

**1. Why am I receiving this notice?**

Under the Pension Protection Act of 2006 (PPA), beginning in 2009, employers who sponsor defined benefit pension plans are required to distribute an Annual Funding Notice. This notice relates to the 2008 plan year.

**2. Who is required to receive this notice?**

By law, the Company must annually provide this Annual Funding Notice to all Plan participants and beneficiaries, and any collective bargaining unit that represents Plan participants. In addition, the Pension Benefit Guaranty Corporation (PBGC) is generally required to receive the Annual Funding Notice.

**3. What is the purpose of the Annual Funding Notice?**

The Annual Funding Notice is designed to provide you with certain information related to the Plan's funded status. In addition, the Annual Funding Notice contains a summary of the rules that apply upon plan termination.

**4. When must the notice be distributed?**

The Annual Funding notice must be distributed within 120 days after the close of the Plan year to which it relates. Since our Plan year ends on December 31, we are required by law to make this notice available to you for the 2008 Plan year by April 30, 2009.

**5. Who determines how much is contributed to the Plan?**

The Company decides each year how much to contribute to the pension trust fund. In making this decision, the Company considers the minimum required amount of contributions under the law. These minimum required contributions are calculated by the Plan actuaries. The Plan actuaries have the necessary credentials to certify the Plan's minimum pension funding requirements. Actuaries must meet continuing education requirements and are subject to professional standards.

**6. Does receipt of this notice mean that the Plan is underfunded?**

No. The Annual Funding Notice must be provided regardless of the Plan's actual financial condition or level of funding. Accordingly, the funded status, guaranteed payment, and plan termination information contained in the Annual Funding Notice is provided solely to comply with the PPA, regardless of the funded position of the Plan. This information is not intended to suggest that these conditions apply to the Plan.

**7. Is this notice being sent because the Company plans to terminate the Plan?**

No. At this time, the Company has no intention to terminate the Plan. The PPA requires that the Annual Funding Notice provide you with general information about plan termination. This requirement applies to all employers who sponsor defined benefit pension plans.

**8. Does this notice apply to my Northrop Grumman Savings Plan?**

No. The Annual Funding Notice applies only to the Pension Plan under which you have a benefit(s). It does not apply to defined contribution plans such as the Northrop Grumman Savings Plan.

**9. Has the economic downturn affected the investments held in the Plan's pension fund?**

Yes. Just as you have likely seen or heard that the economic downturn has negatively impacted investment returns under the Northrop Grumman Savings Plan, the trust funds of Northrop Grumman-sponsored Pension Plans have been affected as well. However, Pension Plans are defined benefit plans, which means your benefit is determined based on a specific formula – unlike the Northrop Grumman Savings Plan, where the actual benefit depends on investment earnings and growth.

**10. What happens if the actuarial valuation shows that a pension plan is under-funded?**

Given the recent performance of capital markets, many U.S. pension plans are in an under-funded status. When a plan is under-funded, restrictions may apply to benefit increases, plan amendments, and the forms of payment available under the plan. In addition, plans with a funding shortfall are required to pay increased premiums to the PBGC. Generally, plan sponsors are required to make up funding shortfalls over no more than seven years. Northrop Grumman continues to make required contributions and none of the restrictions mentioned above will apply in 2009.

**11. How is my benefit determined under the Plan?**

You can find the pension formula and other important plan provisions in your plan's Summary Plan Description at *Benefits OnLine* at <http://benefits.northropgrumman.com>.

**12. How can I find out the amount of my own pension benefit?**

You can request a calculation of your benefit by accessing *My Benefits Access* through *Benefits OnLine* at <http://benefits.northropgrumman.com>, or by calling the Northrop Grumman Benefits Center (NGBC) at 1-800-894-4194. If you are calling from outside the United States, please call 718-354-1338. Benefits services 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.

**13. Do I need to take action?**

No. You do not need to take any action at this time.