

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

IN RE NORTHROP GRUMMAN CORPORATION
ERISA LITIGATION

Case No. 06-cv-6213
Judge André Birotte Jr.

NOTICE OF CLASS ACTION SETTLEMENT AND FAIRNESS HEARING

Your legal rights might be affected if you are a member of the following class:

All persons, excluding Defendants, who were participants in or beneficiaries of the Northrop Grumman Savings Plan and the Northrop Grumman Financial Security and Savings Program (collectively the “Plans”) at any time between September 28, 2000 and May 11, 2009.

PLEASE READ THIS SETTLEMENT NOTICE CAREFULLY.

- The Court has given its preliminary approval to a proposed settlement (the “Settlement”) of a class action lawsuit brought by certain participants in the Plans against the Northrop Grumman Corporation Administrative Committees to the Northrop Grumman Savings Plan and Financial Security and Savings Program (the “Administrative Committees”), J. Michael Hateley, Ian Ziskin, and Dennis Wootan (“Defendants”), alleging violations of the Employee Retirement Income Security Act (“ERISA”). The Settlement will provide for the allocation of monies directly into the individual accounts of Class Members who had accounts with a positive balance (an “Active Account”) in the Plans as of June 23, 2017 (“Current Participants”). Class Members who are entitled to a distribution but who no longer had Active Accounts as of June 23, 2017 (“Former Participants”) will receive their allocation in the form of a check mailed to their last known address or a rollover, if elected.
- The terms and conditions of the Settlement are set forth in the Settlement Agreement dated June 7, 2017. Capitalized terms used in this Settlement Notice but not defined in this Settlement Notice have the meanings assigned to them in the Settlement Agreement. The Settlement Agreement is available at www.northrop401ksettlement.com. Any amendments to the Settlement Agreement or any other settlement documents will be posted on that website. You should visit that website if you would like more information about the Settlement and any possible amendments to the Settlement Agreement or other changes, including changes to the Plan of Allocation, the date, time, or location of the Fairness Hearing, or other Court orders concerning the Settlement.
- Your rights and options — and the deadlines to exercise them — are explained in this Settlement Notice.
- The Court still has to decide whether to give its final approval to the Settlement. Payments under the Settlement will be made only if the Court finally approves the Settlement and that final approval is upheld in the event of any appeal.
- A hearing on the final approval of the Settlement and for approval of the Class Representatives’ petition for Attorneys’ Fees and Costs and for Class Representatives’ Compensation will take place on **October 23, 2017**, at **10:00 AM**, before Judge André Birotte Jr. in Courtroom 7B, United States Courthouse, 350 West First Street, Los Angeles, CA 90012.
- Any objections to the Settlement, to the petition for Attorneys’ Fees and Costs or to Class Representatives’ Compensation, must be served in writing on Class Counsel and Defendants’ Counsel, as identified on page 6 of this Settlement Notice.
- Further information regarding the litigation, the Settlement, and this Settlement Notice, including any changes to the terms of the Settlement and all orders of the Court regarding the Settlement, may be obtained at www.northrop401ksettlement.com.

According to the Plans’ records, you are a Current Participant. If you believe that you meet the definition of a Former Participant, please contact the Settlement Administrator. Current Participants include both participants currently employed at Northrop Grumman Corp. and participants who are no longer employed by Northrop Grumman Corp. but continue to have an account balance in the Plans.

YOUR LEGAL RIGHTS AND OPTIONS UNDER THE SETTLEMENT:

<p>OUR RECORDS INDICATE THAT YOU ARE A CURRENT PARTICIPANT. YOU DO NOT NEED TO DO ANYTHING TO PARTICIPATE IN THE SETTLEMENT.</p>	<p><u>Our records indicate that you are a Current Participant.</u> If, however, you are a “Former Participant” who participated in the Plans during the Class Period and on June 23, 2017 did not have an Active Account in either of the Plans, or are the beneficiary, alternate payee, or attorney-in-fact of such a person, then, unlike a Current Participant, you must return a Former Participant Claim Form that is postmarked by October 13, 2017 to receive a check for your share of the Net Settlement Amount. If you are a Former Participant, and you do not return the Former Participant Claim Form that is postmarked by October 13, 2017, you will forfeit your share of the Net Settlement Amount. We have not included a claim form in your notice because Current Participants do not need to submit a claim form, and our records indicate that you are a Current Participant. However, if you believe you are a Former Participant, a claim form may be obtained by accessing www.northrop401ksettlement.com.</p>
<p>YOU CAN OBJECT (NO LATER THAN SEPTEMBER 22, 2017)</p>	<p>If you wish to object to any part of the Settlement, you may (as discussed below) write to the Court and counsel about why you object to the Settlement. The Court has authorized the parties to seek discovery, including the production of documents and appearance at a deposition, from any person who files an objection.</p>
<p>YOU CAN ATTEND A HEARING ON OCTOBER 23, 2017</p>	<p>If you submit a written objection to the Settlement to the Court and counsel before the deadline, you may attend the hearing about the Settlement and present your objections to the Court. You may attend the hearing even if you do not file a written objection, but you will not be permitted to address the Court at the hearing if you do not notify the Court and counsel of your intention to appear at the hearing by September 22, 2017.</p>

The Class Action

The case is called *In re Northrop Grumman Corporation ERISA Litigation*, Case No. 06-6213 (the “Class Action”). It has been pending since September 2006. The Court supervising the case is the United States District Court for the Central District of California. The individuals who brought this suit are called Class Representatives, and the entities they sued are called Defendants. The Class Representatives are current and former participants in the Plans. The Defendants are the Administrative Committees, J. Michael Hateley, Ian Ziskin, and Dennis Wootan. The Class Representatives’ claims are described below, and additional information about them is available at www.northrop401ksettlement.com.

The Settlement

After over ten years of litigation, the Settlement has been reached. Class Counsel filed this action on September 28, 2006. Following the district court’s denial of Class Counsel’s motion for class certification, Class Counsel petitioned the Ninth Circuit Court of Appeals, which reversed the class certification ruling. Those claims that were not dismissed during pretrial proceedings were brought to trial. Trial began on these claims on March 14, 2017, and after several days of trial, the parties resolved the claims with this Settlement.

As part of the Settlement, a Qualified Settlement Fund of \$16,750,000 will be established to resolve the Class Action. The Net Settlement Amount is \$16,750,000 minus any Administrative Expenses, taxes, tax expenses, Court-approved Attorneys’ Fees and Costs, Class Representatives’ Compensation, and other approved expenses of the litigation. The Net Settlement Amount will be allocated to Class Members according to a Plan of Allocation to be approved by the Court.

Statement Of Attorneys' Fees and Costs Sought in the Class Action

Class Counsel maintains that they have devoted many hours bringing this case, pursuing it for more than ten years, and have successfully cleared numerous obstacles since filing this action. In addition to successfully appealing the denial of class certification, Class Counsel also defeated Defendants' motion to dismiss and their motion for summary judgment on several claims. In doing so, they advanced substantial costs for expert witnesses, document review, depositions, and other costs necessary to pursue the case. In total, Class Counsel have reviewed millions of pages of documents produced in this litigation. Class Counsel took the risk of litigation and have not been paid for any of their time or for any of these costs throughout the time this case has been pending before the District Court and throughout an appeal to the Ninth Circuit Court of Appeals. Class Counsel also has agreed to undertake the additional risk of paying half of the costs of the settlement process if the Settlement is not approved.

Class Counsel will apply to the Court for payment of Attorneys' Fees and Costs for their work in the case. The amount of fees (not including costs) that Class Counsel will request will not exceed one-third of the Settlement Amount, \$5,583,333, in addition to no more than \$1,240,000 in litigation costs. Class Counsel will not seek to receive any interest earned by the Qualified Settlement Fund, which will be added to the amount received by the Class. Any Attorneys' Fees and Costs awarded by the Court to Class Counsel will be paid from the Qualified Settlement Fund.

As is customary in class action cases, in which the Class Representatives have spent time and effort on the litigation, Class Counsel also will ask the Court to approve payments, not to exceed \$25,000 each for four Class Representatives who took on the risk of litigation, sat for depositions, responded to discovery, devoted considerable time, and committed to spend the time necessary to bring the case to conclusion. Their activities also included assisting in the factual investigation of the case by Class Counsel, reviewing settlement negotiations, preparing for depositions, attending and testifying at trial, and giving overall support to the case. Any Class Representatives' Compensation awarded by the Court will be paid from the Qualified Settlement Fund.

A full and formal application for Attorneys' Fees and Costs and for Class Representatives' Compensation will be filed with the Court and made available on the Settlement Website, www.northrop401ksettlement.com.

1. Why Did I Receive This Settlement Notice?

The Court caused this Settlement Notice to be sent to you because Northrop Grumman's records indicate that you may be a Class Member. If you fall within the definition of the Class, you have a right to know about the Settlement and about all of the options available to you before the Court decides whether to give its final approval to the Settlement. If the Court approves the Settlement, and after any objections and appeals are resolved, the Net Settlement Amount will be allocated among Class Members according to a Court-approved Plan of Allocation.

2. What Is The Class Action About?

In the Class Action, Class Representatives claim that, during the Class Period, Defendants violated 29 U.S.C. §1104 and §1106 by improperly distributing plan assets in the form of administrative expenses to Northrop Grumman for services performed by Northrop Grumman employees, which Class Representatives contend constituted prohibited transactions. Defendants have denied and continue to deny the claims and contentions of the Class Representatives, that they are liable at all to the Class, and that the Class or the Plans have suffered any harm or damage for which Defendants could or should be held responsible.

3. Why Is There A Settlement?

The Court has not reached a final decision as to the Class Representatives' claims. Instead, after more than ten years of litigation, the Class Representatives and Defendants have agreed to the Settlement. The Settlement is the product of extensive negotiations between Class Counsel and Defendants' counsel and multiple all-day sessions with private mediators. The Settlement only was reached after Class Counsel had begun trial in this case. The parties to the Settlement have taken into account the uncertainty and risks of litigation and have concluded that it is desirable to settle on the terms and conditions set forth in the Settlement Agreement. The Class Representatives and Class Counsel, who are experienced in this kind of matter, believe that the Settlement is best for all Class Members.

4. What Does The Settlement Provide?

The Net Settlement Amount will be allocated to Class Members according to a Plan of Allocation to be approved by the Court. Class Members fall into two categories: Current Participants and Former Participants. Allocations to Current Participants who are entitled to a distribution under the Plan of Allocation will be made into their existing Plan accounts. Former Participants who are entitled to a distribution will receive their distribution as a check mailed to their last known address or, if they elect, as a rollover to a qualified retirement account.

All Class Members and anyone claiming through them will fully release the Plans as well as Defendants and their “Released Parties” from “Released Claims.” The Released Parties include (a) Defendants, together with Northrop Grumman Corporation, Northrop Grumman Corporation Compensation and Development Committee, John T. Chain, Jr., Lewis W. Coleman, Philip Frost, Kevin Sharer, Philip A. Odeen, Richard Myers, Stephen Frank, Vic Fazio, Charles Larson, Aulana Peters, Ronald D. Sugar, Gary McKenzie, the Investment Committees, Ryan Hamlin, Rose Mary Abelson, (b) each such person or entity’s past, present, and future parent corporation(s), (c) each such person or entity’s past, present, and future affiliates, subsidiaries, divisions, joint ventures, predecessors, successors, successors-in-interest, and assigns, and (d) with respect to (a) through (c) above, all of their past, present, and future affiliates, subsidiaries, divisions, joint ventures, predecessors, successors, successors-in-interest, assigns, employee benefit plan fiduciaries (with the exception of the Independent Fiduciary), administrators, service providers, subcontractors, officers, directors, partners, agents, managers, members, employees, independent contractors, representatives, attorneys, administrators, fiduciaries, insurers, co-insurers, reinsurers, shareholders, accountants, auditors, advisors, consultants, trustees, associates, and all persons acting under, by, through, or in concert with any of them.

The Released Claims include all claims that were asserted or might have been asserted in the Class Action or would be barred by the principle of res judicata had the claims asserted been fully litigated and resulted in final judgment, and all claims relating to the implementation of the Settlement. However, no claim asserted or which may be asserted in *Marshall v. Northrop Grumman Corp.*, No. 16-cv-6794 AB (JCx) for actions or omissions that occurred after May 11, 2009, is included in Released Claims or is otherwise affected in any way by the settlement.

This is only a summary of the Released Claims and not a binding description of the Released Claims. The actual governing release is found within the Settlement Agreement at www.northrop401ksettlement.com. Generally, the release means that Class Members will not have the right to sue the Defendants, the Plans, or the Released Parties for conduct during the Class Period arising out of or relating to the allegations in the Class Action.

This is only a summary of the Settlement. The entire Settlement Agreement is at www.northrop401ksettlement.com.

5. How Much Will My Distribution Be?

The amount, if any, that will be allocated to you will be based upon records maintained by the Plans’ recordkeeper, or, if on June 23, 2017, you either no longer had a Plan account or had a Plan account with no money in it, based upon your Former Participant Claim Form. Calculations regarding the individual distributions will be performed by the Settlement Administrator, whose determinations will be final and binding, pursuant to the Court-approved Plan of Allocation.

To be eligible for a distribution from the Net Settlement Amount, you must either be a (1) “Current Participant” as defined on page 1 or (2) an “Authorized Former Participant” (a “Former Participant” as defined on page 1 who submitted a completed, satisfactory Former Participant Claim Form that is postmarked by the deadline), or (3) a beneficiary, alternate payee, or attorney-in-fact of persons identified in (1) or (2).

The Net Settlement Amount will be divided into two portions. The Northrop Grumman Savings Plan (“NGSP”) portion shall be 85% of the Net Settlement Amount (representing the NGSP’s portion of the total amount Class Members contend was unlawfully paid from the Plans to Northrop Grumman Corporation). The Northrop Grumman Financial Security and Savings Program (“FSSP”) portion shall be 15% of the Net Settlement Amount (representing the FSSP’s portion of the total amount Class Members contend was unlawfully paid from the Plans to Northrop Grumman Corporation). The NGSP portion shall be allocated among participants in the NGSP during the Class Period as follows: a percentage of the NGSP portion that is the product of the sum of the participant’s annual account balances for each year from December 31, 2000 through December 31, 2009 divided by the sum of the NGSP’s net asset value in each year from December 31, 2000 through December 31, 2009. The FSSP portion shall be allocated among participants in the FSSP during the Class Period as follows: a percentage of the FSSP portion that is the product of the sum of the participant’s annual account

balances for each year from December 31, 2002 through December 31, 2009 divided by the sum of the FSSP's net asset value in each year from December 31, 2002 through December 31, 2009. No amount shall be distributed to a Class Member that is five dollars (\$5.00) or less, because such an amount is de minimis and would cost more in processing than its value. The method of making these calculations is described in the Plan of Allocation, found in Article 6 of the Settlement Agreement and available at www.northrop401ksettlement.com.

There are approximately 220,000 Class Members.

Note that if you are an alternate payee pursuant to a Qualified Domestic Relations Order, your portion of the Settlement will be distributed pursuant to the terms of that order.

6. How Can I Receive My Distribution?

Whether you need to submit a claim form to receive your distribution depends on whether you are considered a "Current Participant" or a "Former Participant." **According to Northrop Grumman's records, you are a Current Participant. Therefore, you do not need to do anything to receive your share of the Settlement.**

7. When Will I Receive My Distribution?

The timing of the distribution of the Net Settlement Amount is conditioned on several matters, including the Court's final approval of the Settlement and that approval becoming final and no longer subject to any appeals in any court. An appeal of the final approval may take several years. If the Settlement is approved by the Court, and there are no appeals, the Settlement distribution likely will occur during the first half of 2018.

There Will Be No Payments Under The Settlement If The Settlement Agreement Is Terminated.

8. Can I Get Out Of The Settlement?

No. The Class was certified under Federal Rule of Civil Procedure 23(b)(1). Therefore, as a Class Member, you are bound by any judgments or orders that are entered in the Class Action for all claims that were asserted in the Class Action or are otherwise included as Released Claims under the Settlement.

9. Do I Have A Lawyer In The Case?

The Court has appointed the law firm Schlichter, Bogard & Denton, in St. Louis, Missouri, as Class Counsel in the Class Action. If you want to be represented by your own lawyer, you may hire one at your own expense.

10. How Will The Lawyers Be Paid?

Class Counsel will file a petition for the award of Attorneys' Fees and Costs. This petition will be considered at the Fairness Hearing. Class Counsel has agreed to limit their application for an award of Attorneys' Fees and Costs to not more than \$5,583,333 in fees and \$1,240,000 in costs. The Court will determine what fees and costs will be approved.

11. How Do I Tell The Court If I Don't Like The Settlement?

If you are a Class Member, you can tell the Court that you do not agree with the Settlement or some part of it. To object, you must send the Court a written statement that you object to the Settlement in *In re Northrop Grumman Corporation ERISA Litigation*, Case No. 06-6213. Be sure to include your name, address, telephone number, signature, and a full explanation of why you object to the Settlement. Your written objection must be received by the Court no later than **September 22, 2017**. The Court's address is Clerk of the Court, United States District Court, Central District of California, 350 West First Street, Los Angeles, CA 90012. Your written objection also must be mailed to the lawyers listed below, no later than **September 22, 2017**. Please note that the Court's Order Granting Preliminary Approval of this Settlement provides that any party to the litigation may, but is not required to, serve discovery requests, including requests for documents and notice of deposition not to exceed two hours in length, on any objector. Any responses to discovery, or any depositions, must be completed within ten days of the request being served on the objector.

CLASS COUNSEL	DEFENDANTS' COUNSEL
SCHLICHTER, BOGARD & DENTON Attn: Northrop Grumman 401(k) Settlement 100 S. Fourth St., Suite 1200 St. Louis, MO 63102 northrop401ksettlement@uselaws.com Tel: (314) 621-6115 Fax: (314) 621-5934	Nancy G. Ross MAYER BROWN LLP 71 S. Wacker Drive Chicago, IL 60606 nross@mayerbrown.com Tel: (312) 701-8788 Fax: (312) 706-8273

12. When And Where Will The Court Decide Whether To Approve The Settlement?

The Court will hold a Fairness Hearing at **10:00 AM** on **October 23, 2017**, at the United States District Court for the Central District of California, Courtroom 7B, 350 West First Street, Los Angeles, CA 90012.

At the Fairness Hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. After the Fairness Hearing, the Court will decide whether to give its final approval to the Settlement. The Court also will consider the petition for Class Counsel's Attorneys' Fees and Costs and any Class Representatives' Compensation.

13. Do I Have To Attend The Fairness Hearing?

No, but you are welcome to come at your own expense. If you send an objection, you do not have to come to the Court to talk about it. As long as you mailed your written objection on time, the Court will consider it when the Court considers whether to approve the Settlement as fair, reasonable and adequate. You also may pay your own lawyer to attend the Fairness Hearing, but such attendance is not necessary.

14. May I Speak At The Fairness Hearing?

If you are a Class Member, you may ask the Court for permission to speak at the Fairness Hearing. To do so, you must send a letter or other paper called a "Notice of Intention to Appear at Fairness Hearing in *In re Northrop Grumman Corporation ERISA Litigation*, Case No. 06-6213." Be sure to include your name, address, telephone number, and your signature. Your Notice of Intention to Appear must be mailed to the attorneys and filed with the Clerk of the Court, at the addresses listed in the Answer to Question No. 11, **no later than September 22, 2017**.

15. What Happens If I Do Nothing At All?

If you are a "Current Participant" as defined on page 1, and do nothing, you will participate in the Settlement of the Class Action as described above in this Settlement Notice if the Settlement is approved.

If you are a "Former Participant" as defined on page 1, and you do nothing, you will be bound by the Settlement of the Class Action as described above in this Settlement Notice if the Settlement is finally approved, **BUT YOU WILL NOT RECEIVE ANY MONEY.**

16. How Do I Get More Information?

If you have general questions regarding the Settlement, you can visit this website: www.northrop401ksettlement.com, call 866-604-2582, or write to the Settlement Administrator at:

Northrop Grumman 401(k) Settlement Administrator
 P.O. Box 2007
 Chanhassen, MN 55317-2007

Northrop Grumman 401(k) Settlement Administrator

P.O. Box 2007

Chanhassen, MN 55317-2007

ABC1234567890 - Claim Number 111111



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