

Summary Plan Description  
for the  
Vought Aircraft Industries, Inc.  
Savings and Investment Plan (SIP)

July 1, 2009



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## Summary Plan Description

This document summarizes the terms of the Vought Aircraft Industries, Inc. Savings and Investment Plan (the “SIP” or the “Plan”). It describes how the Plan works and how you are enrolled. You are encouraged to keep this information and refer to it whenever you have questions about the Plan. Every effort has been made to provide an accurate summary of the Plan, but in the event of a conflict, ambiguity or omission between this summary and the official Plan document, the terms of the Plan document will control. A copy of the Plan document is available at the cost of reproduction by sending a written request to:

Vought Aircraft Industries, Inc.  
Attn: Benefits Dept.  
Mail Stop 49L-01  
P.O. Box 655907  
Dallas, TX 75265-5907

## Plan Highlights

The Vought Aircraft Industries, Inc. Savings and Investment Plan is one of the most important benefits offered by Vought Aircraft Industries, Inc. (the “Company”). The Plan offers a convenient, flexible way for you to save for your future.

The SIP offers many advantages, including the following:

- The flexibility to contribute up to 30% of your eligible compensation (subject to certain limits described later), to choose from among different investment funds, and to change your contribution rate or investment fund allocation at any time.
- Certain tax advantages, depending on the type of contributions (pretax, after-tax or a combination) you elect.
- For certain eligible employees, a Company Matching Contribution (described in detail on page 7) equal to a percentage of the amount you contribute to your account, which significantly increases your total savings.
- For certain eligible employees, a Company Retirement Contribution (described in detail on page 8) to a Retirement Contribution Account (RCA) equal to a percentage of your eligible compensation.
- For participants age 50 or over, the ability to make additional pretax contributions called “catch-up” contributions.
- Contributions processed through regular payroll deductions, which makes saving easy and automatic.
- The ability to combine all retirement savings in one plan through the acceptance of eligible rollover contributions from qualified retirement plans of previous employers.

## Plan History

The SIP was established on July 24, 2000. On April 15, 2002, the Vought Aircraft Industries, Inc. Represented Employees Savings and Investment Plan (the “Represented Employees’ SIP”), which included participants represented by the UAW, IBEW and SPFPA, was merged into the

SIP. Effective January 1, 2007, the Aerostructures Corporation Employees Savings Plan was merged into the SIP.

## How the Plan Works

### ***Eligibility and Participation***

You are generally eligible to participate in the SIP if you are at least 18 years old and are reported as an employee on the payroll records of a participating Company element or one of the other affiliated companies listed in the matrix below.

<b>If you are:</b>	<b>You are eligible to participate in the Savings and Investment Plan (SIP):</b>	<b>You are eligible for Company Matching Contributions in the SIP:</b>	<b>You are eligible for Company Retirement Contributions in the SIP:</b>
A non-represented employee of Vought Aircraft Industries, Inc. or its affiliated entities (VCAC or VAC Industries)	Yes	Yes	Yes, if you are not eligible to accrue benefits under the: <ul style="list-style-type: none"> <li>• Vought Aircraft Industries, Inc. Retirement Plan</li> <li>• The Aerostructures Heritage Pension Plan</li> </ul>
A UAW-represented employee of VAIL	Yes	Yes	Yes, if you are not eligible to accrue benefits under the: <ul style="list-style-type: none"> <li>• Vought Aircraft Industries, Inc. Hourly Retirement Plan</li> </ul>
An IBEW-represented employee of VAIL	Yes	Yes	Yes, if you are not eligible to accrue benefits under the: <ul style="list-style-type: none"> <li>• Vought Aircraft Industries, Inc. Hourly Retirement Plan</li> </ul>
An IAMAW District Lodge 96 represented employee of VAIL	Yes	Yes	No
An IAMAW Local 735 represented employee of VAIL	Yes	Yes	Yes, if you are not eligible to accrue benefits under the: <ul style="list-style-type: none"> <li>• The Aerostructures Heritage Pension Plan for Hourly-Rated Employees</li> </ul>
An SPFPA-represented employee of VAIL	Yes	No	Yes, if you are not eligible to accrue benefits under the: <ul style="list-style-type: none"> <li>• Vought Aircraft Industries, Inc. Protective Services Retirement Plan</li> </ul>
A non-represented employee of Contour Aerospace Corporation	Yes	Yes	No

### ***Enrollment in the SIP***

Enrollment in the SIP is automatic when you are hired or when you first become eligible for the Plan. More information regarding the details of the automatic enrollment, including how to cancel your participation, is provided below.

The default contribution level of the automatic enrollment is 3% of eligible earnings per pay period, unless you elect to change your contribution amount. These contributions are made on a pretax basis; that is, before federal (and state, if applicable) income taxes are deducted from your pay. You may stop participating, change the amount you save, or switch from pretax to after-tax at any time. If you do not make any changes to your default enrollment, your contribution amount will increase annually by 1% each June following the year in which the automatic enrollment takes effect, until you are saving at least 6% of eligible earnings.

You may choose how to invest your contributions among the available investment funds. If you do not make an investment election, your contributions will be invested initially in the Plan's qualified default investment alternative, which is the Target Date Retirement fund that most closely matches the year of your 65<sup>th</sup> birthday. For example, if your 65<sup>th</sup> birthday falls in the year 2019, your deferral contributions will be invested in the Vought 2020 Fund if you do not affirmatively elect another investment choice.

If you wish to change your contribution amount or cancel future contributions to the SIP, access SIP Online or call the SIP Line at any time and change your deferral percentage to the desired amount, from 0% to 30% of eligible earnings.

If you were automatically enrolled in the SIP on or after January 1, 2008, you may make a permissible withdrawal of all amounts automatically contributed to the SIP (adjusted for gains or losses) within 90 days of your first automatic contribution. Company Matching Contributions, if any, associated with the automatic contributions will be forfeited if you choose to withdraw these amounts. If you make a permissible withdrawal, future automatic contributions to the Plan will stop; however, you may resume making voluntary contributions to the Plan at any time by logging into your account through SIP Online and changing your deferral percentage to the desired level. If automatic contributions began before January 1, 2008, your ability to make a withdrawal of those contributions is very limited; please see "Accessing Your Funds" on page 10 for more details.

After enrollment, a confirmation statement will be mailed to you within one week. Your first payroll deduction will be taken as soon as administratively possible. If you believe you have enrolled but have not received a confirmation statement within 10 days or you have not had a deduction taken from your paycheck for two pay periods, you should call the SIP Line at 1-800-556-7380 to verify your enrollment.

### **Rehired Employees**

If you terminate your employment with the Company and are later rehired in a covered position, you are eligible to participate in the Plan once you are again on the Company payroll. If you are rehired, you will be automatically enrolled in the SIP at a deferral rate of 3%, unless you elect a different deferral rate or affirmatively elect not to make deferrals to the SIP. See "Enrollment in

#### **Highlights:**

- Enrollment in the SIP is automatic when you are hired or first become eligible.
- Your initial default contribution level is 3% of your eligible earnings each pay period.
- If you do not make any changes, each June your contribution level will be increased by 1% until you are contributing at least 6% of your eligible pay.
- You can stop participating or make changes at any time by accessing the SIP Online Web site or by calling the SIP Line at 1-800-556-7380.

the SIP” on page 3 for more details on enrollment. See “Vesting Service” on page 8 for vesting and forfeiture rules that apply upon rehire.

### ***Employee Transfers***

If you transfer to a covered position from a position in which you were not covered by the Plan, you are eligible to participate in the Plan immediately, and will be automatically enrolled as described previously. If you transfer from a covered position to a position in which you are not covered by the Plan, you will no longer be able to receive or make contributions under the Plan, but you may still manage your investments, change your investment options, take out loans and make in-service withdrawals to the extent permitted by the Plan.

### **SIP Online Web Site and SIP Line**

You can manage your account via the SIP Online Web site (SIP Online) at <http://benefits.voughtaircraft.com>. Select “Employee,” then “Savings and Investment Plan,” and then “Vought SIP Online.” You can also manage your account by calling the SIP Line at 1-800-556-7380. The SIP Line is an automated telephone system that allows you to ask questions and perform Plan transactions such as enrolling (if you previously cancelled your participation), transferring money between funds or changing the amount you save. If you have a question or need help, Customer Service Representatives are available Monday through Friday from 8 a.m. to 8 p.m. Central time.

Whether you access your account using SIP Online or the SIP Line, you will be prompted to enter your personal identification number (PIN). When you log in for the first time, your PIN will be the last four digits of your Social Security number. After your initial log-in, you will be required to change your PIN.

Each time you access SIP Online or call the SIP Line, you will be asked to enter your Social Security number and PIN. If you lose or forget your PIN, you may request a PIN reminder by accessing SIP Online or by calling the SIP Line at 1-800-556-7380.

SIP Online and the SIP Line are available 24 hours a day, seven days a week. Customer Service Representatives are available through the SIP Line Monday through Friday from 8 a.m. to 8 p.m. Central time. You may access SIP Online or call the SIP Line to perform the following transactions and request the following services:

- Check account balances
- Check fund performance
- Verify, stop or change contribution percentages
- Verify, stop or change the percentage of future contributions going into each fund
- Reallocate existing fund balances
- Monitor outstanding loan balances
- Apply for a loan
- Request loan payoff information
- Request an in-service withdrawal or a hardship withdrawal
- Request a final distribution after termination or retirement
- Change a PIN or, if you misplaced your PIN, request a PIN reminder
- Request or download Plan forms and packages

- Name or change your beneficiary or obtain the forms needed to change your beneficiary designation

Confirmation statements are sent to your address of record after every transaction.

## **Your Contributions**

You may contribute up to 30% of your eligible compensation each pay period to the Plan, subject to certain limits noted below. Your contributions may be made with pretax dollars, after-tax dollars, or a combination of both. Combined pretax and after-tax contributions cannot be more than 30% of your eligible compensation. Contributions must be in multiples of 1%. In addition, you may be eligible to make catch-up contributions.

Eligible compensation generally includes your base pay (including shift differentials and automatic rate progression), extended workweek pay, overtime pay, overseas allowance, hardship adjustments, hazardous duty allowance, military and disability leave pay, commissions and certain bonuses and incentive pay (including performance awards paid in accordance with a collective bargaining agreement). The official Plan document includes a more detailed list of what items are included and excluded from the Plan's definition of compensation.

The IRS limits the amount of "eligible compensation" that can be considered under this Plan. For 2009, this limit is \$245,000. The Internal Revenue Service adjusts this limit from time to time. See "Contribution Limits" on page 6 for more information.

Your contributions will be deducted from your paycheck. You may change your contribution percentage or stop contributions at any time. See "Making Changes" on page 9 for more information.

*Note: References in this document to making contributions of any kind do not apply to retired and terminated participants, beneficiaries of deceased participants or alternate payees.*

### **Pretax Contributions**

You may make pretax contributions to the Plan, up to certain limits prescribed by law. For 2009, the limit is \$16,500. The Internal Revenue Service adjusts this limit from time to time.

Contributing on a pretax basis means that your SIP contributions are deducted from your paycheck before federal (and state, if applicable) income taxes are withheld. This may reduce the amount of income taxes you pay now. However, because your pretax contributions are not subject to federal (or state, if applicable) income taxes when they are contributed to the Plan, your contributions and related investment earnings will be subject to such taxes when they are later withdrawn.

Federal tax laws restrict withdrawals from your account before age 59½, except in the case of termination of your employment with the Company following age 55 or death. These restrictions

#### ***Contribution Limits***

Each year you can contribute up to 30% of your eligible compensation to the Plan.

For 2009, your pretax contributions are limited to \$16,500.

If you're age 50 or older, you can make additional pretax "catch-up" contributions each year. The 2009 limit is \$5,500. These contributions are separate from your regular pretax and after-tax contributions.

include a 10% penalty tax that will apply in many instances to the early withdrawal of pretax contributions and earnings. See “Accessing Your Funds” on page 10 for more information.

### ***After-tax Contributions***

If you choose to make after-tax contributions to the Plan, your contributions will be made after federal (and state, if applicable) income taxes have been withheld from your wages. Because your after-tax contributions are taxed before they are placed into your account, only the investment earnings on these amounts will be subject to income taxes when you withdraw them from the Plan.

Withdrawal provisions for after-tax contributions are generally less restrictive than for pretax contributions under federal tax laws, but the 10% penalty tax will apply in many instances to the earnings portion, if any, of your after-tax withdrawals from the Plan. Withdrawal procedures and requirements, as well as loan information, are explained in “Accessing Your Funds” beginning on page 10.

### ***Catch-Up Contributions***

Participants who are age 50 or older are allowed to make additional pretax contributions to the Vought SIP. These “catch-up” contributions are separate from your regular pretax and after-tax contributions. The maximum catch-up contribution allowed by the IRS in 2009 is \$5,500. The IRS may adjust this maximum from time to time.

Additional details:

- You can make “catch-up” contributions throughout the Plan Year if you are age 50 or older or will become age 50 in that year – even if your 50<sup>th</sup> birthday is as late as December 31.
- The Company does not match your catch-up contributions.
- Your catch-up contributions will be allocated in the same percentages to the investment funds that you have selected for your regular SIP contributions.
- Your catch-up contributions are always 100% vested and are treated like pretax contributions for purposes of withdrawals.

### ***Contribution Limits***

Federal regulations place a number of limits on how much savings can go into the SIP, described below.

#### ***Pretax Savings Limit***

For 2009, the maximum dollar amount you may contribute to the SIP on a pretax basis is \$16,500. This limit applies to all employees. The Internal Revenue Service adjusts the limit from time to time.

If you reach this pretax limit during a year, your additional contributions for that year will automatically continue on an after-tax basis unless you access SIP Online or call the SIP Line to stop your contributions. Beginning in January of the following year, your contributions will automatically begin on a pretax basis unless you change your contribution allocation.

If you contribute to another 401(k) plan during the same calendar year that you participate in the SIP, contributions to both plans will count towards this limit. It is your responsibility to monitor your total pretax contributions so that they do not exceed this annual limit.

### Overall Compensation and Benefit Limits

- The Plan does not take into account any eligible compensation that you earn over the IRS limit, which is \$245,000 for 2009. The IRS also adjusts this limit from time to time.
- Separate IRS limits apply to the group of employees who are defined as “highly compensated.” If these requirements are not met, the Plan may be required to refund excess contribution amounts to certain employees, either during the year or after the end of the year.
- The maximum combined pretax, after-tax, Company Matching Contributions and Company Retirement Contributions that can be made to your account is \$49,000 for Plan Year 2009. This amount is subject to periodic adjustment by the IRS.

*Note: Catch-up contributions do not count against any of these limits.*

### Company Matching Contributions

Company Matching Contributions are contributions made by the Company into the SIP on behalf of eligible participants based on the participants’ own contributions to the SIP (except catch-up contributions). Company Matching Contributions are invested according to participants’ instructions. If no instructions are given for the investment of Company Matching Contributions, those contributions will be invested automatically in the Plan’s qualified default investment alternative, which is the Target Date Retirement Fund that most closely corresponds to the year of your 65<sup>th</sup> birthday. Eligibility for Company Matching Contributions is described on page 2.

The table below explains how the amount of Company Matching Contributions is determined for participants eligible for a match.

Company Matching Contributions (effective January 1, 2007)	
Total Pretax and After-Tax Contributions by Employee	Company Matching Contributions
The first 2% of eligible compensation	100%
The next 4% of eligible compensation	50%
Contributions over 6%	No match
Catch-up contributions	No match

In some cases, tax laws may limit the amount of Company Matching Contributions that can be made on behalf of certain higher-paid employees. Company Matching Contributions and any related investment earnings will be subject to taxes when you withdraw the funds at a later date.

## **Retirement Contribution Account**

Effective January 1, 2006, a Company-funded Retirement Contribution Account (RCA) was established for certain eligible participants. Additional participants have become eligible for the RCA in subsequent years. The matrix on page 2 identifies which participants are eligible for Retirement Contributions.

### ***Amount of RCA Contributions***

If you are eligible to receive Company Retirement Contributions, the Company will contribute to your RCA an amount equal to 3% of your eligible earnings each week. Beginning on January 1, 2008, the Company began contributing the *greater of* 3% of eligible earnings or \$45 each week for employees eligible to receive Company Retirement Contributions. In order to receive Company Retirement Contributions in a given week, you must have eligible earnings for that week.

These contributions to your RCA and their investment earnings are tax-deferred until withdrawal. You do not have to make pretax or after-tax contributions to receive Retirement Contributions. Company Retirement Contributions are credited to your account according to your investment elections for your Company Matching Contributions. If you have not made an investment election for your Company Matching Contributions, the funds will be invested in the Plan's qualified default investment alternative, which is the Target Date Retirement Fund that has a target date closest to your 65<sup>th</sup> birthday.

## **Vesting**

### ***Vesting Service***

Vesting means you have full ownership of all the funds in your account, and you may take vested funds with you if you leave the Company. You are always 100% vested in your own contributions and any corresponding investment earnings. You may be required to perform a certain amount of service for the Company (Vesting Service) in order to become vested in certain employer-provided contributions (including Company Matching Contributions and Company Retirement Contributions) and their corresponding investment earnings. If you terminate employment before vesting in the employer-provided contributions, they, along with any corresponding earnings, will be forfeited. Vesting Service under the Plan is generally determined by the period of time from your original hire date until your termination date. If you have a break in service that is greater than five years in length, you will forfeit any unvested employer-provided contributions received before the break, and your service before the break will not be used to determine your Vesting Service in employer-provided contributions received after the break.

## ***Vesting Rules for Company Matching Contributions***

You are 100% vested in your Company Matching Contributions and corresponding investment earnings if you meet any of the following conditions:

- You were eligible to participate in the Vought SIP at any time on or before December 31, 2006.
- You were an active employee and eligible to participate in the Aerostructures Corporation Employees Savings Plan as of December 31, 2006.
- You were first eligible to participate in the Vought SIP on or after January 1, 2007, **AND** any one of the following is true:
  - You have two or more years of Vesting Service;
  - You are terminated due to layoff;
  - Your termination date is on or after your 65<sup>th</sup> birthday; or
  - You die while you are an active employee.

## ***Vesting Rules for RCA Contributions***

If you are eligible for Company Retirement Contributions, you will be 100% vested in the contributions made by the Company to your RCA and any corresponding investment earnings if you meet any of the following criteria:

- You have two or more years of Vesting Service;
- Your termination date is on or after your 65<sup>th</sup> birthday; or
- You die while you are an active employee.

## ***Making Changes***

### ***Weekly Changes – Contribution Percentage and Investment Direction Instruction for Future Contributions***

Because your savings needs and goals may change, the SIP makes it easy for you to change your contribution percentage and investment fund selections for future contributions. To make a change, access SIP Online or call the SIP Line at any time. Contribution rate and investment direction changes are effective weekly. The weekly cycle is 11:01 p.m. Central time on Wednesday through 11:00 p.m. Central time the following Wednesday. You can make several changes during the one-week cycle, but the final election pending as of 11:00 p.m. Central time on Wednesday is the one that is used to update your account. You will receive a confirmation number at the time of your transaction. A confirmation statement generally will be mailed to you within two business days. If you do not receive a confirmation statement within 10 days after you believe you made a change, you should call the SIP Line at 1-800-556-7380 to confirm your transaction.

You can make the following changes at any time, and the final election pending at the end of the weekly cycle as noted above will be used to update your account:

- You can change your contribution percentage, including starting contributions (by electing from 1% to 30% as your deferral amount), and stopping contributions (by electing 0% as your deferral amount).
- You can reallocate your contributions between pretax and after-tax contributions.
- You can change the percentage of future contributions you have directed to each investment fund.

You may elect to contribute 100% in one fund or spread your contributions (in multiples of 1%) across several different funds. An election to change how your future contributions are invested or changes to your contribution percentage should generally take effect within two pay periods.

### ***Daily Changes – Fund Transfer and Reallocation Instructions***

Requests for fund transfers and reallocations must be made before 7:30 a.m. Central time to be processed the same business day. Fund transfers or reallocation requests made on or after 7:30 a.m. Central time will be processed the following business day.

The Plan Administrator has the discretion to process your transactions, including fund reallocations and distributions, at different times or dates than would typically apply under normal Plan procedures. This may be necessary, for example, under unusual circumstances or to protect the financial integrity of the Plan.

In addition, note that the fact that the Plan allows daily trading does not mean that the Plan allows unlimited trading. Excessive trading by one person can hurt the other investors in a particular fund. Your trading may be limited at the discretion of the Plan Administrator if it is determined to be excessive.

### **Account Statements**

An online personalized account statement that can be printed or downloaded will be provided to you four times each calendar year. The statement will show your account activity for the previous quarter, including account contributions, investment earnings, and your beginning and ending account balance. You also may review your account balance through SIP Online or by calling the SIP Line at 1-800-556-7380. You are encouraged to keep your quarterly account statements with your other important financial documents in case you ever need to refer to them. In addition to the online quarterly statements, you will receive an annual statement at your home address after the fourth quarter of each year.

### **Accessing Your Funds**

You may access your savings in your SIP account in one of several ways, depending on your circumstances.

## **If You Leave or Retire**

If you leave or retire from the Company, or become disabled (as defined by the Social Security Administration), you have several choices for accessing your SIP funds.

You may elect to:

- Defer receipt of your account balance if you have more than \$1,000 in your account.
  - However, you may not defer payment beyond April 1 of the year after you reach age 70½.
- Receive a total distribution in cash.
- Roll over the eligible funds into another qualified plan or Individual Retirement Account (IRA).
- If your account balance does not exceed \$1,000, your account balance will be distributed to you. This amount may be rolled over into an IRA or another qualified plan that accepts rollovers. A package containing details will be sent to your personal address shortly after termination of employment.

If you elect to take your distribution as a total distribution, there will be mandatory withholding for federal income tax purposes. Applicable state tax will also be withheld. In addition, you generally will be subject to a 10% early withdrawal penalty if you are under age 59½, unless you transfer funds directly into another qualified plan or IRA. (Other exceptions to the 10% penalty may apply.)

*Note: If you terminate employment or retire after you reach 55 years of age, you can receive a total distribution without being subject to the 10% early withdrawal penalty.*

## **Uniformed Service**

If your employment terminates because you enter the United States armed forces, you may request that payment be made following your termination. If you take unpaid leave for uniformed service (including the military, National Guard and the Commissioned Corps of the Public Health Service) and have reemployment rights under the Uniformed Services Employment and Reemployment Rights Act (USERRA), you may make a retroactive pretax or after-tax contribution to the SIP after your return to active employment. You choose the amount to contribute (within Plan limits) and the Company's matching contribution will be determined as if you had remained employed during the leave. In addition, your account will be credited with any Company Retirement Contributions you would have received during your period of military service. However, your account will not be credited with earnings and losses for the period before these contributions are made. If you are eligible, you may also make retroactive catch-up contributions after your reemployment. You must meet the requirements of USERRA, including notifying your employer, returning to employment, and making your pretax or after-tax contributions within the prescribed time periods. Any loan repayments will be suspended during

### ***Accessing Your Funds:***

Based on your circumstances, there are many ways you can access the savings in your SIP account.

- If you leave or retire from the Company or become disabled, you can:
  - Receive a cash distribution.
  - Roll over your balance into another qualified plan or an IRA.
- You can take a general purpose or primary residence loan.
  - You may be eligible to make several types of in-service withdrawals.

periods of military service as permitted under the Internal Revenue Code. For more information about uniformed service leaves, contact the Benefits Center at 1-866-689-5999.

If you are a reservist in the United States armed forces who was called to active military service after September 11, 2001 and before December 31, 2007, your period of active military service lasts for 180 days or more, and you take a withdrawal from your account during that period of active military service, the 10% early withdrawal penalty will not apply. In addition, you can re-contribute this money back into your account within two years of the end of your active duty period, or by August 17, 2008, whichever is later.

## **Loans**

The SIP provides you with flexibility to borrow a portion of your account funds. You may borrow a maximum of 50% of your vested account balance, up to a maximum of \$50,000 (minus your highest outstanding loan balance(s) in the past 12 months). The minimum you may borrow is \$1,000 per loan. You may have only one loan outstanding at any time.

The interest rate on SIP loans is one percentage point above the Trustee's prime interest rate as of the first day of the month in which you make your loan request. Once you take a loan, the interest rate is fixed for the term of the loan.

The money you request for a loan will be taken from your account in the following order:

- Your Company Matching Contributions; then
- Your after-tax contributions; then
- Your rollover contributions; then
- Your pretax contributions; then
- Your Retirement Contribution Account funds.

A portion of your investment funds is sold to provide for the loan. As a result, you no longer experience gains or losses on the portions sold. A check will be mailed to you within 10 days of approval. You pay back the loan, plus interest, through automatic payroll deductions. Loan repayments begin as soon as administratively feasible, which is generally the first payroll period of the month, two months after the loan is originally requested. The loan repayments, including interest, go directly into your Plan account, according to your existing investment fund election for new contributions.

A nonrefundable loan application fee is deducted from your loan proceeds. Loans are available to active employees only.

If you terminate employment or take a leave of absence and have an outstanding loan balance, contact the Vought SIP Line for details regarding the administrative procedures associated with the balance.

The Plan lets you apply for two types of loans: general loans and primary residence loans. Different application processes apply for each type of loan.

## **General Loans**

To apply for a general loan, visit SIP Online or call the SIP Line. You can complete the entire application process via SIP Online or the SIP Line. You may model different loan scenarios with

different loan amounts and repayment schedules (the maximum repayment schedule is five years).

### ***Primary Residence Loans***

To apply for a loan to purchase your primary residence, you must complete a written application. You may request an application by accessing SIP Online or calling the SIP Line. Primary residence loans require a valid agreement of the sale signed by both the buyer and the seller, and a good faith estimate of closing costs. The repayment schedule may be up to 10 years.

### ***In-Service Withdrawals***

Following is a summary of the SIP provisions that permit you to withdraw money from your account while you are still employed under limited circumstances. Of course, once you retire or otherwise terminate your employment with the Company you are free to withdraw your entire account at any time, for any reason.

Please note that, with only very limited exceptions, a 10% early withdrawal penalty tax applies to the taxable portion of any SIP withdrawal taken before you reach age 59½. This penalty generally applies even to withdrawals taken after you retire or otherwise terminate employment, unless you terminate after you reach age 55. The 10% federal penalty tax is in addition to federal income taxes (and state taxes, if applicable) that will apply to the taxable portion of any withdrawal you take. Please note also that, depending on your tax bracket, the taxes that you may owe on these types of withdrawals will often be more than the 20% withheld from your check. As a result, you should consider very carefully whether or not to take an in-service withdrawal, because the tax consequences can be severe.

When you request a withdrawal by accessing SIP Online or calling the SIP Line, in general, money from your vested SIP account is withdrawn in the following order:

- Your after-tax contributions and their earnings; then
- Any contributions and earnings you rolled over from a former employer's plan (this does not count balances transferred from the Northrop Grumman SIP); then
- Your Company Matching Contributions and their earnings, but only if you are entitled to a distribution of these amounts (as described on the following page); then
- Your pretax contributions or Company Retirement Contributions and their earnings, but only if you are entitled to a distribution of these amounts (as described on the following page).

In all cases, 20% of the taxable amount of the withdrawal will be withheld for federal income taxes; state tax withholdings will also apply, where required.

### ***Age 59½ In-Service Withdrawals***

There may be times when you want to withdraw all or a portion of your vested SIP account before your employment terminates. You are allowed to withdraw your entire vested account, including your pretax, after-tax, employer, and rollover contributions and earnings once you reach age 59½.

### ***After-tax Contributions Withdrawals***

You may request a withdrawal of your after-tax contributions at any time. You may choose to take the total available withdrawal amount or some smaller portion of your after-tax contributions.

### ***Rollover Withdrawals***

You may withdraw all or part of any rollover contributions you have made to the Plan. A 10% early withdrawal penalty may apply to the taxable portion of your withdrawal. “Rollover” refers to balances transferred from a previous employer’s qualified plan. Amounts transferred directly from the Northrop Grumman SIP in October of 2000 or May of 2001 do not qualify as “rollover” contributions.

### ***Company Matching Contributions Withdrawals***

You may withdraw your vested Company Matching Contributions associated with pay for service completed before December 31, 2007 and the earnings associated with those contributions, subject to the 10% early withdrawal penalty if you are under 59½. If you want to withdraw your Company Matching Contributions, you must first withdraw your after-tax contributions. In addition, you are only eligible to withdraw Company Matching Contributions if you have participated in the Plan for at least five years.

You may not withdraw Company Matching Contributions associated with pay for service completed on or after December 31, 2007 until you reach age 59½.

### ***Withdrawals of Pretax Contributions and Company Retirement Contributions***

While you are still employed by the Company, you may not withdraw your pretax contributions or Company Retirement Contributions and their earnings until you reach age 59½, except in the case of:

- Hardship withdrawal, or
- Permissible withdrawal of pretax contributions for participants who were automatically enrolled in the SIP on or after January 1, 2008 and who requested a withdrawal within 90 days of the first automatic contribution.

### ***Hardship Withdrawals***

Because of the significant tax advantages you receive when you contribute pretax dollars to the SIP, federal tax law limits when you can withdraw certain funds while you are still employed by the Company. However, you can request a withdrawal (called a hardship withdrawal) before age 59½ when you experience certain specific financial emergencies. You may apply for a hardship withdrawal if you have a financial need that cannot be met by any other financial resource. You may not withdraw more than is necessary to meet the financial need. If you take a hardship withdrawal, in most cases you will owe regular income taxes on the taxable portion of the money withdrawn plus the 10% early withdrawal penalty. You also may owe state income taxes.

You may withdraw most types of contributions in a hardship withdrawal, except Company Matching Contributions associated with pay for service performed on or after December 31,

2007 and earnings on your pretax contributions after December 31, 1988. To make a hardship withdrawal, you must:

- Obtain a hardship withdrawal information package by accessing SIP Online or calling the SIP Line.
- Certify that you have an immediate and heavy financial need, and that the financial need cannot be met through other sources available to you, your spouse or your children, including commercial loans, insurance proceeds, SIP loans and the reasonable liquidation of other assets.
- Provide documentation supporting the need for a hardship withdrawal.
- Make a withdrawal of other available SIP contributions, like after-tax contributions, before applying for the hardship withdrawal.

If you qualify for a hardship withdrawal, you may withdraw only up to the amount needed to satisfy the financial need, but this can also cover federal and state tax withholding. You may apply for a hardship withdrawal to help with one or more of the following financial needs:

- Expenses for extraordinary unreimbursed medical or dental care (described in Internal Revenue Code Section 213) previously incurred for you, your spouse, or any of your dependents (described in Internal Revenue Code Section 152).
- Costs directly related to the purchase of your principal residence (excluding ongoing mortgage payments).
- Payment of tuition, related educational fees, and room and board expenses for the next 12 months of postsecondary education for you and/or your spouse or dependents.
- Payments necessary to prevent your eviction from your principal residence or foreclosure on the mortgage on your principal residence.
- If you experience a loss of income due to a temporary layoff because of a work slowdown or stoppage, your spouse's layoff from work or a 10% or more reduction in your or your spouse's income.
- Extraordinary legal expenses.
- Prevention of imminent bankruptcy.
- Payment of federal, state or local taxes for a prior year.
- Disability, within the meaning of the Company's disability income plan, for a period of at least six consecutive months.
- If you have qualifying expenses related to:
  - Adoption of a child.
  - Custodial care for a family member.
  - Damages to a principal residence as a result of a storm or other catastrophe (expenses must qualify as deductible casualty expenses).
  - Burial or funeral expenses for a spouse, child, parent or dependent.
  - Remedial school or tuition for a dependent.

**If you make a hardship withdrawal, your SIP contributions will be suspended for a period of six months. After the six-month suspension period, your contributions will resume in accordance with the automatic enrollment provisions as if the suspension had not occurred. If you are not subject to the automatic enrollment provision, then after the 6 month suspension period, your contributions will resume as if the suspension had not occurred.**

*References in this document to making contributions of any kind or making loan requests or in-service withdrawals do not apply to retired and terminated participants, beneficiaries of deceased participants or alternate payees.*

## **Rollovers**

### ***To the SIP from another Qualified Plan or an Individual Retirement Account***

If you are an eligible employee and your previous employer maintained a qualified plan in which you participated, you may roll over all or a portion of both your taxable and non-taxable benefits from the other plan into the SIP provided the other plan meets certain conditions. You must make your request in writing and indicate to which fund or funds you wish the transfer to be made. The form can be requested from SIP Online or the SIP Line.

No Company Matching Contribution will be made for amounts transferred from another employer's plan. All other provisions of the SIP, including the loan provisions and withdrawal restrictions, will apply to the transferred funds.

### ***From the SIP to an Individual Retirement Account or another Employer's Plan***

You may elect to have all or a portion of an eligible SIP distribution rolled over directly to an IRA or another employer's plan. Direct rollovers to other plans are subject to the provisions of the Plan, and the acceptance by the trustee of the other employer's plan.

You may make a rollover request by calling the SIP Line at 1-800-556-7380.

Federal tax withholding at a rate of 20%, and required state withholding, if applicable, will be deducted from the taxable portion of any SIP distribution that is not rolled directly to an IRA or another employer's qualified plan.

Rollover treatment is available to you, your surviving spouse, alternate payee or other non-spousal beneficiary. In the case of a non-spousal beneficiary, a direct rollover may only be made to an IRA.

## **Miscellaneous Rules Governing Distributions**

### ***Lost Payee***

The account of a participant or beneficiary will be forfeited if the Administrative Committee is unable to locate the person to whom payment is due. The forfeiture is used to reduce the Company's future contributions. However, payment will be made if the payee is later found unless the account has reverted to a state government.

## ***Disputes about Payee***

In the event that the Administrative Committee determines that there is some uncertainty as to whom any Plan payment is due, the Administrative Committee is authorized to delay payment, seek agreements from the interested parties, make payment to an appropriate judicial forum and allow the court to determine the identity of the proper payee, and/or take any other necessary or appropriate steps to protect the Plan and the interested parties.

## ***Administrative Delays***

Payment may be delayed for any of the following reasons:

- If the payment amount cannot be determined by the date it is required to be paid.
- If the Administrative Committee cannot locate the payee.
- If adequate information is not available to make the distribution.
- If the payee has failed to make the applicable elections with the Administrative Committee.
- Due to other legal, financial or administrative obstacles.

## ***Facility of Payment***

If the Administrative Committee deems any person entitled to receive any payment under the Plan incapable of receiving it by reason of age, illness or infirmity, mental incompetence or incapacity of any kind, the Administrative Committee may, in its discretion, direct that payment be made in any one or more of the following manners:

- Applying the amount directly for the comfort, support and maintenance of the payee;
- Reimbursing any person for any such support supplied by any other person to the payee;
- Paying the amount to a legal representative or guardian or any other person selected by the Administrative Committee on behalf of the payee; or
- Depositing the amount in a bank account to the credit of the payee.

## ***Overpayments***

If the Plan makes an overpayment of the amount of any benefits payable to any individual under the Plan, regardless of the reason for the overpayment, the Plan may recover the overpaid amounts 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 Administrative Committee.

## **Basic Investment Principles**

The responsibility for managing your retirement savings is an important part of your financial future. The following is some very general information about the basic principles of investing. You should also do your own research or consult your own investment specialist.

### ***Diversification***

Your personal circumstances and your comfort with risk should determine how aggressive or conservative your investment strategy should be. However, by placing your savings in more than

one investment fund, you can lower the impact that periodic losses from any one investment option may have on your overall account balance. Spreading your investments across several different funds with different risk characteristics is called “diversifying” your account.

### ***Dollar Cost Averaging***

Even investment experts can’t predict how an investment will perform in the future. However, by investing the same amount in the SIP each week, you can take advantage of an investment strategy called “dollar cost averaging.” When you invest a fixed amount in investment funds on a regular basis, you tend to buy more units of the funds when prices are low and fewer units when prices are high. This way, the price of the units you buy averages out over time, regardless of what happens in the investment market.

### ***Tax-Deferred Compounding***

Compounding means your investment earnings are reinvested and may also generate earnings. The SIP allows you to defer paying income taxes on any earnings – including compound earnings – until you withdraw them. This means that your account may grow faster than a regular investment account because the earnings aren’t reduced each year for taxes.

### **Risk and Return: No Guarantee of Performance**

When deciding how to invest your SIP account, you should consider the potential risk and return of each of the available investment options. All investments involve some degree of risk. The value of some investments may grow over the long term but may decline in the short term. Others will remain relatively stable in value over the long term and can be expected to grow at a much slower rate. In general, higher-risk investments, over time, have shown the potential to earn more than low-risk investments. The trade-off, however, is that the value of riskier investments may rise and fall dramatically, especially in the short term. **It is important to keep in mind that the SIP offers no investment guarantees.**

### **Investment Options**

The Plan offers you different investment funds and lets you choose how to invest your contributions. You decide what percentage of your contributions you want to direct into each fund, in multiples of 1%. You may elect to put 100% of your contributions into one fund or spread out your contributions among several different funds. Your elections for your own contributions are separate from the Company Matching Contributions, but your elections for Company Matching Contributions also apply to Company Retirement Contributions, if any.

The SIP offers you a wide range of investment fund options, each with a different degree of potential risk and return.

#### **The following funds are available for investment:**

- Target Date Retirement Funds:
  - Vought Retirement Fund
  - Vought 2010 Fund
  - Vought 2020 Fund
  - Vought 2030 Fund

- Vought 2040 Fund
- Vought Core Funds:
  - Vought Stable Value Fund
  - Vought Fixed Income Fund
  - Vought Large Cap Equity Fund
  - Vought Small Cap Equity Fund
  - Vought Global Equity Fund
- Schwab Personal Choice Retirement Account (PCRA) – The Schwab PCRA is a self-directed brokerage account within the SIP that provides investors access to mutual funds offered by Schwab. You may invest up to 75% of your SIP balances in the PCRA. To participate in the Schwab PCRA, you must enroll in the program with the required forms at SIP Online. There is an initial fee to open a PCRA and ongoing fees to maintain an account. A \$1,000 minimum investment is required.

More detailed information about each investment fund is provided in “Investment Fund Descriptions,” below.

A quarterly statement will be available on SIP Online with recent and historical performance results for each of the investment funds, relative to their benchmarks.

## **Investment Fund Descriptions**

The following is a description of each of the SIP investment fund options and the benchmark against which each fund’s performance is measured. In each case, investments of the fund are selected and managed by independent, professional investment managers selected by the Investment Committee of the Savings and Investment Plan (the “Investment Committee”).

### ***Target Date Retirement Funds***

The Target Date Retirement Funds use professionally-determined investment mixes (allocations) tailored to different time horizons. Each Target Date Fund is a broadly diversified portfolio based on a projected date that participants are expected to withdraw funds, usually at retirement. As time passes, the professional investment manager gradually shifts the investment mix from a greater concentration of higher-risk investments (such as stock funds) to a greater concentration of lower-risk investments (such as bond funds and money market funds).

Compared to the shorter-horizon funds such as the Vought Retirement Fund and the Vought 2010 Fund, the longer-horizon funds such as the Vought 2040 and Vought 2030 Funds have a greater concentration of high-risk assets, with a potential for higher returns and more fluctuations in investment value. Further information about the underlying investment mix and historical performance of the Target Date Retirement Funds is available by accessing SIP Online.

### **Target Date Retirement Fund Benchmarks**

The Target Retirement Date Funds’ expected returns are measured against the weighted average return of the underlying asset classes’ benchmark returns.

## ***Vought Core Funds***

### **Vought Stable Value Fund**

The Vought Stable Value Fund is the most conservative investment fund offered through the SIP. The Stable Value Fund is designed to preserve your investment principal and earn a fairly consistent rate of return. The fund's portfolio is diversified with a wide range of bond and fixed income securities, including U.S. government and federal agency securities, bonds of corporations, short-term bonds and cash equivalents, and includes investment contracts issued by insurance companies and banks.

Historically, there has been less risk associated with short-term fixed income investments such as those in the Stable Value Fund. Because the fund's main objectives are to protect your principal and avoid large swings in value, the trade-off is less potential for high returns over the long term.

#### ***Vought Stable Value Fund Benchmark***

Merrill Lynch 1- to 3-Year Treasury Index: This index measures the performance of short-term government bonds.

### **Vought Fixed Income Fund**

The Vought Fixed Income Fund aims to perform similarly to the broad market of bond and fixed income products available today. Investments can include short-term securities that are maturing in the near term to long-term securities that do not mature for a number of years. The fund manager can invest in government-issued securities, bonds of corporations, and pools of home and commercial mortgages (mortgage-backed and commercial mortgage-backed securities) as well as many other types of fixed income securities. Consistent with the fund guidelines, areas of the fixed income market that the manager might opportunistically invest in include bonds issued in foreign countries or foreign currencies, high-yield bonds (rated below investment grade), and derivatives related to fixed income securities. The majority of the investments will be in U.S.-traded securities of high credit quality, investment grade.

This fund is designed to provide a higher potential return than is available in the short-term fixed income markets; however, with this higher potential comes a higher probability of fluctuations in value.

#### ***Vought Fixed Income Fund Benchmark***

Lehman Brothers U. S. Aggregate Index: This broad index covers investment-grade bonds and fixed income securities issued in dollars. Investment-grade bonds are considered high quality with a relatively low likelihood of defaulting. Fixed income securities include U.S. Treasury issued securities, U.S. and non-U.S. government securities, bonds of corporations, pools of home and commercial mortgages (mortgage-backed and commercial mortgage-backed securities), and loans backed by assets (asset-backed securities).

### **Vought Large Cap Equity Fund**

The Vought Large Cap Equity Fund invests in large and medium-sized companies that are traded on U.S. stock exchanges. As an investment in stocks, the Large Cap Equity Fund seeks to achieve a high return through long-term growth of capital and the reinvestment of dividends. Long-term investments in stocks historically have averaged higher returns than the returns of other types of investments, such as U.S. Treasury bonds or bonds of large companies. Even

though this fund aims to grow your investment over time, the value of your investment may go up or down at times, sometimes dramatically. Therefore, because of stock investments' fluctuations, stock investments are often viewed as long-term investments.

### ***Vought Large Cap Equity Fund Benchmark***

Russell 1000 Index: This index is a widely used measure of the stock returns of 1,000 of the largest U.S. companies based on each company's total market capitalization.

### **Vought Small Cap Equity Fund**

The Vought Small Cap Equity Fund is designed to achieve high total return over the long term by investing in companies with relatively smaller market capitalization than the larger, well-established companies. Historically, smaller company stocks have outperformed larger company stocks, reflecting their higher potential and riskier nature. High-risk investments like companies with relatively smaller market capitalization have the potential to earn more over long time periods than low-risk investments. However, riskier investments like small cap stocks might increase and decrease dramatically, especially in the short term. The fund's objective is to grow your investment over the long term.

### ***Vought Small Cap Equity Fund Benchmark***

Russell 2000 Index: This index measures the performance of the stock of 2,000 small U.S. companies. These 2,000 stocks are smaller than the 1,000 large U.S. companies in the Russell 1000 Index.

### **Vought Global Equity Fund**

The Vought Global Equity Fund aims to achieve a high total return over the long-term by investing in stocks issued by companies outside the U.S. This fund invests in both developed countries such as the United Kingdom, Europe and Japan as well as emerging countries such as China, India and Mexico. The investment strategy is divided between developed and emerging countries in approximately the same weights that developed and emerging countries are in the benchmark index.

Long-term investments in stocks historically have provided higher returns than more conservative investments such as bonds; however, like other higher risk investments, the potential for higher returns comes with the trade-off of potential, dramatic increases and decreases in value. International investing diversifies the risk of investing in one country or region of the world. An international portfolio such as this might go up and down at different times than a U.S. portfolio would move up or down. International investing could expose investors to political uncertainties, different legal and accounting standards, as well as different business cultures and norms.

### ***Vought Global Equity Fund Benchmark***

MSCI All Country World Index, excluding the United States (ACWI): This index is designed to measure global equity market performance outside the U.S in the developed and emerging markets.

**Schwab Personal Choice Retirement Account**

The Personal Choice Retirement Account (PCRA), offered through Charles Schwab & Co. Inc. (member SIPC), provides access to no-load mutual funds. No-load mutual funds do not have transaction fees for buying into the mutual funds, but other fees apply to open and maintain an account. The PCRA is a self-directed brokerage account in which the SIP participant selects among the available universe of Schwab no-load mutual funds. Charles Schwab & Co. determines which no-load funds are available. The PCRA is for knowledgeable investors who seek a greater role in managing their retirement savings.

The individual participant must assess the risks and characteristics of any mutual fund and how that fund fits with the participant’s other investments and goals. Additional information about benchmarks and historical performance of funds chosen through the PCRA may be obtained through Schwab.

You may invest up to 75% of your account in the PCRA.

**Units and Unit Values**

When you invest in the SIP investment funds, your contributions purchase “units” of each fund. The value of your account depends on the number of units that your contributions purchase, as well as on the current value of each unit. Unit values are determined for each fund based on the total return of the fund less any fees and expenses paid by the SIP. For more information about SIP fees and expenses, please see the Summary Annual Report that is mailed to participants at the end of each year.

When a fund is established, its units are assigned an arbitrary value – for example, \$1. If you contributed \$10 to the fund at that time, your account would have been credited with 10 units.

See the chart below for a breakdown of how unit values are calculated.

<b>YOUR \$10 CONTRIBUTION ÷ THE \$1 UNIT VALUE = 10 UNITS</b>
Your account now has 10 units
Then suppose that during the first week the fund earns 10%.
$10\% \times \$10 = \$1$
This means that your \$10 initial contribution increases by \$1 and is worth \$11.
$\$1 + \$10 = \$11$
Because you still have 10 units in the fund, The new unit value is \$1.10 (the \$11 account value divided by 10 units).
$\$11 \div 10 = \$1.10$
If you purchase additional units at this time, You pay \$1.10 for each.

## **Beneficiary Designations**

In the event of your death, your designated beneficiary will be entitled to the full value of your account. Benefits are payable as a total distribution as soon as administratively possible after your death.

If the value of your account balance is over \$1,000 at the time of your death and your beneficiary is your spouse, he or she may defer the distribution until the year in which you would have reached age 70½ . Otherwise, the Plan pays a lump sum as soon as administratively possible.

You must designate a beneficiary to receive your SIP benefits in the event of your death. You may do so through SIP Online, or by completing the appropriate beneficiary form obtained by accessing SIP Online or calling the SIP Line. If you are married and wish to designate someone other than your spouse as your beneficiary, federal law requires that you receive the written consent of your spouse on the beneficiary designation form, and that the spouse's signature must be witnessed by a notary public or Plan representative.

The Plan will recognize beneficiary designations and changes only if they are filed as described above, and received before your death. You may not designate or change a beneficiary by using other documents such as divorce decrees, prenuptial agreements, insurance forms, wills or trusts. If you have not designated a beneficiary on the appropriate form, you have an invalid beneficiary designation or your beneficiary is no longer living, benefits will be paid first to your surviving spouse or, if no spouse is living, to your estate.

## **Qualified Domestic Relations Orders**

Federal law protects your benefits under this Plan from assignment and transfer to others. However, the Retirement Equity Act of 1984 specifically provides that this protection does not apply to a Qualified Domestic Relations Order (QDRO), such as divorce decrees, property settlements and child support orders. If a court order of this type is received, you will be advised in writing. For additional information regarding QDROs, please contact the SIP Line. You may obtain, without charge, a copy of the SIP's procedures for reviewing and evaluating domestic relations orders.

## **Change of Address**

Most SIP information is mailed to your home address, so it is important you keep your home address information updated. Checks are also mailed to your home address. If you need to change your address of record you must complete an address change form available by calling the SIP Line at 1-800-556-7380. Former employees, beneficiaries and recipients of a Qualified Domestic Relations Order should request an address change form from the SIP Line.

## **Redemption Fees**

A redemption fee is a fee assessed on the value of holdings sold from a fund when they have not been held in the fund for a specified period of time (holding period). In an effort to discourage frequent trading, many funds have turned to assessing redemption fees on trades that involve recent purchases. Frequent trades cost shareholders money because the sale of fund investments generates expenses for the fund. Redemption fees help to reimburse the other investors in the fund for the cost of frequent trades.

There is no standard redemption fee. Different funds require different holding periods and charge different fees when a sale occurs before the end of the holding period. When redemption fees apply to a particular fund, redemption fees will be charged any time you request a fund reallocation if fulfilling your request results in the sale of investments that have not been held for the required holding period.

When you request a fund reallocation, the instructions for the transaction will remind you that a fee may apply. The amount of the fee assessed will also be displayed on your participant statement. You should keep this information in mind when planning your account transactions.

The redemption fee is a percentage of the value of the investments sold in connection with your transaction request that have not been in the fund for the specified holding period. The oldest holdings are considered redeemed first and the newest holdings are treated as redeemed last.

Whether or not your transaction request triggers a redemption fee will depend on the circumstances of your account at the time your transaction is processed. It is not possible to tell you in advance whether your transaction will cause a fee. That determination is based on the following information:

- Whether your request affects a fund that charges redemption fees.
- Whether you have holdings in that fund that have not been invested for the required length of time.
- Whether those holdings are needed to satisfy your transaction request.

The fee is taken out of your account at the same time your transaction is requested and reduces the total amount of money that is moved from one fund to another in connection with your request.

Here is an example of how the fees are calculated. For purposes of the example, holdings in the fund are referred to as shares.

### **Example**

- Fund A charges a 2% redemption fee on any holdings that have been held fewer than 30 days.
- Your account balance is \$100.
- Last week you chose to reallocate your funds so that your account was entirely invested in Fund A. You had nothing invested in Fund A before this reallocation. You moved \$100 into the fund and purchased 100 shares of Fund A at \$1.00 per share.
- This week the share price in Fund A is still \$1.00.
- You elect to reallocate your account so that 50% is in Fund A and 50% is in Fund B.
- To satisfy your transaction request, 50 shares will be redeemed from Fund A.
- Because your account has been invested in Fund A for fewer than 30 days, a 2% redemption fee will be charged on the entire sale.
- The total redemption fee will be \$1.00 ( $\$50.00 \times 2\%$ )
- The remaining \$49.00 will be moved to Fund B.

You will now have \$50.00 in Fund A and \$49.00 in Fund B.

## **Tax Implications**

The SIP offers a variety of tax advantages to its participants. By contributing to the SIP on a pretax basis, you are able to defer taxes on certain income, including your pretax contributions, Company Matching and Retirement Contributions (if any), and investment earnings.

Contributing on an after-tax basis permits you to defer taxes on your investment earnings.

In either case, the applicable taxes are deferred, not canceled. This means that you will be subject to taxes when funds are distributed to you from the SIP at some later date.

## **Fiduciary Investment Responsibility**

The SIP is intended to be a plan described in Section 404(c) of the Employee Retirement Income Security Act of 1974, as amended (ERISA), and Title 29 of the Code of Federal Regulations Section 2550.404c-1. An ERISA Section 404(c) plan is one in which the participants and beneficiaries have full responsibility for their own investment decisions. The Plan's ERISA fiduciaries are relieved of liability for any losses that are the result of investment instructions given by participants and beneficiaries.

## **Claims Review and Appeal Procedure**

To submit a claim for benefits, visit SIP Online or call the SIP Line. You will receive a written response within 90 days of receipt of the benefit application. If special circumstances require more time, the claims review period may be extended by a maximum of an additional 90 days. You will be notified of this extension. If your claim is denied, you will be notified in writing. The 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 is necessary to complete your claim properly and why it is needed;
- The fact that you have 60 days in which to submit a written appeal of the decision, and that you have a right to bring a civil action under section 502(a) of ERISA following an adverse decision on review; and
- The fact that, within the 60-day period, you may review pertinent documents and submit issues and comments in writing; specifically, upon request, you will have reasonable access to and copies of all documents, records and other information relevant to your claim, free of charge.

If you have a question concerning any denial or would like additional information, you may call the SIP Line.

You or a person you appoint may appeal any denial (within 60 days of the denial) by writing to the SIP Administrative Committee at:

Vought Aircraft Industries, Inc.  
Attn: Benefits Dept.  
Mail Stop 49L-01  
P.O. Box 655907  
Dallas, TX 75265-5907

If you appeal, your appeal to the Committee will be reviewed at the next regularly scheduled quarterly Committee meeting (unless the appeal is received within 30 days preceding the date of such meeting; in that case, a decision will be made no later than the date of the second meeting following the Committee's receipt of the appeal). If special circumstances require a further extension of time, a decision shall be made not later than the third meeting following the Committee's receipt of your appeal. (If such an extension of time is required, the Committee shall provide you with written notice of the extension, describing the special circumstances and the date as of which the decision will be made, prior to the commencement of the extension.) The Committee shall notify you of the decision as soon as possible, but not later than five days after the decision is made.

If the Committee denies your appeal, the letter will tell you the specific reasons for the decision and the Plan provisions upon which the decision was based, and will note that, upon request, you will have reasonable access to and copies of all documents, records and other information relevant to your claim, free of charge, and that you have a right to bring a civil action under section 502(a) of ERISA before the later of: 90 days after the final disposition of the claim by the committee; or, one year from the time the claim arose.

The resolution, settlement, or adjudication of a claim may result in a compliance procedure that is not expressly permitted under some other section of the Plan document. Such a procedure, agreement or order will be respected to the extent that, as determined in the sole discretion of the Committee, it does not result in disqualification of the Plan or violate (or cause the Plan to violate) any applicable statute, government regulation, or ruling.

You may have an authorized representative act on your behalf in making your appeal. The decision of the Committee on your appeal is made in its discretion and is final and binding on all parties.

No legal action may be brought in court on a claim for benefits under the Plan following the later of the one year anniversary of the date the claim arose or the 90<sup>th</sup> day following the final disposition of the claim by the Committee.

## **Administration**

The Administrative Committee appointed by the Company's Board of Directors has the authority to administer the Plan. The Committee is responsible for overall operation and administration of the Plan. The members of the Committee do not receive any payment from the Plan for their services. The Investment Committee, also appointed by the Board of Directors, has responsibility for investment matters.

## **Plan Amendment and Termination**

The Company reserves the right to amend the Plan at any time, for any reason. While the Company fully intends to continue this Plan indefinitely, the Company may, at its discretion,

terminate the SIP at any time and for any reason; may reduce, suspend or discontinue contributions; or may transfer assets and liabilities to another plan.

Because the Plan is a defined contribution plan, the Pension Benefit Guaranty Corporation (PBGC) does not insure benefits. If the Plan does terminate, however, you will receive the balance of your account (including investment gains or losses).

## **Other Participating Companies**

The following are approved Companies whose employees may be eligible to participate in the SIP: Vought Aircraft Industries, Inc.; VAC Industries, Inc.; Vought Commercial Aircraft Company; and Contour Aerospace Corporation.

## **Special Disclosure Information**

### ***Plan Name***

The name of the Plan is the Vought Aircraft Industries, Inc. Savings and Investment Plan. It is commonly referred to as the "SIP."

### ***Plan Sponsor***

The Plan is sponsored by Vought Aircraft Industries, Inc. The mailing address is:

Mail Stop 49L-01  
P.O. Box 655907  
Dallas, TX 75265-5907

### ***Plan Administrator and Agent for Service of Legal Process***

The Plan Administrator is the Administrative Committee, which may be reached at the above address or by calling (972) 946-3317. Legal process may be served upon the Committee at the above address or the Plan Trustee's address.

### ***Type of Administration***

The Plan is administered through a trust, trusteesd by State Street Bank and Trust Company.

### ***Plan Trustee***

The Plan Trustee is:

State Street Bank and Trust Company  
P. O. Box 1389  
Boston, MA 02104-389

### ***Type of Plan***

The Plan is a qualified defined contribution profit-sharing plan.

### ***Contributions and Funding***

The Plan is funded by both employee and employer contributions. Reasonable fees may be charged to an employee's account for certain options under the Plan, such as loans and

withdrawals. Necessary and proper expenses of administration of the Plan may be paid from assets of the Plan to the extent legally permitted.

### ***Loss of Benefits***

Even when you are fully vested in your benefits under the SIP, there are circumstances in which you may lose those benefits. Generally, a loss of all or some of your benefits may occur if:

- Limitations and taxes imposed by the Internal Revenue Code apply to your benefits.
- You are subject to a Qualified Domestic Relations Order (QDRO).
- Your account suffers losses as a result of investment performance.

### ***Top-Heavy Provisions***

The Plan currently provides coverage to all employees who meet the eligibility requirements. Although the provisions of the Plan do not discriminate in favor of any class of employees covered under the Plan, federal regulations require that the Plan include special provisions that would take effect in the event the Plan were ever to become “top heavy.” Should the Plan become top heavy, the Committee will notify you if you are affected.

### ***Plan Year***

Plan records are kept on a calendar-year basis (January 1 to December 31).

### ***Plan Number and Employer Identification Number***

The Plan number assigned by the Company is 004. The Company’s employer identification number is 75-2884072.

## **Participant Protections under ERISA**

As a participant in the Vought Aircraft Industries, Inc. Savings and Investment Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974, as amended (ERISA). ERISA provides that all Plan participants shall be entitled to:

- Examine, without charge, all documents governing the Plan, including the annual report and summary descriptions, as well as documents filed with the U.S. Department of Labor.
- Obtain copies of the Plan document and certain other Plan information, by making a written request to the Committee. There may be a charge for copies.
- Receive a summary of the plan’s annual financial report. You do not have to request a copy of this summary; it will be automatically sent to you each year.
- Obtain a statement of the current value of their account by making a written request. This statement is not required to be furnished more than once every 12 months.

In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your Plan, called “fiduciaries” of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants and beneficiaries. 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.

If your claim for a benefit is denied, in whole or in part, you will receive a written explanation of the reason for the denial. You also have the right to have your claim reviewed and reconsidered and to obtain copies of documents relating to the decision free of charge. If your claim on appeal is denied, in whole or in part, you may file suit in a state or federal court.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you make a written request for Plan documents and do not receive them within 30 days, you may file suit in federal court. In such a case, the court may require the Committee to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Committee. If you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order or a medical child support order, you may file suit in federal court.

If you believe that the Plan's fiduciaries misuse Plan assets, or you believe you have been 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. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the entity you sued to pay these costs and legal fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

If you have any questions about the Plan, you should contact the Committee. If you have any questions about this statement or about your rights under ERISA, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory, or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210.