement of ERISA, this SPD serves as a summary plan description of the HII Avondale Industries, Inc. Pension Plan, a component of the Retirement Plan “B” (Supplement J). As such, it is intended to provide you with a brief explanation of your pension plan. It is not an official Plan document, and neither the Plan documents nor this SPD constitutes an implied or expressed contract of employment. The actual terms of the Plan are contained in the Plan documents, which are available from the HII Benefits Center for a fee.

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

Future of the Plan

The Company or its delegates may amend, suspend, or terminate the Plan at any time by written resolution.

When Plan amendments are made that materially affect benefits, a summary of the changes will be communicated to affected Plan participants. If the Plan is terminated, Plan benefits will immediately become vested for affected participants.

Contact Information

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

Plan Sponsor	Huntington Ingalls Industries, Inc. 4101 Washington Avenue Newport News, VA 23607
Plan Sponsor EIN	90-0607005
Type of Plan	Defined benefit pension plan
Type of Funding	Under a trust
Plan Number	041
Plan Name	Huntington Ingalls Industries Retirement Plan “B” The HII Avondale Industries, Inc. Pension Plan is a sub-plan of the Huntington Ingalls Industries Retirement Plan “B”, located in Supplement J
Plan Administrator	Administrative Committee 4101 Washington Avenue Newport News, VA 23607 1-877-216-3222
Agent for Service of Legal Process	Huntington Ingalls Industries, Inc. 4101 Washington Avenue Newport News, VA 23607 Attention: General Counsel
Plan Trustee	State Street Bank & Trust Company Master Trust Client Services One Enterprise Drive – W6C North Quincy, MA 02171
Plan Year End	December 31

Appendix A

Avondale Industries, Inc. Non-Represented Employees Pension Plan

The following information applies to you if you:

- Were a non-represented participant in the Avondale Industries, Inc. Pension Plan (the "Plan");
- Were not an Avondale Services employee on June 30, 2003; and
- Transferred to the Avondale Industries, Inc. Non-Represented Employees Pension Plan, currently Supplement C to the Huntington Ingalls Industries, Inc. Retirement Plan "B" (the "Non-Represented Plan") on July 1, 2003.

As a result of your transfer to the Avondale Industries, Inc. Non-Represented Employees Pension Plan on July 1, 2003, you may have a frozen "Part A" benefit under this Plan, a summary of which is provided below. For information on your benefit accrued after June 30, 2003, please see the Part A Supplement to the Huntington Ingalls Industries Cash Balance Program Summary Plan Description for the Avondale Industries, Inc. Non-Represented Employees Pension Plan and the Cash Balance Program's Summary Plan Description.

If you commenced Plan benefits before January 1, 2014, your "Part A" pension benefits may consist of two components: (i) a benefit calculated and paid under this Plan - for benefit service and compensation earned through June 30, 2003 (your "frozen" **Part A** benefit); and (ii) a benefit calculated and paid under the Non-Represented Plan - reflecting any compensation increases through termination "offset" by the amount payable under this Plan (your **Part A*** benefit), subject to certain exceptions. If you had not commenced Plan benefits as of December 31, 2013, your "frozen" Part A benefit was transferred to and assumed by the Non-Represented Plan. While your "frozen" Part A benefit is described in this Appendix A, your Avondale pension benefits are payable under the Non-Represented Plan. A description of the Part A* benefit can be found in the Part A Supplement to the Huntington Ingalls Industries Cash Balance Program Summary Plan Description for the Avondale Industries, Inc. Non-Represented Employees Pension Plan. You must read both SPDs to understand the pension benefits you may be entitled to.

Benefit Service

Your "frozen" Part A benefit is determined using your benefit service through June 30, 2003 and is determined under Plan rules. Beginning July 1, 2003, your benefit service is determined under the Non-Represented Plan for purposes of computing your Part A* benefit. Generally speaking, service earned under the Plan and service earned under the Non-Represented Plan are combined and count for purposes of determining your *eligibility* for benefits (e.g., allowing you to grow into early retirement eligibility), but service earned after June 30, 2003 does not count in determining the *amount of* your Part A or Part A* benefits.

Final Average Earnings

The final average earnings (FAE) used to determine your "frozen" Part A benefit is calculated using your pay through June 30, 2003, based on the Plan's FAE definition and your five consecutive highest paid years during the last ten consecutive calendar years of your employment as of June 30, 2003. The FAE used to determine your Part A* benefit under the Non-Represented Plan is calculated based on your compensation through your date of termination and that plan's FAE definition.

Calculating Your Benefit

To calculate your "frozen" Part A benefit under this Plan, the formula uses your years of benefit service and FAE through June 30, 2003. Beginning July 1, 2003, you may have accrued additional benefits (e.g., a Part A* benefit) under the Non-Represented Plan.

The examples below demonstrate how your "frozen" Part A benefit is calculated under Plan provisions.

Benefit Amount for Normal Retirement

Your monthly normal retirement benefit is calculated as follows:

- 25% of your monthly FAE up to $550
- ***plus*** 40% of your monthly FAE over $550
- ***multiplied*** by your actual benefit service through June 30, 2003 (up to 30 years) / 30
- ***minus*** *y*our ESOP annuity equivalent
- ***plus*** *t*he greater of your ESOP rollover benefit using Plan actuarial factors and IRS actuarial factors*

  * ***If you are a highly compensated employee:*** *Your benefit was increased by your ESOP rollover benefit determined using actuarial factors set forth in Internal Revenue Service guidance. When specific Internal Revenue Service rules were met by the Plan, the increase was re-determined as the greater of the annuity equivalent of your ESOP rollover benefit determined using the Plan's actuarial factors and the actuarial factors set forth in Internal Revenue Service guidance.*

Note: If you were a participant in the Plan on September 30, 1985, your monthly benefit was also reduced by the monthly income payable to you from the annuity purchased on your behalf at that time from the Massachusetts Mutual Life Insurance Company. For more information, contact Mass Mutual at 1-800-788-8781.

Example 1 — No ESOP Rollover: Let's assume you terminated on June 30, 2013 and retired on July 1, 2013, at age 65 with 30 years of benefit service — which means you had 24 years of benefit service as of June 30, 2003. Also, assume your monthly final average earnings was $3,500 on June 30, 2003, and the value of your ESOP account on June 30, 2013 was $50,000, which produced a monthly annuity benefit of $486.83 using the Plan's actuarial factors and a monthly annuity benefit of $350 using IRS actuarial factors. Since you were a participant in the Plan on September 30, 1985, assume your Mass Mutual annuity benefit was $300. In addition, you did not roll over your ESOP account to the Plan and you were not a highly compensated employee. Your benefit was determined as follows:

- 25% of your monthly FAE up to $550
- ***plus*** 40% of your monthly FAE over $550
- ***multiplied*** *by* your actual benefit service through June 30, 2003 (up to 30) / 30
  [((25% of $550) + (40% of $2,950)) X (24 / 30)] = $1,054.00
- ***minus*** ESOP annuity equivalent = $486.83
- ***plus*** ESOP rollover benefit = $0.00
- ***minus*** Mass Mutual annuity benefit = $300.00

equals

- Monthly normal retirement benefit = $**<u>267.17</u>**
  ($1,054.00 - $486.83 + $0 - $300.00)

Your normal retirement benefit from the Plan equals $**<u>267.17</u>** per month. Your Mass Mutual benefit of $300 is paid by Mass Mutual and is in addition to your Plan benefit of $267.17. Since you did not transfer your ESOP balance into the Plan, you were entitled to take a distribution of your ESOP balance of $50,000, according to the ESOP plan rules. See the ESOP SPD for further details.

Example 2 — With ESOP Rollover: Let's use the same example shown above, but this time assume you rolled over your ESOP account to the Plan. Your benefit was determined as follows:

- 25% of your monthly FAE up to $550
- ***plus*** 40% of your monthly FAE over $550
- ***multiplied*** *by* your actual benefit service through June 30, 2003 (up to 30) / 30
  [((25% of $550) + (40% of $2,950)) X (24 / 30)] = $1,054.00
- ***minus*** ESOP annuity equivalent = $486.83
- ***plus*** ESOP rollover benefit (greater of $350 and $486.83) = $486.83
- ***minus*** Mass Mutual annuity benefit = $300.00

equals

- Monthly normal retirement benefit = **<u>$754.00</u>**
  ($1,054.00 - $486.83 + $486.83 - $300.00)

Your normal retirement benefit from the Plan equals **$754.00** per month. Again, your Mass Mutual benefit of $300 is paid by Mass Mutual and is in addition to your Plan benefit of $754.00. Since you transferred your ESOP balance into the Plan, your ESOP balance was paid into the Plan, and therefore you were not entitled to take a distribution of your ESOP balance of $50,000.

Benefit Amount for Early Retirement

If you elect to commence your benefit before age 65 and terminate after meeting the early retirement eligibility requirements described in the "Early Retirement" section of the main SPD, your early retirement benefit is generally determined as a normal retirement benefit through June 30, 2003, *before* the ESOP and Mass Mutual annuity offsets (using the projected years of service you would have completed had you continued to work to age 65) *multiplied by* the ratio of your actual benefit service as of June 30, 2003 *divided by* your projected service at age 65. The ESOP and Mass Mutual annuity offsets are then deducted (the ESOP rollover benefit was added, if applicable), and the remaining benefit is reduced to a percentage of that amount as shown in the table in the "Early Retirement" section.

Example 1 — No ESOP Rollover: Let's assume you terminated on June 30, 2009 and retired on July 1, 2009, at age 60 with 20 years of benefit service — which means you had 14 years of benefit service as of June 30, 2003. You would have had 25 years of benefit service had you continued working to age 65. Assume your monthly final average earnings as of June 30, 2003, was $3,500, and the value of your ESOP account on June 30, 2009 was $15,000, which produced a monthly annuity benefit of $204.84 using the Plan's actuarial factors and a monthly benefit of $115 using IRS actuarial factors. You were not a participant in the Plan on September 30, 1985, so there was no Mass Mutual annuity benefit. In addition, you did not roll over your ESOP account to the Plan and you were not a highly compensated employee. Your benefit was determined as follows:

1. Your normal retirement benefit

- 25% of your monthly FAE up to $550
- ***plus*** 40% of your monthly FAE over $550
- ***multiplied*** *by* your projected benefit service to age 65 (up to 30) / 30
- ***multiplied*** *by* your actual benefit service through June 30, 2003 / projected service to age 65

[((25% of $550) + (40% of $2,950)) X (25 / 30) X (14 / 25)]	=	$614.83
▪ ***minus*** ESOP annuity equivalent	=	$204.84
▪ ***plus*** ESOP rollover benefit	=	$0.00
▪ ***minus*** Mass Mutual annuity benefit	=	$0.00

equals

- Monthly normal retirement benefit before reduction = **$409.99**

  ($614.83 - $204.84 + $0 - $0)

2. Your early retirement benefit

This benefit amount was then reduced for early retirement at age 60:

$409.99 x 66.40% (early retirement reduction) = **$272.23**

Your monthly early retirement benefit from the Plan equals **$272.23**. Since you did not transfer your ESOP balance into the Plan, you were entitled to take a distribution of your ESOP balance of $15,000 according to the ESOP plan rules. See the ESOP SPD for further details.

Example 2 — With ESOP Rollover: Let's use the same example shown above, but this time assume you rolled over your ESOP account to the Plan. Your benefit was determined as follows:

1. Your normal retirement benefit

- 25% of your monthly FAE up to $550
- ***plus*** 40% of your monthly FAE over $550
- ***multiplied*** *by* your projected benefit service to age 65 (up to 30) / 30
- ***multiplied*** *by* your actual benefit service as of June 30, 2003 / projected service to age 65

  [((25% of $550) + (40% of $2,950)) X (25 / 30) X (14 / 25)] = $614.83

- ***minus*** ESOP annuity equivalent = $204.84
- ***plus*** ESOP rollover benefit (greater of $115 and $204.84) = $204.84
- ***minus*** Mass Mutual annuity benefit = $0.00

equals

- Monthly normal retirement benefit before reduction = **$614.83**

  ($614.83 - $204.84 + $204.84 - $0)

2. Calculate your early retirement benefit

This benefit amount is then reduced for early retirement at age 60:

$614.83 x 66.40% (early retirement reduction) = **$408.25**

Your monthly early retirement benefit from the Plan is equal to **$408.25**. Since you transferred your ESOP balance into the Plan, your ESOP balance will be paid into the Plan, and therefore you are not entitled to take a distribution of your ESOP balance of $15,000.

Appendix B

Danly Machine Hourly Plan

Your benefit under the Danly Machine Corporation Hourly (Non-Union) Pension Plan (the "Danly Machine Hourly Plan") was frozen on April 1, 1987. This Appendix outlines the general plan provisions of the Danly Machine Hourly Plan in effect at that time.

Eligibility

You are eligible for a benefit under the Danly Machine Hourly Plan as of April 1, 1987 if you were:

- An hourly employee of the Danly Machine Division who was not covered by a collective bargaining agreement, and who worked or was scheduled to work at least 1000 hours per calendar year; and
- Hired before age 60.

Vesting

If you were employed by Danly Machine Corporation or one of its participating affiliates on October 1, 1985, you are fully vested in your benefit accrued under the Danly Machine Hourly Plan as of September 20, 1985. If your employment with Avondale Industries, Inc. terminated as a result of the sale on January 27, 1987 between Avondale Industries, Inc. and Connell Industries, L.P., you are fully vested in your benefit in the Danly Machine Hourly Plan. Your benefit under the Danly Machine Hourly Plan, however, does not include any service or benefit accrual after March 31, 1987.

Credited Service

Credited service is used to determine the amount of your benefit. For service through May 31, 1976, you received credited service as determined under the Danly Machine Hourly Plan in effect on that date.

For service on and after June 1, 1976 and prior to May 1, 1981, you received credited service for the period of your non-union hourly-paid employment with Danly Machine Corporation or a participating affiliate before you reached 65.

If you were an eligible employee on or after May 1, 1981, you received credited service for your non-union hourly-paid employment with Danly Machine Corporation or a participating affiliate before you reached age 70, provided such service was prior to April 1, 1987. If you experienced a break in service, you did not receive credited service during that time.

If you became a participant in the Danly Machine Hourly Plan as the result of the merger of the Onsrud Division on September 26, 1975, your employment with Onsrud prior to that date will be included in your credited service. Your benefit under the Danly Machine Hourly Plan will be reduced by the actuarial equivalent of benefits payable to you as a result of the termination of the Pension Plan for Hourly-Paid Employees of the Onsrud Division.

Normal Retirement

You are eligible for a normal retirement benefit if your employment ends on or after your 65th birthday. Your normal retirement date is the first day of the month coincident with or following your 65th birthday.

When you retire, your normal retirement benefit is calculated based on:

- Your credited service as of April 1, 1987, or date of termination if earlier; and
- The annuitized value of your Avondale Industries, Inc. Savings Plan (ESOP) account.

ESOP Annuity Equivalent

If you were a participant in the Avondale Industries, Inc. Savings Plan (ESOP), your accrued benefit under the Danly Machine Hourly Plan is reduced by the annuitized value of your ESOP account as of December 31 prior to your benefit commencement date.

Calculating Your Normal Retirement Benefit

Your normal retirement benefit is calculated as of April 1, 1987 (or your termination date, if earlier) as follows:

- Your benefit (if any) in the Danly Machine Corporation Pension Plan for Hourly Employees, as in effect on December 31, 1984
- ***plus*** $16 x your years of credited service
- ***minus*** certain disability benefits and Danly-provided benefits
- ***minus*** *t*he annuitized value of your Avondale ESOP account

If you were a participant prior to September 1, 1985 and made contributions to the Plan, you will also receive an additional benefit. Contact the HII Benefits Center for details.

Minimum Benefit

Your benefit as calculated above cannot be less than your accrued benefit as of October 1, 1985 (or termination date if earlier), calculated as follows:

$16 x your years of credited service as of 10/1/85

If this formula provides a larger benefit than the normal retirement benefit formula, you will receive the greater benefit.

Early Retirement

You are eligible for an early retirement benefit if you retire at any time after you turn age 55 provided you had at least ten years of vesting service on April 1, 1987. You can begin receiving early retirement benefits on the first day of any month following your 55th birthday, subject to the rules defined under “Applying for Your Benefit.”

Calculating Your Early Retirement Benefit

If you meet the following criteria, you are eligible to receive an unreduced (normal retirement) benefit prior to reaching normal retirement age:

- You are at least age 62 with 15 or more years of credited service; or
- You are at least age 58 with 30 or more years of credited service.

If you are eligible for an early retirement benefit and you do not meet the eligibility requirements for an unreduced benefit (described immediately above), your benefit is determined as a normal retirement benefit and then is reduced by 6% for each year you elect to receive benefits before becoming eligible for an unreduced benefit. (Partial years will be prorated in months.)

Cost of Living Adjustments

Each optional form of payment available to you is offered with a Cost of Living Adjustment (COLA) feature. When a COLA is applied, your benefit is adjusted effective each January 1, assuming your annuity was in payment on or before the January 1 prior to the adjustment date. Your Danly Machine Hourly Plan benefit works in conjunction with your Social Security benefit. Each year, the inflation increase on your total benefit is calculated (your Danly Machine Hourly Plan benefit + your Social Security benefit), subject to a maximum increase of 10% over all years. Your Danly Machine Hourly Plan benefit pays the difference between your increased total benefit and your Social Security benefit. Your Danly Machine Hourly Plan benefit can go up or down each year; however, your Danly Machine Hourly Plan benefit will never be less than the amount you receive on your benefit commencement date. Upon your death, any continuing benefit to the beneficiary is based on the original annuity benefit from your payment start date, without COLA.

Payment Options

See the "Payment Options" section in the main SPD for a description of the available forms of payment.

Death Benefits after Retirement

If you die after your benefit payments begin, your spouse or other designated beneficiary will receive a lump sum benefit in the amount of $3,500. If you designate someone other than your spouse as your beneficiary, your spouse must provide written, notarized consent.

Danly Machine Salaried Plan

Your benefit under the Danly Machine Corporation Pension Plan for Salaried Employees (the "Danly Machine Salaried Plan") was frozen on April 1, 1987. This Appendix outlines the general plan provisions of the Danly Machine Salaried Plan in effect at that time.

Eligibility

You are eligible for a benefit under the Danly Machine Salaried Plan as of April 1, 1987 if you were:

- A salaried employee of the Danly Machine Corporation; and
- Hired before age 60.

Vesting

If your employment with Avondale Industries, Inc. terminated as a result of the sale on January 27, 1987 between Avondale Industries, Inc. and Connell Industries, L.P., you are fully vested in your benefit in the Danly Machine Salaried Plan. Your benefit under the Danly Machine Salaried Plan, however, does not include any service or benefit accrual after March 31, 1987.

Credited Service

Credited service is used to determine the amount of your benefit. For service through May 31, 1976, you received credited service as determined under the Danly Machine Salaried Plan in effect on that date.

For service on and after June 1, 1976 and prior to April 1, 1987, you received credited service from your date of hire as a salaried employee with the Danly Machine Corporation and ending at the earlier of age 65, the date of your retirement, or the date of your other termination of service. If you experienced a break in service, you did not receive credited service during that time.

If you became a participant in the Danly Machine Salaried Plan as the result of the merger of the Onsrud Division on September 26, 1975, your employment with Onsrud prior to that date will be included in your credited service. Your benefit under the Danly Machine Salaried Plan will be reduced by the actuarial equivalent of benefits payable to you as a result of the termination of the Pension Plan for Salaried Employees of the Onsrud Division.

Final Average Earnings

For pension purposes, your final average earnings (FAE) is the average of your highest paid 36 consecutive months of compensation prior to April 1, 1987. If you had less than 36 consecutive months of compensation prior to your termination, your FAE is equal to the average of your monthly compensation for the consecutive months of employment as of your termination date.

Normal Retirement

You are eligible for a normal retirement benefit if your employment ends on or after your 65th birthday. Your normal retirement date is the first day of the month coincident with or following your 65th birthday.

When you retire, your normal retirement benefit is calculated based on:

- Your final average earnings as of April 1, 1987;
- Your credited service as of April 1, 1987, or date of termination if earlier;
- Your projected years of service to age 65;
- Your estimated Social Security benefit; and
- The annuitized value of your Avondale Industries, Inc. Savings Plan (ESOP) account.

Projected Years of Service

Your projected years of service include your credited service through April 1, 1987 *plus* the years and months remaining until you reach age 65.

Estimated Social Security Benefit

The estimated Social Security benefit payable to you at age 65 is used to calculate your benefit under this Plan. The amount of this benefit is based on:

- The Social Security provisions in effect on April 1, 1987, or your termination date if earlier;
- Your annual compensation during 1986, or during the calendar year preceding the year in which you terminated or in which your benefit is calculated if earlier;
- An assumption that your salary increased prior to April 1, 1987 at the same rate as the Social Security wage base; and
- An assumption that you will continue to receive your 1986 (or earlier) compensation until age 65.

You can have your actual Social Security earnings through April 1, 1987 used to calculate your normal retirement benefit. To do so, you must obtain your earnings history from the Social Security Administration and provide it to the HII Benefits Center when you apply for retirement. Please contact the HII Benefits Center for details.

ESOP Annuity Equivalent

If you were a participant in the Avondale Industries, Inc. Savings Plan (ESOP), your accrued benefit under the Danly Machine Salaried Plan is reduced by the annuitized value of your ESOP account as of December 31 prior to your benefit commencement date.

Calculating Your Normal Retirement Benefit

Your normal retirement benefit is calculated as of April 1, 1987 (or your termination date, if earlier). You will receive the greater of the following two formulas at normal retirement:

Formula 1*:*

- 1.5% of your final average earnings x your years of credited service
- ***minus*** 50% of your estimated Social Security benefit
- ***multiplied*** *by* your years of credited service / your years of projected service

- ***minus*** *t*he annuitized value of your Avondale ESOP account

OR

Formula 2*:*

- $16 x your years of credited service
- *minus*
- the annuitized value of your Avondale ESOP account

Minimum Benefit

Your benefit as calculated above cannot be less than your accrued benefit as of October 1, 1985 (or termination date if earlier), as calculated under the following two formulas:

Formula 1:

- 1.5% of your final average earnings as of 9/30/85 x your years of credited service as of 9/30/85
- *minus*
- 50% of your estimated Social Security benefit as of 9/30/85
- *multiplied by*
- Your years of credited service as of 10/1/85 / your years of projected service

OR

Formula 2:

- $16 x your years of credited service as of 10/1/85

If either of these two formulas provides a larger benefit than the normal retirement benefit formulas, you will receive the greater benefit.

Early Retirement

You are eligible for an early retirement benefit if you retire at any time after you turn age 55 provided you had at least ten years of vesting service on April 1, 1987. You can begin receiving early retirement benefits on the first day of any month coincident with or following your 55th birthday, subject to the rules defined under “Applying for Your Benefit.”

Calculating Your Early Retirement Benefit

If you meet the following criteria, you are eligible to receive an unreduced (normal retirement) benefit prior to reaching normal retirement age:

- You are at least age 62 with 15 or more years of credited service; or

- You are at least age 58 with 30 or more years of credited service.

If you are eligible for an early retirement benefit and you do not meet the eligibility requirements for an unreduced benefit (described immediately above), your benefit is determined as a normal retirement benefit and then is reduced by 6% for each year you elect to receive benefits before becoming eligible for an unreduced benefit. (Partial years will be prorated in months.)

Cost of Living Adjustments

The amount of your benefit may increase during your retirement as a result of cost of living adjustments (COLAs). A COLA will be made to your benefit in any year when, as of July 1, the Consumer Price Index (CPI) has increased at least 3% since the last COLA. The increase in your benefit will be equal to the increase in the CPI (unless you have been receiving your pension for less than one year, in which case you will receive a pro rata increase).

Keep in mind that your total monthly payment cannot increase by more than 10% of your original monthly benefit payment.

Benefits paid to your spouse or other designated beneficiary are not eligible for COLA increases. In addition, when you die, the benefit payable to your beneficiary is based on the original benefit payable to you on your benefit commencement date.

Forms of Payment

See the “Payment Options” section in the main SPD for a description of the available forms of payment.