



2009 CORPORATE SOCIAL RESPONSIBILITY REPORT EXECUTIVE SUMMARY

NORTHROP GRUMMAN

Click on each section heading
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individual sections.



To access an electronic version visit: www.northropgrumman.com/corporate-responsibility

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Community Relations Department • Northrop Grumman Corporation • 1840 Century Park East • Los Angeles, CA 90067-2199

ABOUT THIS REPORT

The 2009 Corporate Social Responsibility Report documents global corporate responsibility activities for all Northrop Grumman operations. All data and information are for calendar year 2009, ending December 31 unless otherwise noted. Following the company profile, the reported information is organized into four major areas:

- Responsible Partner—STAKEHOLDERS
- Responsible Employer—PEOPLE
- Responsible Steward—ENVIRONMENT
- Responsible Leader—SOCIETY

For reporting standards, Northrop Grumman follows a template developed by the Global Reporting Initiative (GRI), an independent, third-party organization.

LETTER FROM THE EXECUTIVE OFFICE

Northrop Grumman strives to be a company that meets and exceeds the needs of all its constituents—shareholders, customers, employees and our communities. A key element in achieving our goals is maintaining a constant focus on our core values.

At Northrop Grumman, these strong values provide the foundation for sound and ethical decisions, actions and operating principles. In this spirit, I am pleased to introduce our 2009 Corporate Social Responsibility Report, summarizing our performance for the year.

In light of the unprecedented challenges in the world today, we rely on our strong values and remain committed to maintaining the highest ethical standards, embracing diversity, striving for quality and continuing to strengthen our position as a responsible global citizen. For more about our Corporate Responsibility efforts, visit: www.northropgrumman.com/corporate-responsibility/index.html

As always, we welcome your feedback.

COMPANY PROFILE

Northrop Grumman Corporation is a leading global security company whose 120,000 employees provide innovative systems, products and solutions, and technical services to government and commercial customers worldwide. The company, which produced \$33.8 billion in sales for 2009, delivers innovative systems for applications that range from undersea to outer space and into cyberspace.

In January 2009, we reduced the number of business sectors from seven to five, to streamline and improve the company's program performance and growth potential. The five Northrop Grumman operating sectors are: Aerospace Systems, Electronic Systems, Information Systems, Shipbuilding and Technical Services.

LEADERSHIP CHANGE

In September 2009, Ronald D. Sugar, chairman and chief executive officer of Northrop Grumman Corporation, announced his intention to retire from the company. Effective December 31, 2009, he stepped down from the chairman and CEO positions and the company's Board of Directors. The Northrop Grumman Board of Directors elected Wes Bush, then-president and chief operating officer, to the Board of Directors (effective September 16, 2009) and to the position of chief executive officer and president (effective January 1, 2010).

RESPONSIBLE PARTNER—STAKEHOLDERS

- **CORPORATE GOVERNANCE & ETHICS**

- **BOARD OF DIRECTORS**

- **SUPPLY CHAIN CORPORATE RESPONSIBILITY & DIVERSITY**

At Northrop Grumman, we are committed to serving the needs and interests of all our stakeholders. Our guiding principles of corporate governance go hand in hand with our core values in partnership with employees, customers, suppliers, shareholders and the community. Our commitment to ethics ensures that integrity is at the center of all our actions.

HIGHLIGHTS

- The Northrop Grumman Board of Directors is responsible for governance oversight and, by policy, must have a membership comprising at least 75 percent independent directors. As of January 1, 2010, the Board of Directors is approximately 91 percent independent. In 2009, there were several changes to the board membership.

[\(click to see full listing\)](#)

- Named a new Corporate Director of Ethics and Business Conduct.
- OPENLINE (1-800-247-4952)—In 2009, there were 3,510 total OpenLine contacts with 697 cases of alleged internal governance malfeasance, a 10% increase from 2008. In these investigations, the company took various disciplinary actions, up to and including termination of 30 employees for ethics and business conduct violations. These results only reflect cases addressed through the OpenLine process.
- In 2009, Northrop Grumman procured \$9.7 billion from a broad and diverse base of more than 12,000 suppliers. In 2009, we continued to enhance our supply chain competitive advantage by transitioning non-production commodity procurement from the business sectors to Procurement Shared Services, an organization under the guidance of Enterprise Shared Services. In 2009, we also published the Subcontract Competency Handbook and the Executability and Start-Up Handbook.
- To ensure diversity within the supplier base, Northrop Grumman subcontracted more than \$3.1 million to Historically Black Colleges and Universities and Minority Institutions (HBCU/MI) in 2009.



RESPONSIBLE EMPLOYER — PEOPLE

- **EMPLOYMENT**
- **DIVERSITY & INCLUSION**
- **HEALTH & SAFETY OPERATIONS**

HIGHLIGHTS

- One of the core values within Northrop Grumman is "Valuing Our People," which is the foundation for our ongoing People Strategy. The goal of that strategy is to build the best workforce and best workplace.
- Based on the 2009 EEO-1 Report, Northrop Grumman reflected a workforce comprising 25 percent women and 32 percent people of color. Clearly there is still work to be done as this is an ongoing evolution, but change has been ongoing and will continue.
- Protecting the health and safety of our employees, customers, visitors and people living near our facilities is paramount and begins with a proactive strategy, formalized in 2004, to drive down the number of injuries and illnesses across the corporation.
- Thirteen Northrop Grumman sites now participate in OSHA's Voluntary Protection Program: 11 sites received the prestigious VPP "Star" designation, and two additional sites received the "Merit" designation.
- In 2009, regulatory agency representatives for occupational health and safety visited/contacted Northrop Grumman sites 10 times, resulting in three regulatory actions. Although some of the actions were procedural in nature and none resulted in fines, all represent shortcomings to which we give priority attention.

RESPONSIBLE STEWARD — ENVIRONMENT

- **ENVIRONMENTAL SUSTAINABILITY**
- **GREEN DESIGN & MANUFACTURING—
greeNG PROGRAM**
- **REDUCING & MANAGING HAZARDOUS
WASTE & TRI EMISSIONS**
- **POLLUTION PREVENTION**
- **REUSE & RECYCLING**
- **ENERGY USE REDUCTION**
- **WATER CONSERVATION**
- **AUDIT RESULTS**

HIGHLIGHTS

- At Northrop Grumman, we are focused on both outstanding performance and our increasing commitment to environmental sustainability. Our business operations range from those with lower environmental impact (in our software and systems areas) to our heavy manufacturing facilities as the nation's largest shipbuilder. With such a broad variety of business operations, we have some unique challenges that require various approaches and solutions.
- In 2009, Northrop Grumman established a five-year commitment to reduce its greenhouse gas (GHG) intensity* by 25 percent, which includes the Shipbuilding sector. This is the first publicly announced GHG reduction goal by any domestic shipbuilder. We forecast that achieving this goal will reduce our GHG emissions in absolute terms (total volume) as well as normalized terms.
- Assessed 57 million square feet of facility space to identify projects to reduce energy usage and associated GHG emissions. Through this process we identified hundreds of candidate projects.
- A fundamental component of our ongoing sustainability efforts is the greeNG program, established in 2008, which includes a cross-functional team of representatives across the corporation. In 2009, we implemented a greenhouse gas (GHG) inventory system based on the Carbonetworks toolset, which follows the World Resources Institute (WRI) protocols.

*GHG emissions to be calculated in carbon dioxide equivalent terms (CO₂e), normalized by sales and measured against the 2008 baseline. This measurement includes World Resources Institute (WRI) Scope One and Two emissions only.

RESPONSIBLE LEADER—SOCIETY

- **COMMUNITY INVESTMENT**
- **DISASTER RELIEF EFFORTS**
- **MILITARY & VETERANS SUPPORT**

HIGHLIGHTS

- In 2009, Northrop Grumman Corporation contributed \$18.2 million in total philanthropic donations through the company's Contributions Program. Further, the Northrop Grumman Foundation directed an additional \$3.7 million to support K-12 and postsecondary education activities, for a total of \$21.9 million.
- Additionally, Northrop Grumman's 120,000 employees generously supported a multitude of nonprofits through in-kind giving such as back-to-school supply drives and clothing drives. These same employees personally gave more than \$6.8 million in 2009 through vehicles such as United Way, gifts to education, the separate nonprofit Employees Charity Organization of Northrop Grumman (ECHO), holiday giving programs and the USO.
- In 2009, Northrop Grumman and the National Board for Professional Teaching Standards continued a three-year association and partnership to help mathematics and science teachers in underprivileged schools strengthen their skills. This unique initiative increases the number of National Board Certified Teachers in targeted regions nationwide by providing financial support for teachers to pursue National Board Certification.
- In 2009, Northrop Grumman donated a total of \$100,000 to help relief efforts for those affected by natural disasters. Northrop Grumman also supported the families of the 12 soldiers and one civilian killed, along with the 29 injured, in the Ft. Hood, Texas, tragedy, with a separate contribution of \$100,000.
- Northrop Grumman offers continuing troop and veteran support through a number of programs. In 2009, for example, employees at Northrop Grumman facilities assembled tens of thousands of care packages to send to active troops overseas. Since 2003, Northrop Grumman employee giving has raised \$608,400 for USO care packages, including \$229,400 in 2009.





2009 CORPORATE SOCIAL
RESPONSIBILITY REPORT



CONTENTS

ABOUT THIS REPORT	2
LETTER FROM THE EXECUTIVE OFFICE	3
COMPANY PROFILE	4
RESPONSIBLE PARTNER — STAKEHOLDERS	5
• CORPORATE GOVERNANCE & ETHICS	5
• BOARD OF DIRECTORS	7
• SUPPLY CHAIN CORPORATE RESPONSIBILITY & DIVERSITY	8
RESPONSIBLE EMPLOYER — PEOPLE	11
• EMPLOYMENT	11
• DIVERSITY & INCLUSION	12
• HEALTH & SAFETY OPERATIONS	14
RESPONSIBLE STEWARD — ENVIRONMENT	16
• ENVIRONMENTAL SUSTAINABILITY	16
• GREEN DESIGN & MANUFACTURING — greeNG PROGRAM	18
• REDUCING & MANAGING HAZARDOUS WASTE & TRI EMISSIONS	19
• POLLUTION PREVENTION	20
• REUSE & RECYCLING	20
• ENERGY USE REDUCTION	21
• WATER CONSERVATION	23
• AUDIT RESULTS	24
RESPONSIBLE LEADER — SOCIETY	25
• COMMUNITY INVESTMENT	25
• DISASTER RELIEF EFFORTS	30
• MILITARY & VETERANS SUPPORT	30
2009 AWARDS	31

ABOUT THIS REPORT

SCOPE

This report documents global corporate responsibility activities for all Northrop Grumman operations.

REPORTING YEAR

All data and information are for calendar year 2009, ending December 31 unless otherwise noted.

GRI GUIDELINES

For reporting standards, Northrop Grumman follows a template developed by the Global Reporting Initiative (GRI), an independent, third-party organization. To learn more about GRI guidelines, visit:

www.globalreporting.org

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LETTER FROM THE EXECUTIVE OFFICE

Northrop Grumman strives to be a company that meets and exceeds the needs of all its constituents — shareholders, customers, employees and our communities. A key element in achieving our goals is maintaining a constant focus on our core values. These values are ensuring quality in everything we do, delivering customer satisfaction, demonstrating leadership, acting with integrity, valuing our people and regarding our suppliers as essential team members.

At Northrop Grumman, these strong values provide the foundation for sound and ethical decisions, actions and operating principles. In turn, these values yield positive benefits within our company, in local communities and in the larger environment where we work and live. In this spirit, I am pleased to introduce our 2009 Corporate Social Responsibility Report, summarizing our performance for the year.

Corporate responsibility is a key component of our business and operating strategies. As our company continues to grow and evolve, our commitment to serve our communities and help those in need grows with us. We are focused on improving education, human services and the environment, promoting cultural awareness and diversity, and supporting our armed forces.

In light of the unprecedented challenges in the world today, we rely on our strong values and remain committed to maintaining the highest ethical standards, embracing diversity, striving for quality and continuing to strengthen our position as a responsible global citizen.

I invite you to visit our Corporate Responsibility website, where you can access the electronic version of this report and track our corporate responsibility and environmental efforts:

www.northropgrumman.com/corporate-responsibility/index.html

As always, we welcome your feedback.



A handwritten signature in black ink, appearing to read "Wes Bush". The signature is fluid and cursive.

Wes Bush

Chief Executive Officer and President

Northrop Grumman Corporation

COMPANY PROFILE



Northrop Grumman Corporation is a leading global security company whose 120,000 employees provide innovative systems, products and solutions, and technical services to government and commercial customers worldwide. The company, which produced \$33.8 billion in sales for 2009, delivers innovative systems for applications that range from undersea to outer space and into cyberspace.

As a leading global security company, we apply our core competencies and advanced technologies to address the diverse and complex issues facing our customers, including the defense of our nation and its allies, cybersecurity, homeland security, expanding the scientific frontiers of space, and environmental and climate change. The company's broad base of capabilities also allows us to develop large-scale civil information systems that enhance local, regional, state and federal government services.

SECTORS & PRODUCTS

In January 2009, we reduced the number of business sectors from seven to five, to streamline organizational structure, strengthen alignment with customers, and improve the company's program performance and growth potential. The five Northrop Grumman operating sectors are:

Aerospace Systems: Provides manned and unmanned aircraft, space systems, missile systems and advanced technologies critical to our nation's security.

Electronic Systems: Provides airborne radar, navigation systems, electronic countermeasures, precision weapons, airspace management systems, space payloads, marine and naval systems, communications systems and government systems.

Information Systems: Provides advanced information solutions for defense, intelligence, civil agency and commercial customers, including command and control systems, networked communications solutions, intelligence, surveillance and reconnaissance systems, and cybersecurity solutions.

Shipbuilding: Provides all of the U.S. Navy's nuclear-powered aircraft carriers; is one of two companies that provide its nuclear-powered submarines and the current fleet of destroyers; is building the U.S. Coast Guard's National Security Cutters; and is a leading provider of life-cycle support for submarines and surface ships.

Technical Services: Provides life-cycle solutions and long-term technical services for customers globally. Key capabilities include systems support, training and simulation, and life-cycle optimization and engineering.

LEADERSHIP CHANGE

In September 2009, Ronald D. Sugar, chairman and chief executive officer of Northrop Grumman Corporation, announced his intention to retire from the company. Effective December 31, 2009, he stepped down from the chairman and CEO positions and the company's Board of Directors. He will be fully retired in June 2010.

The Northrop Grumman Board of Directors elected Wes Bush, then-president and chief operating officer, to the Board of Directors (effective September 16, 2009) and to the position of chief executive officer and president (effective January 1, 2010). The Board of Directors also elected Lewis W. Coleman, its previous lead independent director, to the role of non-executive chairman, effective January 1, 2010.

(For the full membership of the Board of Directors and changes during 2009, please see p.7.)

RESPONSIBLE PARTNER — STAKEHOLDERS

- CORPORATE GOVERNANCE & ETHICS
- BOARD OF DIRECTORS
- SUPPLY CHAIN CORPORATE RESPONSIBILITY & DIVERSITY



CORPORATE GOVERNANCE & ETHICS

At Northrop Grumman, we are committed to serving the needs and interests of all our stakeholders. Our guiding principles of corporate governance go hand in hand with our core values in partnership with employees, customers, suppliers, shareholders and the community. Our commitment to ethics ensures that integrity is at the center of all our actions.

WHAT GUIDING CORPORATE GOVERNANCE PRINCIPLES DOES NORTHROP GRUMMAN FOLLOW?

Director Independence: The Northrop Grumman Board of Directors is responsible for governance oversight and, by policy, must have a membership comprising at least 75 percent independent directors. As of January 1, 2010, the Board of Directors is approximately 91 percent independent.

Board Protocol: The Board of Directors abides by the Principles of Corporate Governance that reinforce the company's values. The Board of Directors reviews, at least annually, long-term strategy for each of the company's businesses and the company as a whole. The Board of Directors also reviews the governance principles annually and seeks ways to improve and modify them based on evolving circumstances. During 2009, the Board did not revise the governance principles.

Business Conduct: Ethics is a responsibility everyone must own at Northrop Grumman, from our Board of Directors to leaders and each employee. Our hallmark for high ethical standards goes far beyond compliance. Ethics and integrity are the fabric of our operations, with executives who lead by example and through training and communication at every level of the company. All employees have the responsibility to serve as role models and leaders for sound ethical behavior in the decisions they make and the actions they take each day on behalf of Northrop Grumman.

To that end, Northrop Grumman utilizes a Business Conduct Officer (BCO) program. As of 2009, we had some 140 BCOs throughout the organization to promote visibility of the ethics program, answer management and employee questions and concerns regarding ethics, and elevate the program at the site level. Concurrently, we organize annual BCO workshops for U.S.-based BCOs and a similar version for international BCOs located overseas. These workshops include sharing best practices, program updates, compliance and skill training, and networking.

Reporting Structure: Each of Northrop Grumman's business sectors, along with the Corporate Office, has a lead BCO who is accountable to the corporate director of ethics and business conduct. The corporate director, in turn, reports to the vice president of corporate responsibility, who reports to the company CEO. The ethics office reports quarterly to the Audit Committee of the Board of Directors and annually to the Policy Committee of the Board of Directors.

CORPORATE GOVERNANCE & ETHICS

2009 GOVERNANCE AND ETHICS STRUCTURAL AND PROCEDURAL CHANGES

- Named a new Corporate Director of Ethics and Business Conduct.
- Made major revisions to the Corporate Conflict of Interest Policy and implemented a new Business Courtesies Procedure.
- Implemented a new Federal Acquisition Regulation (FAR) Ethics and Business Conduct clause. Northrop Grumman was already in compliance with a majority of the clause, but implemented the FAR Mandatory Disclosure Rule Compliance Procedure— Internal Reporting of Fraud, Overpayments and Other Irregularities to ensure compliance with the mandatory disclosure aspect of the clause.
- Revised the Business Conduct Officer Handbook to include standardized OpenLine documentation and case management methodology.

Communicating with and Engaging All Employees: In 2009, all employees received an annual "Tone at the Top" email message from Chairman and CEO Ronald Sugar along with communications from managers, company leaders and the executive office. The theme for 2009 was "Ethics: The Foundation for Success."

During the annual internal Ethics Awareness Week, Business Conduct Officers conducted meet-and-greet events to raise the awareness of the ethics program. Employees in all sectors and the corporate office were encouraged to participate in a variety of on-site and online awareness activities and contests. The annual ethics poster contest generated an enthusiastic enterprise-wide response for the 2010 theme of "Ethics: Our Reputation and Our Future." Winning posters will be featured in the 2010 ethics calendar.

Additionally, throughout the year, Northrop Grumman employees received "Gift and Gratuity" and "Import" training along with guidance on procedures for mandatory-disclosure-rule compliance and internal reporting of fraud, overpayments and other irregularities. Training methods included in-person sessions, computer-based tutorials, and video and printed transcripts.

During the year, The High Road, a quarterly enterprisewide ethics newsletter, featured informational articles on quality assurance, lobbying, gifts and gratuities, time reporting, retaliation and organizational conflicts of interest.

WHAT CHANNELS ARE AVAILABLE FOR EMPLOYEES TO REPORT VIOLATIONS AND SEEK GUIDANCE ON ETHICS?

OpenLine 1-800-247-4952 (U.S.) and 0041-1-319-9251 (Europe): Most prominently, the Corporate Office of Ethics and Business

Conduct operates a nationwide, toll-free phone number for anyone seeking guidance on ethics and business conduct, and for reporting suspected violations. Administered by a third-party company, this phone line has 24/7 availability to speak with a trained intake specialist. In addition, there is an online reporting system available to all employees via the Internet. In 2009, the companywide system called the OpenLine received 3,510 contacts.

HOW ARE POTENTIAL VIOLATIONS MONITORED AND RESOLVED?

The OpenLine system allows the company to track calls by total number and type of contacts, by sector, by allegations with and without merit, and by disciplinary action rendered. Reports and metrics provide trending data to determine opportunities for targeted training and communications, with results published in the quarterly ethics newsletter.

WHAT WERE THE RESULTS FOR 2009?

In 2009, there were 3,510 total OpenLine contacts with 697 cases of alleged internal governance malfeasance, a 10% increase from 2008. In these investigations, the company took various disciplinary actions, up to and including termination of 30 employees for ethics and business conduct violations. These results only reflect cases addressed through the OpenLine process.

Demonstrating Excellence: In June 2009, 48 Northrop Grumman representatives participated in the Defense Industry Initiative Best Practices Forum in Washington, D.C. The agenda included the session "Virtual Environment: Ever-Changing Challenges" to highlight Northrop Grumman best practices.

WERE THERE ANY SHORTCOMINGS IN 2009?

Throughout 2009, the Corporate Quality Council (CQC) conducted independent peer reviews to assess the effectiveness of the company's quality policy implementation and to share best practices related to quality. The CQC addressed issues including lack of awareness of governing processes and requirements; inconsistent process discipline; and cost and schedule pressures that at times overshadow quality. We are seeing the benefits, at least in qualitative terms, of a heightened awareness and focus on quality companywide. The mission in 2010 is to translate that awareness into targeted, sustainable performance improvements.

Additionally, the annual internal ethics audit revealed that the OpenLine case report summaries are not always adequately documented. To resolve this issue, we standardized requirements for documentation and integrated these into the company's Command Media. The BCO Handbook was unclear regarding the minimum self-assessment standard. We updated the handbook to define BCO criteria and designed a new companywide self-assessment form.

BOARD OF DIRECTORS 2009

The Northrop Grumman Board of Directors elected Wes Bush to the position of chief executive officer and president effective January 1, 2010. Bush was also elected to the Northrop Grumman Board of Directors effective September 16, 2009. The Board of Directors elected Lewis W. Coleman, previously lead independent director, to the role of non-executive chairman effective January 1, 2010. In terms of diversity, as of December 31, 2009, the Northrop Grumman Board membership included two women and two people of color.

WES BUSH

Chief Executive Officer and President
Northrop Grumman Corporation
(Elected September 16, 2009)

LEWIS W. COLEMAN

President and Chief Financial Officer
DreamWorks Animation SKG

THOMAS B. FARGO

Admiral, United States Navy (Ret.)
and Former Commander U. S. Pacific Command

VICTOR H. FAZIO

Senior Advisor
Akin Gump Strauss Hauer & Feld LLP

DONALD E. FELSINGER

Chairman and Chief Executive Officer
Sempra Energy

STEPHEN E. FRANK

Retired Chairman, President
and Chief Executive Officer
Southern California Edison

BRUCE S. GORDON

Former President & CEO, NAACP
President, Retail Markets Group (Ret.)
Verizon Communications Inc.

MADELEINE KLEINER

Former Executive Vice President
and General Counsel
Hilton Hotels Corporation

KARL J. KRAPEK

President and Chief Operating Officer (Ret.)
United Technologies Corporation

RICHARD B. MYERS

Former Chairman of the Joint Chiefs of Staff
General, United States Air Force (Ret.)

AULANA L. PETERS

Partner (Ret.)
Gibson, Dunn & Crutcher LLP

KEVIN W. SHARER

Chairman, Chief Executive Officer and President
Amgen, Inc.

RONALD D. SUGAR

Chairman of the Board and Chief Executive Officer
Northrop Grumman Corporation
(Stepped down effective December 31, 2009)



SUPPLY CHAIN CORPORATE RESPONSIBILITY & DIVERSITY

In 2009, Northrop Grumman procured \$9.7 billion from a broad and diverse base of more than 12,000 suppliers. To do so requires a dedicated team and a comprehensive approach that integrates values, diversity, quality and responsibility into our supply chain.

HOW DOES NORTHROP GRUMMAN MANAGE SUCH A BROAD SUPPLIER BASE?

A key starting point is the "One Northrop Grumman" charter we instill throughout the procurement organization. The goal: establish a single, consistent operational focus with the supplier base and customers.

In 2009, we continued to enhance our supply chain competitive advantage by transitioning non-production commodity procurement from the business sectors to Procurement Shared Services, an organization under the guidance of Enterprise Shared Services. This will ensure increased commodity sourcing efficiencies across multiple functions.

We also developed an integrated supply chain intelligence strategy, analyzing and selecting the best supply chain associations, councils, boards and academic institutions, which paves the way toward realizing the Supply Chain Leadership Council's vision to be world-class.

WHAT OTHER SPECIFIC EFFORTS IN 2009 ENSURE HIGH STANDARDS?

Increased Efficiency: In 2009, we published the Subcontract Competency Handbook and the Executability and Start-Up Handbook. These templates, checklists and online worksheets provide immediate value across sectors by increasing bid confidence, lowering risk and increasing an executable supply-chain strategy.

Small Business Innovative Research (SBIR) Program: Also in 2009, Northrop Grumman began formalizing a comprehensive Small Business Innovative Research (SBIR) program across the company. Teams of Northrop employees in each sector — including a technical point of contact, supply chain managers and a small business liaison officer — work together to identify, interview and provide subcontracting opportunities to SBIR firms. We also developed an SBIR metric within each business sector and are currently tracking or supporting 71 Phase I or Phase II SBIR firms. Concurrently, we are tracking 22 SBIR Phase II firms for potential integration into Northrop Grumman high-tech government platforms.

Supplier Financial Risk Management: In addition to implementing various best practices, 2009's other major emphasis was Supplier Financial Risk Management. A cross-sector team comprised of Supply Chain, Corporate Risk Management and Corporate Treasury members investigated contemporary methods and services for collecting, analyzing and reporting financial stability and risk across Northrop Grumman's supply base. The team's solution: a predicting tool that provides a 12-month forecast of a supplier's financial soundness. This method, in addition to credit reporting for small and private companies, is a proactive risk mitigation methodology for at-risk suppliers.



SUPPLY CHAIN CORPORATE RESPONSIBILITY & DIVERSITY

HOW DOES NORTHROP GRUMMAN INSTILL QUALITY STANDARDS, INCLUDING ETHICS, THROUGHOUT THE SUPPLY CHAIN?

Every supplier to Northrop Grumman is a valued team member. We cannot accept poor practices from suppliers in any area: human rights and labor, diversity, quality, occupational health and safety or environmental responsibility. Northrop Grumman Corporation was not cited or fined for any supplier issues or procurement violations in 2009.

Every supplier to Northrop Grumman receives an annual letter outlining our ethics policies and code of conduct. In 2009, we sent more than 16,000 such letters. Additionally, we continue to reiterate the ethics theme through process controls built into our supply chain bidding, request for information response schedules, and overall technical and financial evaluation processes. For example, to ensure adequate evaluations, our procurement processes keep technical bid data separate from financial data.

Northrop Grumman supports national diversity trade associations by sponsoring targeted outreach through the Center for Veterans Enterprise, the National Association of Women Business Owners, the National Center for American Indian Enterprise Development, the Asian Business Association, the United States Hispanic Chamber of Commerce, the Black Business Association and organizations that employ blind and severely disabled individuals. Further tenets of developing our supply chain include the following:

- Inside the company, Northrop Grumman procurement employees must annually review the procurement integrity policy and sign a certification specifying that they will never accept supplier gifts, bribes or kickbacks.
- Northrop Grumman employees are also required to identify any conflicts of interest with current and potential suppliers.
- Additionally, Northrop Grumman procurement employees perform due diligence in assessing whether suppliers have been debarred or suspended in any way, and whether suppliers have any ties to terrorist organizations or governments plotting against or hostile to the United States of America.

ANNUAL MENTOR-PROTÉGÉ NUNN-PERRY AWARDS RECEPTION

This annual event, initiated by Northrop Grumman, provides a unique opportunity for suppliers to interact directly with Department of Defense representatives and other prime contractors. In 2009, Northrop Grumman received two Department of Defense Nunn-Perry Awards, the highest honor suppliers and prime contractors can receive for participation in the Mentor-Protégé program. Since 1995, Northrop Grumman Corporation has received 20 Nunn-Perry Awards.

Additionally, during the Mentor-Protégé Reception, Northrop Grumman coordinated a small business interchange and networking session. This session included Protégé firms, government program managers and Northrop Grumman Mentor-Protégé teams. This successful and engaging interaction fostered business-partnering opportunities between Protégé firms.

In 2009, Northrop Grumman forged 25 Mentor-Protégé agreements and subcontracted more than \$30 million to these Protégés.

SUPPLY CHAIN CORPORATE RESPONSIBILITY & DIVERSITY

HOW DOES NORTHROP GRUMMAN FOSTER DIVERSITY THROUGHOUT ITS SUPPLY CHAIN?

To ensure diversity within the supplier base, Northrop Grumman subcontracted more than \$3.1 million to Historically Black Colleges and Universities and Minority Institutions (HBCU/MI) in 2009. We also sponsored four HBCU/MIs under the NGC University Alliance Program.

During the annual White House conference celebrating National Historically Black Colleges and Universities (HBCUs) Week in Washington, D.C., Northrop Grumman employees presented scholarships to two students participating in the "105 Voices of History" choir performance at the Kennedy Center. This choir consists of one student each from the 105 HBCUs throughout the United States. The mission: to build awareness of these colleges and universities, enhance resources, bridge differences and build capacity to sustain our nation's HBCUs. The choir fosters leadership, growth and performance excellence — important legacies at each school that need continued support.

Northrop Grumman also presented scholarship awards to three HBCUs, including Prairie View A&M University's Center of Excellence for Communication Systems Technology Research. This scholarship will allow a graduate student to continue conducting innovative technical research.

Socio-Economic Business Programs (SEBP): The Northrop Grumman Socio-Economic Business Programs (SEBP) Office acts as the liaison between small, disadvantaged businesses interested in working with Northrop Grumman and the company's procurement organizations. The SEBP Office's efforts to increase the number of successful minority- and women-owned contractors by providing outreach and mentorship has been recognized nationally.

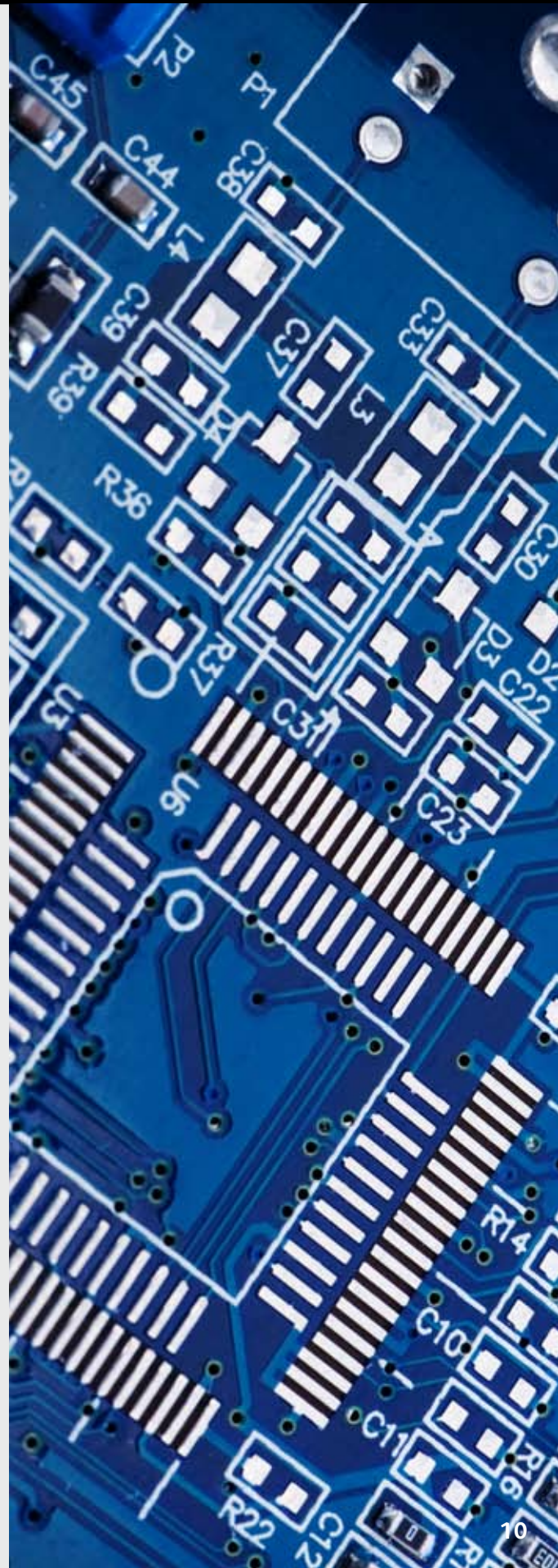
HOW DOES NORTHROP GRUMMAN MONITOR ITS SUPPLIERS?

The largest and most critical suppliers to Northrop Grumman undergo a semiannual evaluation based on the value of their business with the corporation. The company characterizes each supplier by procurement dollars, number of business units impacted and number of programs. We use the industry-standard Cost Performance Index, Schedule Performance Index and a variety of qualitative measures to track program performance.

For 2009, we evaluated 144 subcontracts awarded to the top 10 subcontractors. The results confirmed that 88 percent of the rated subcontracts were meeting or exceeding performance requirements. For those suppliers with lagging performance, we initiated a review process to correct problems and implement joint improvement initiatives.

2009 Performance: All sectors exceeded the statutory small-business goal. Three Northrop Grumman business units achieved the 3 percent statutory goal for HUBZone small business subcontracting, while three other business units showed positive trends toward the same goal.

Additionally, total subcontracting with Service-Disabled Veterans remained consistent across the enterprise. These achievements are the direct result of actions taken in support of our five-year improvement plan, started in 2005, to move toward achieving the Service-Disabled Veteran and HUBZone small-business goals.



RESPONSIBLE EMPLOYER — PEOPLE

- EMPLOYMENT
- DIVERSITY & INCLUSION
- HEALTH & SAFETY OPERATIONS



EMPLOYMENT

WHAT IS THE COMPANY CULTURE AT NORTHROP GRUMMAN?

One of the core values within Northrop Grumman is "Valuing Our People," which is the foundation for our ongoing People Strategy. The goal of that strategy is to build the best workforce and best workplace. The People Strategy includes six major components:

1. Manage talent
2. Develop leaders
3. Drive performance
4. Embrace corporate responsibility
5. Centralize our Human Resources Service Center using common systems and services
6. Apply a Human Resources operating model that delivers centralized programs with sector human resources partners

Work/Life Practices: We continue to work with Work/Life specialists who are available to assist 24 hours a day, seven days a week (800-982-8161) to create and implement flexible work practices and policies to help employees. Northrop Grumman Work/Life services offer personalized information, resources and referrals to help manage many daily issues such as:

- Ongoing or emergency child and elder care
- Help for caregivers
- School and college information
- Assistance for children with special needs
- Adoption resources
- Relocation assistance
- Resources to assist in preparing for retirement
- Pet care
- Resources for financial counseling and debt management

Dispute Resolution: For those situations when an employee dispute arises, the company is committed to creating an environment of mutual trust and professionalism. The dispute resolution process at Northrop Grumman is interactive and encourages better communication at all levels.

Celebrating Milestones: To celebrate employee milestones, we provide company service awards to employees in recognition of anniversaries in five-year increments. In 2009, 19,908 employees received recognition for their extensive service with the company, up to more than 50 years of service in several cases.

DIVERSITY & INCLUSION

WHAT IS THE FORMAL DIVERSITY POLICY AT NORTHROP GRUMMAN?

At Northrop Grumman, a strong commitment to diversity and inclusion begins with written policies and procedures that foster a nondiscriminatory workplace supported by senior leadership. We strictly adhere to Equal Employment Opportunity (EEO) and Affirmative Action (AA) principles and policies, and build them into our daily operations across the company. We publish annual Affirmative Action plans that document specific actions to improve the representation of minorities and women and to integrate veterans and people with disabilities. These plans also reaffirm the company's commitment to ensure equal employment opportunities for qualified applicants and employees without regard to race, color, religion, sex or national origin/ancestry. Further, we adhere to a policy of nondiscrimination based on age, disability, veteran status, sexual orientation, gender identity and genetic information. As of 2009, our Affirmative Action plans meet requirements of Executive Order 11246.

HOW IS A CULTURE OF DIVERSITY FOSTERED WITHIN THE COMPANY?

At Northrop Grumman, we believe that creating a workforce and a workplace that value diversity and inclusion is pivotal to innovation, improving productivity and boosting profitability. Our goal is to continually nurture the more than 120,000 men and women across the company whose backgrounds, characteristics and perspectives are as diverse as the global communities in which we work and reside. The collective diversity of our people — in terms of culture, background, experience, thoughts, ideas and work styles — allows us to design and build some of the most sophisticated products and services for our customers.

KEY 2009 SUCCESSES

- Held the first Northrop Grumman Hispanic Conference in Long Beach, California, in October 2009.
- Developed and secured approval to implement a "diverse slate of candidates recruiting process" for senior-management-level openings across the company.
- Developed a Diversity & Inclusion strategy and set of key actions.
- Kicked off the companywide Diversity & Inclusion Council consisting of senior leaders whose charter is to lead transformational change management for Diversity & Inclusion to achieve business growth.
- Approved the formation of the Diversity & Inclusion Leadership Council consisting of senior leaders to lead transformational change management and spur business growth through Diversity & Inclusion.

Employee Resource Groups: Employee Resource Groups (ERGs) continue to be a key element in our diversity and inclusion strategy. Throughout 2009, we promoted, encouraged and supported ERGs by publishing guidelines and providing executive sponsors as coaches. These ERGs take a key role in recruiting, assimilating, developing and retaining our workforce, and are active and visible in leading community outreach efforts. To date, we have numerous ERGs across the company, with hundreds of employees involved in one or more groups. ERGs are open to all employees. Groups include African Americans, Asian-Pacific Islanders, Hispanics, women, people with disabilities, veterans, GLBTs, new hires and members of Generations X and Y.

WHAT IS NORTHROP GRUMMAN DOING TO ATTRACT A MORE DIVERSE WORKFORCE?

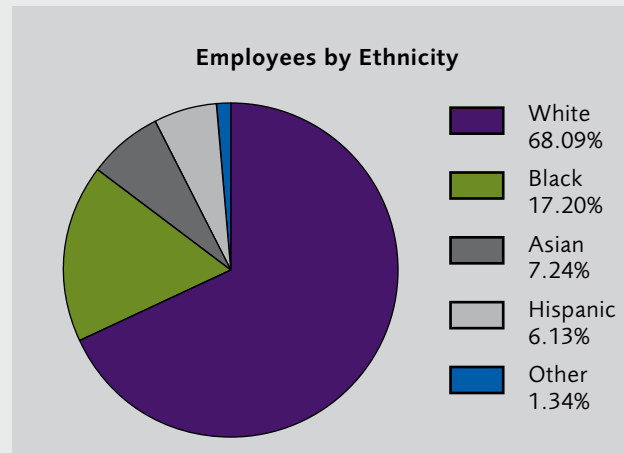
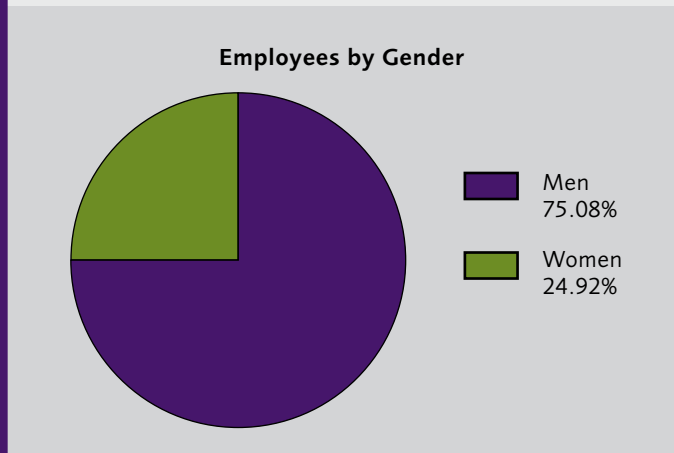
To achieve our vision of a diverse and inclusive workplace, the company continues to support and develop partnerships with the National Society of Black Engineers, the Society of Hispanic Professional Engineers, the Society of Women Engineers, the American Indian Science and Engineering Society, and other diversity-based professional associations.

Additionally, we hire college graduates who reflect the diversity of college and university students nationally. And we will continue to recruit talented individuals through our partnerships with leading educational institutions and associations.

HOW SUCCESSFUL HAS NORTHROP GRUMMAN BEEN IN CREATING AN INCLUSIVE AND DIVERSE COMPANY CULTURE?

Based on the 2009 EEO-1 Report, Northrop Grumman reflected a workforce comprising 25 percent women and 32 percent people of color. Clearly there is still work to be done as this is an ongoing evolution, but change has been ongoing and will continue. For example, half of our college new hires in the past six years have been women and minorities. Additionally, more than 18,500 employees attended diversity and inclusion awareness training in 2009, and approximately 450 managers and supervisors attended inclusion leadership training.

DIVERSITY & INCLUSION



As a major government contractor, Northrop Grumman records and monitors racial/ethnic and gender representation as required by federal regulations. We are also committed to integrating people with disabilities and veterans into the Northrop Grumman workforce. Through transparency, we intend to be an employer of choice.

For more information: www.northropgrumman.com/corporate-responsibility/diversity

WHAT IS THE COMPANY DOING TO IMPROVE THE DIVERSITY AT HIGHER LEVELS OF THE ORGANIZATION?

We are striving to create a pipeline of talented professionals for senior leadership positions. To do so, in 2009 we continued work on our Organizational Leadership Review process (a talent management program) for senior management positions. We're also creating talent acquisition programs to attract and recruit diverse, high-potential employees. Further, we plan to convene a companywide Diversity & Inclusion Leadership Council in the third quarter of 2010 to guide our businesses on key diversity and inclusion goals and objectives, including talent management.

A NEW VISION — 2010 GOALS

- Develop a process and set of goals to increase diversity in the corporatewide Organizational Leadership Review.
- Establish diversity metrics tied to the company's incentive plan to address underutilization in senior management positions. Progress will be measured quarterly and annually, and reported to the company's leadership team and Board of Directors.
- Establish goals to address underutilization in senior leadership positions and a methodology to track progress.
- Identify and develop a diverse slate of candidates for future leadership roles across the company.

Another area of work is in training our senior leadership team to be more inclusive leaders. Specific plans include a training module that focuses on the hidden barriers to success such as the subtle messages, usually subconscious, that devalue, discourage and impair performance in the workplace. This training drives rapid behavior change and raises business diversity and inclusion consciousness and performance.

HEALTH & SAFETY OPERATIONS

HOW DOES NORTHROP GRUMMAN PROTECT THE HEALTH AND SAFETY OF ITS EMPLOYEES?

Protecting the health and safety of our employees, customers, visitors and people living near our facilities is paramount and begins with a proactive strategy, formalized in 2004, to drive down the number of injuries and illnesses across the corporation.

At Northrop Grumman, the Environmental Health and Safety (EHS) Leadership Council monitors our safety performance and champions initiatives that protect people. Additionally, we partner with a loss-control consultant and insurance broker to identify key loss drivers, trends, opportunities and strategies to reduce the frequency and severity of workers' compensation cases. Each sector develops and implements a loss-control plan and updates it annually.

To help ensure legal compliance, ethical and safe operating practices, and continual improvement in our facilities, Northrop Grumman encourages sites to conform to external standards that help define the optimal EHS management system for facilities:

U.S. Occupational Safety and Health Administration (OSHA) Voluntary Protection Programs (VPP)

2000	3	2006	6
2001	4	2007	9
2002	4	2008	12
2003	4	2009	13
2004	4	Projected 2010	14
2005	6		

Thirteen Northrop Grumman sites now participate in OSHA's Voluntary Protection Program: 11 sites received the prestigious VPP "Star" designation, and two additional sites received the "Merit" designation. The Newport News, Virginia, site has been a certified Star site since 1995, and is the largest such site in the United States.

• Occupational Health and Safety Assessment Series (OHSAS) 18001

OHSAS 18001 is an international health and safety management system specification that helps organizations control occupational risks and improve health and safety performance. To date, three Northrop Grumman sites have implemented OHSAS 18001: Moss Point, Mississippi; New Town, North Dakota; and Rancho Bernardo, California.

WHAT SPECIFIC CHANGES DID NORTHROP GRUMMAN IMPLEMENT IN 2009 TO IMPROVE SAFETY CONDITIONS AT ITS FACILITIES?

In 2009, Northrop Grumman partnered with a third-party risk consultant to further study high-risk conditions at our Shipbuilding sector and identify mitigation strategies to develop an enhanced risk-prevention model. Our team also conducted serious-injury and fatality benchmarking with industry leaders in safety, to identify practices that might improve the Northrop Grumman model. The benchmarking focused on post-incident investigation, root cause analysis, corrective/preventive action, and reporting and communication processes.

In 2009, regulatory agency representatives for occupational health and safety visited/contacted Northrop Grumman sites 10 times, resulting in three regulatory actions. Although some of the actions were procedural in nature and none resulted in fines, all represent shortcomings to which we give priority attention.

HEALTH & SAFETY OPERATIONS

HOW IS SAFETY MONITORED AT NORTHROP GRUMMAN?

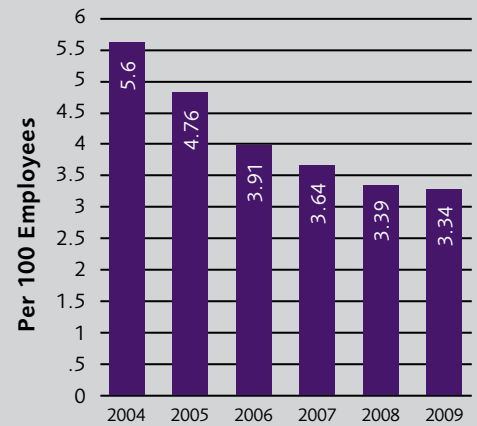
We monitor and track safety performance within Northrop Grumman facilities using industry-standard OSHA metrics:

1. Total Case Rate (TCR): the total number of OSHA-recordable occupational injuries and illnesses (cases requiring medical treatment beyond first aid) per 100 full-time workers (FTW).

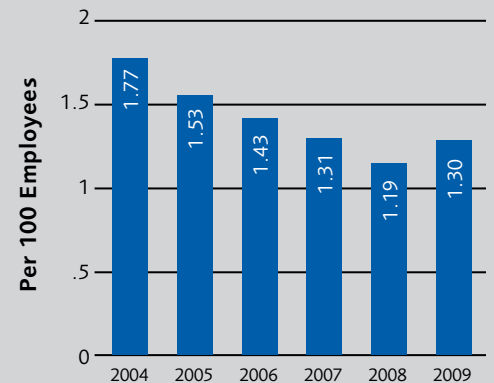
In 2004, the company established a goal to reduce our total case rate by 8 percent per year over a five-year period. We've met that goal, with an overall 40 percent improvement as the TCR has steadily declined. While the ultimate goal is to have an accident-free workplace, we continue to strive to achieve an industry-best TCR score among our peers.

2. Days Away Case Rate (DACR): Days Away Case Rate is the total number of cases per 100 FTW that resulted in days away from work. This number was 1.3 in 2009 and represents a slight increase over the 2008 rate. Our focus on injury prevention will continue in 2010 as we track performance using the TCR and set a new multi-year safety goal to start in 2011.

Total Recordable Case Rate
Represented as Cases per 100 Full-Time Workers



Days Away From Work Case Rate
Represented as Cases per 100 Full-Time Workers



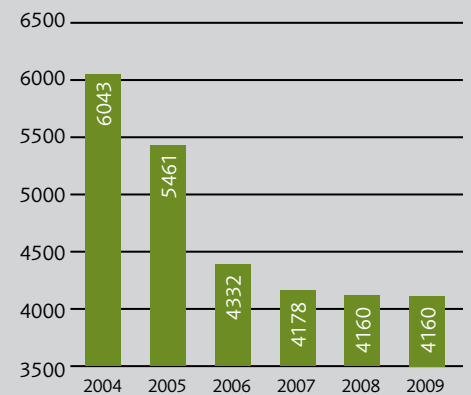
Total Case Rate

Year	TCR	DACR	Total Cases Recorded*
2004	5.60	1.77	6043
2005	4.76	1.53	5461
2006	3.91	1.43	4332
2007	3.64	1.31	4178
2008	3.39	1.19	4160
2009	3.34	1.30	4160

*Total Cases Recorded includes any fatalities.

To further ensure emphasis on and accountability for safety performance, the company has implemented a Performance Dashboard that contains six critical operating metrics along with several financial metrics. Because of its importance to our performance, safety represents one of the six operating metrics, performance against which will be tied directly to the company's annual incentive compensation plan for its top leaders. Progress will be measured quarterly and annually, and reported each year in our Corporate Social Responsibility Report.

Total Cases Recorded



RESPONSIBLE STEWARD — ENVIRONMENT

- ENVIRONMENTAL SUSTAINABILITY
- GREEN DESIGN & MANUFACTURING—greeNG PROGRAM
- REDUCING & MANAGING HAZARDOUS WASTE & TRI EMISSIONS
- POLLUTION PREVENTION
- REUSE & RECYCLING
- ENERGY USE REDUCTION
- WATER CONSERVATION
- AUDIT RESULTS



ENVIRONMENTAL SUSTAINABILITY

WHAT IS NORTHROP GRUMMAN DOING TO REDUCE ITS ENVIRONMENTAL FOOTPRINT?

At Northrop Grumman, we are focused on both outstanding performance and our increasing commitment to environmental sustainability. Our business operations range from those with lower environmental impact (in our software and systems areas) to our heavy manufacturing facilities as the nation's largest shipbuilder. With such a broad variety of business operations, we have some unique challenges that require various approaches and solutions.

To further ensure emphasis on and accountability for environmental sustainability, the company has implemented a Performance Dashboard that contains six critical operating metrics along with several financial metrics. Because of its importance to our performance, sustainability represents one of the six operating metrics, performance against which will be tied directly to the company's annual incentive compensation plan for its top leaders. Progress will be measured quarterly and annually, and reported each year in our Corporate Social Responsibility Report.

DEMONSTRATING COMMITMENT: EHS LEADERSHIP COUNCIL

To guide and oversee the company's environmental, health and safety (EHS) stewardship, Northrop Grumman uses an internal EHS Leadership Council comprising senior EHS leaders and championed by corporate executives. In 2009, the Leadership Council adopted new metrics in two areas: solid waste/recycling and water consumption.

Concurrently, we began developing additional management systems criteria to help advance the program. We measure all our business units against these management systems standards. Five years ago, we established a robust process to assess our EHS stewardship based on several industry-recognized EHS management systems. Since then, we have improved our organizational alignment with these standards and established a scoring system that designates anything above 90 percent as equivalent to a world-class program. Over that time period, we have improved from a company score of 60 percent (2005) to a score of 89 percent in 2009. Our current management systems goal for 2010 is to achieve an overall score of 90 percent. Recognizing that we must continue to improve, during 2010 we will add criteria to reflect increased expectations for environmental sustainability. To that end, we have aligned our business with sustainability practices, embraced "green" initiatives and continue to translate our values into specific and measurable goals such as reducing greenhouse gas emissions (GHG) across the company.

ENVIRONMENTAL SUSTAINABILITY

In 2009, Northrop Grumman established a five-year commitment to reduce its greenhouse gas (GHG) intensity* by 25 percent, which includes the Shipbuilding sector. This is the first publicly announced GHG reduction goal by any domestic shipbuilder. We forecast that achieving this goal will reduce our GHG emissions in absolute terms (total volume) as well as normalized terms.

2009 SUSTAINABILITY HIGHLIGHTS

In 2009, Northrop Grumman expanded environmental sustainability efforts, led by the five-year goal to reduce greenhouse gas (GHG) emissions. Here are some other 2009 highlights:

- Integrated an environmental sustainability/GHG element into the company's long-range strategic plans.
- Assessed 57 million square feet of facility space to identify projects to reduce energy usage and associated GHG emissions. Through this process we identified hundreds of candidate projects. Over the next five years we will select and implement projects to achieve both environmental and economic benefits.
- Created and implemented an innovative ECO-Model to help evaluate and prioritize candidate environmental sustainability projects using a combination of traditional financial measures and "green" criteria.
- Implemented a new GHG data collection and reporting system and established a baseline of GHG emissions.
- Improved the existing Web-based data tool to collect annual data on water use and solid waste generation and recycling.
- Partnered with the National Environmental Education Foundation (NEEF) to promote year-round public land conservation through the Public Lands Program, and sponsored National Public Lands Day, an annual event focused on improving and enhancing the nation's public lands.
- Expanded Employee Resource Groups (ERGs) that focus on environmental sustainability. These innovative teams implemented several projects designed to improve the environment and educate employees about how we can each contribute to environmental sustainability at work and at home. A team in El Segundo, California, significantly improved an in-house recycling program (bottles and cans), with a 600 percent increase in the volume of recycled beverage containers. The team also implemented a "reusable cup and mug" discount program at the site cafeterias, and they folded, labeled and distributed hundreds of cardboard trays for collecting waste paper throughout the site.
- Expanded a new companywide requirement that janitorial service providers to Northrop Grumman use only "Green Seal Certified" chemicals.
- For the fourth consecutive year, Northrop Grumman employees helped plant trees in Los Angeles, California. To date, more than 500 trees have been planted between the city of El Segundo and Los Angeles International Airport. Northrop Grumman employees in Sykesville, Maryland, likewise helped plant more than 500 trees in a reforestation project, and a group of company volunteers in Reston, Virginia, helped the natural regeneration of woodlands by preserving the established tree canopy through the Fairfax County Park Authority's Invasive Management Area program.

MEETING EXTERNAL STANDARD ISO 14001

Number of ISO 14001 Registered Sites

2000	2	2006	13
2001	2	2007	16
2002	5	2008	22
2003	7	2009	22
2004	8	Projected 2010	23
2005	9		

As shown, Northrop Grumman leadership encourages conformance to the International Organization for Standardization (ISO) 14001 (Environmental Management Systems) registration. This designation demonstrates an ongoing commitment to sound environmental management programs and processes.

*GHG emissions to be calculated in carbon dioxide equivalent terms (CO2e), normalized by sales and measured against the 2008 baseline. This measurement includes World Resources Institute (WRI) Scope One and Two emissions only.

GREEN DESIGN & MANUFACTURING — greeNG PROGRAM**HOW DID NORTHROP GRUMMAN INCORPORATE AND ADVANCE GREENER PRODUCTS AND TECHNOLOGIES DURING 2009?**

- Northrop Grumman delivered to the U.S. Navy the amphibious assault ship Makin Island (LHD 8), which is the first large-deck amphibious assault ship to use a gas-turbine/electric-powered propulsion system. The hybrid gas-turbine engines and electric drive — a change from previous steam-powered amphibious assault ships — is projected to use substantially less fuel and save nearly \$250 million in fuel costs over the lifetime of the ship.
- NASA and Northrop Grumman unveiled the first Global Hawk unmanned aircraft system to be used for environmental science research, which heralds a new application for the world's first fully autonomous high-altitude, long-endurance aircraft. The initial NASA Global Hawk science mission, in 2010, will consist of six long-duration flights over the Pacific and Arctic regions to collect atmospheric data and help understand global climate change.
- The Northrop Grumman-built flight cryocooler was incorporated into Japan's Ibuki, also known as the Greenhouse Gases Observing Satellite, which will monitor global warming. The Northrop Grumman cryocooler enables Ibuki to gather data critical to understanding how carbon dioxide is affecting the environment.
- NASA Langley Research Center awarded Northrop Grumman a contract to build a sensor that measures the time and space distributions of incoming energy from the sun, and outgoing thermal and reflected energy from Earth (known as Earth's radiation budget). The Clouds and the Earth's Radiant Energy System (CERES) sensor is the seventh in the line built by Northrop Grumman; as a group, these devices are widely acknowledged as the most accurate broadband climate sensors ever flown in space.

WHAT IS NORTHROP GRUMMAN DOING TO MAKE ITS FACILITIES MORE "GREEN"?

A fundamental component of our ongoing sustainability efforts is the greeNG program, established in 2008, which includes a cross-functional team of representatives across the corporation. In 2009, we implemented a greenhouse gas (GHG) inventory system based on the Carbonnetworks toolset, which follows the World Resources Institute (WRI) protocols.

This new tool was critical to establishing our 2008 baseline data (carbon emissions) and will aid in tracking future effectiveness and reporting our emissions to the Carbon Disclosure Project. We were able to collect actual data for more than 95 percent of our emissions, including leased facilities, where it is feasible to estimate indirect GHG emissions from purchased electricity paid by landlords.

For 2008, Northrop Grumman Scope One (direct emissions; e.g., manufacturing, fuel combustion, etc.) and Scope Two (indirect emissions; e.g., purchased electricity) greenhouse gas emissions were 1.431 million metric tonnes. Normalized by sales, emissions for the entire corporation were 42 metric tonnes of CO₂e per million dollars of sales.

In 2010, we will perform companywide engineering and manufacturing opportunity assessments to identify additional projects to reduce GHG emissions and meet our reduction goals. In 2010, we will be reporting our 2009 baseline data for water usage and solid waste generation and recycling, with the aim to set goals to reduce the Northrop Grumman impact in these areas.

2008 GREENHOUSE GAS (GHG) EMISSIONS:

Total: 1.431 million metric tonnes

Normalized by sales: 42 metric tonnes (CO₂e/\$M sales)

Environmental Leadership Programs

In 2009, five Northrop Grumman facilities became participating members of two state environmental leadership programs. The Avondale, Waggaman and Tallulah facilities joined the Louisiana voluntary program to promote a cleaner environment through continuous environmental improvement. Likewise, Northrop Grumman sites in Pascagoula and Gulfport participate in the state of Mississippi's voluntary program that recognizes companies with environmental improvement projects.

REDUCING & MANAGING HAZARDOUS WASTE & TRI EMISSIONS

In 2005 we identified two waste and emissions categories for our initial stewardship profile (see chart below). In July of each year, we collect and report the data for the previous calendar year. We are committed to collecting and tracking these data using common metrics, and to continually working on performance improvement.

We carefully administer our hazardous waste management process by using only audited and approved treatment, storage, disposal and recycling firms. These companies must meet stringent operational standards for the safe handling, packaging, transportation and disposition of all company-generated hazardous wastes.

KEY METRICS

1. Production-related hazardous waste
2. Reported EPA Toxics Release Inventory (TRI) chemical releases

In 2005, our baseline year, the corporation generated 3,851.6 tons of production-related hazardous waste, or 3.97 tons per 100 full-time equivalent (FTE) employees.

Northrop Grumman also reported the release of 759.4 tons of TRI chemicals, or 0.64 tons per 100 FTEs.

In 2008, the corporation generated 3,612 tons of production-related hazardous waste, or 2.82 tons per 100 FTE employees. Northrop Grumman also reported the release of 352.7 tons of TRI chemicals, or 0.28 tons per 100 FTEs. Due to the cyclical nature of the shipbuilding business, we experience substantial variances in the use of production-related materials and the generation of hazardous waste.

Category	2005	2006	2007	2008
Hazardous Waste (tons)	3851.6	6564.5	3459.2	3612
Hazardous Waste (tons /100 FTE, by headcount)	3.97	5.65	2.84	2.82
TRI (tons)	759.4	392.5	308.4	352.7
TRI (tons/100 FTE)	0.64	0.34	0.25	0.28

REMEDIATION

The company is currently involved in approximately 200 environmental remediation projects (including Superfund sites) with an approximate annual remediation budget of \$40 million. Due to the complexity of certain projects, some remediation efforts may extend to the year 2040. From 2004 to 2009, we completed active remediation at 67 sites and removed them from the company's portfolio. Over that period of time, we also identified \$48.9 million in life-cycle cost reductions.

To achieve our remediation objectives, Northrop Grumman has successfully employed a variety of technologically advanced, in-place treatment methodologies to permanently eliminate contamination, including chemical oxidation, electrical resistive heating, biodegradation and steam extraction.

POLLUTION PREVENTION

WHAT IS NORTHROP GRUMMAN DOING TO REDUCE NEGATIVE IMPACTS TO WATER, SOIL AND AIR?

Northrop Grumman policy requires its sites to develop and implement pollution prevention (P2) programs based upon the type of operations at each site, including large office complexes. Internal environmental and engineering professionals facilitate the communication and transfer of P2 best practices across the corporation. These best practices are an integral part of the continual improvement of the environmental management systems at Northrop Grumman facilities.

Our strategy is to focus on eliminating the source of pollution rather than relying on traditional "end-of-pipe" controls. Our methods include source reduction, material substitution and various other means of reducing impact.

2009 POLLUTION PREVENTION (P2) AT NORTHROP GRUMMAN

- Introducing plural-component coating application equipment for ship manufacturing
- Testing a non-chromated, corrosion-inhibiting aircraft primer and non-chromated fuel tank coating
- Testing lower volatile organic compound (VOC) wipe solvents and pre-saturated wipes for potential use in aircraft production
- Testing a digital radiograph process to replace X-ray-film-based testing of aircraft parts, thus eliminating the use of chemicals in the process
- Developing various UV-curable, low-observable coatings for aircraft that are free of hazardous air pollutants
- Developing nickel-free conductive fillers for aircraft
- Expanding the use of innovative paint-cartridge application methods in aircraft carrier production
- Reducing risk by participating in a working group addressing lead-free alternative materials and methods
- Developing a zero-VOC "mold-in-place" coating to eliminate VOC emissions and the need for associated paint spray booths

REUSE & RECYCLING

HOW COMPREHENSIVE ARE NORTHROP GRUMMAN RECYCLING EFFORTS?

Northrop Grumman diverted roughly 63 percent of its total waste away from landfills. Employees across the company recycled paper, cardboard, scrap metal, wood, foundry sand, computers and related equipment, batteries, tires, fluorescent light tubes, mercury thermometers, cables and other items.

IN CALENDAR YEAR 2008 ALONE (THE MOST RECENT YEAR FOR WHICH DATA ARE CURRENTLY AVAILABLE)—EMPLOYEES THROUGHOUT NORTHROP GRUMMAN DISPOSED OF 129.2 MILLION POUNDS OF SOLID WASTE WHILE RECYCLING 222 MILLION POUNDS.

REUSE & RECYCLING

2009 RECYCLING HIGHLIGHTS

- In 2009, Northrop Grumman implemented a steel drum recycling program in Gulfport, Mississippi.
- At Northrop Grumman in Herndon, Virginia, employees switched to a single-stream system, allowing all employees to discard recyclables into one container, which dramatically increased the volume of material recycled.
- Employees at the Colshire Campus in northern Virginia developed a comprehensive recycling program called "greeNG Recycling@Work" that established creative collection solutions for a wide variety of paper products, glass and plastic bottles, aluminum cans and cardboard.
- Employees at our El Segundo, California, facility collected more than 42,000 pounds of electronic equipment at an employee e-waste collection drive.
- Employees at the Manhattan Beach, California, site hosted an annual household hazardous waste roundup in partnership with Los Angeles County and the City of Manhattan Beach.
- The Facilities organization instituted furniture recycling at several Northrop Grumman sites and is now investigating carpet recycling.
- Since a new program's inception in 2006, employees at Northrop Grumman sites in Southern California and in Moss Point, Mississippi, have collected and recycled approximately 10,000 pounds of used batteries from work and home.
- The California Department of Resources Recycling and Recovery recognized Northrop Grumman (Woodland Hills, California, site) for its comprehensive waste reduction and recycling activities, including the reuse of more than eight tons of green waste each month as compost at the 58-acre facility.
- Employees at the Dominguez Hills site in Carson, California, continue to fill recycling bins to raise funds for the local Habitat for Humanity chapter. Since the program's inception in 2002, employees have recycled 5,699.5 pounds of material and raised more than \$5,300 for the Greater Los Angeles Habitat for Humanity.

ENERGY USE REDUCTION

WHAT IS NORTHROP GRUMMAN DOING TO REDUCE ENERGY USAGE AT ITS FACILITIES?

Reducing energy consumption across Northrop Grumman continues to be a key focus through a number of efforts, including:

- Flexible Office programs: Using alternate work weeks, telecommuting and commuter services programs (rideshare services, bicycle lockers, vanpools, subsidized mass transit tokens and other incentives), the two largest Northrop Grumman sites in Southern California each achieved a new best Average Vehicle Ridership rate in 2009 — 1.53 for our Space Park facility in Redondo Beach/Manhattan Beach, and 1.46 for our El Segundo facility. In 2008, the Los Angeles corporate office achieved a rate of 1.52.

Further, our Flexible Office program has reduced space requirements and building systems needs across the enterprise. Traditional design processes now include a new Flexible Office design manual and tools to integrate significant environmental sustainability standards, including:

- Floor space reduction
- Increased use of natural sunlight
- Choosing environmentally sensitive paints, carpets, fittings, furniture and lighting



ENERGY USE REDUCTION

WHAT IS NORTHROP GRUMMAN DOING TO REDUCE ENERGY USAGE AT ITS FACILITIES? (CONTINUED)

Fleet Reduction and Optimization Program

At Northrop Grumman in St. Augustine, Florida, employees removed four low-gas-mileage trucks from service in 2009, as well as six older forklifts that used a high volume of propane fuel. Employees will replace only two of the trucks — with new, higher-efficiency vehicles that get 18–20 mpg.

SmartWay Certification

Northrop Grumman achieved U.S. Environmental Protection Agency "SmartWay" certification as a freight shipper. Through such load consolidation programs, we targeted a reduction of more than 1 million freight miles in 2009 and an additional half million miles in 2010. For 2009, cutting 1.85 million freight miles translated to a reduction of 3,786 tons of carbon dioxide (CO₂e).

Seeing the Light

Employees in Northrop Grumman's Procurement and Facilities organizations teamed up to continue several initiatives to reduce energy use by working with light bulb manufacturers. This results in labor savings, procurement savings (bulbs last longer and need less frequent replacement) and reduced energy demands.

In ship construction Northrop Grumman uses supplemental strings of lighting with safety sleeves to prevent breakage and possible injury. These lamps, however, are traditionally high-energy-use incandescent bulbs with a short lifespan. As a greener approach, employees are working with a supplier on a compact fluorescent lamp (CFL) that includes the desired safety protection and an 80 percent reduction in energy usage. By the end of 2009, employees had deployed more than 3,000 of these lamps as part of this pilot program.

BY THE END OF 2009, MORE THAN 40 PERCENT OF NORTHROP GRUMMAN SITES WERE USING THE "MANAGED PRINT SOLUTION." TO DATE, THIS PROGRAM HAS ELIMINATED APPROXIMATELY 2,000 ELECTRONIC DEVICES, RESULTING IN A 25 PERCENT REDUCTION IN ENERGY CONSUMPTION AND SOLID WASTE GENERATION, AND A 20 PERCENT REDUCTION IN PAPER USE.

ENERGY USE REDUCTION

SUCCESS: LIGHTING REPLACEMENT PROGRAM

- Since 2007, Northrop Grumman has replaced more than 292,000 lamps with more efficient bulbs. This represents almost 60 percent of our replaceable lights.
- In late 2007, we adopted a standard replacement catalog and mandated greener alternatives for all lighting that are, on average, 25 percent more efficient than the replaced item. We are committed to this effort as part of our greenhouse gas (GHG) reduction program.
- Employees continued energy-saving efforts in 2009 at Shipbuilding operations in Mississippi. These efforts included continued expansion of automated lighting controls that resulted in a total annual reduction in electrical usage of 5 million kilowatt hours and approximately \$435,000 in recurring annual savings (the equivalent of approximately 3,600 metric tonnes of carbon dioxide).

Reflecting on Savings

At Shipbuilding operations in Pascagoula, Mississippi, contractors installed special roofs on all air-conditioned buildings and selected other buildings. These new roof systems are highly reflective, with 1.5-inch urethane insulation. The new design seals the roof to the wall to minimize infiltration of hot outside air. Further, a program has been initiated to replace wall sheathing on buildings to reduce infiltration of air-conditioned spaces.

Similarly, energy-efficient reflective roofs on six Northrop Grumman buildings in Redondo Beach, California, saved 1.8 million kilowatt hours and \$250,000; fluorescent replacement bulbs in two buildings saved 580,000 kilowatt hours and \$80,000.

WATER CONSERVATION

ONE MILLION GALLONS-PLUS EACH YEAR: WATER CONSERVATION AT NORTHROP GRUMMAN IS PAYING OFF

- Water recirculation at Northrop Grumman in St. Louis, Missouri, saves 500,000 gallons of water per year.
- Automatic restroom faucets and waterless urinals at two Northrop Grumman sites in California save 400,000 gallons of water per year.
- Drought-resistant landscaping at Northrop Grumman in Redondo Beach saves 200,000 gallons of water per year.

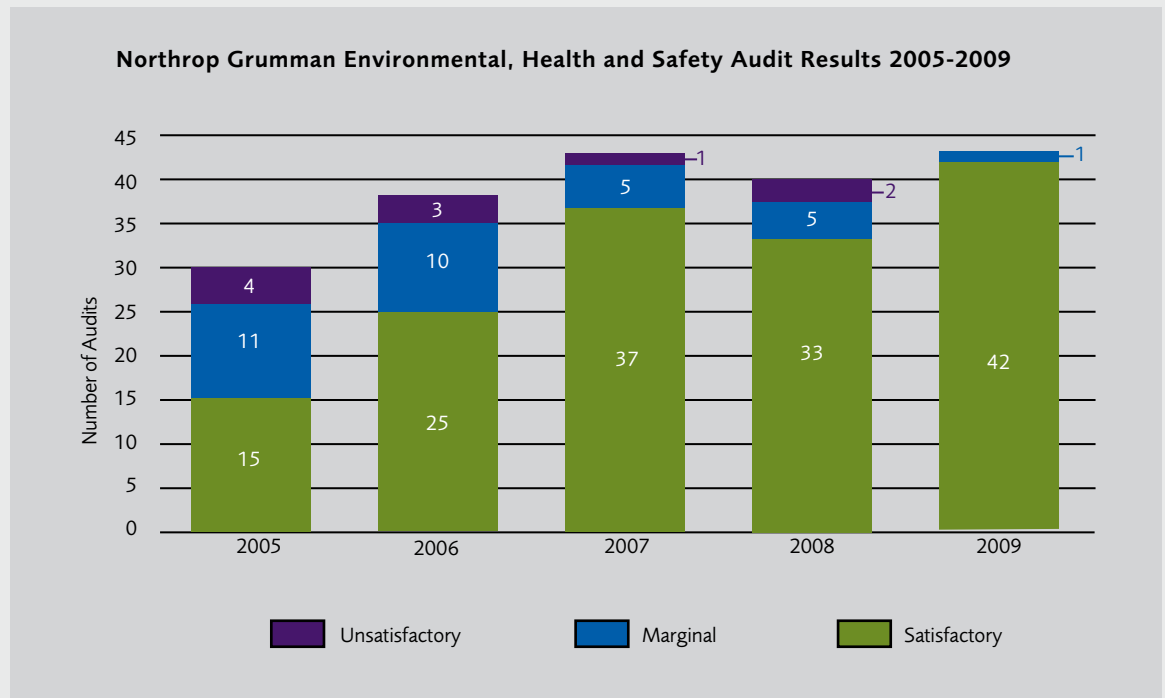
AUDIT RESULTS

HOW DOES NORTHROP GRUMMAN MONITOR EHS PERFORMANCE?

Internal: Each year, the Board of Directors reviews the Environmental Health and Safety (EHS) program, including goals, achievements and overall performance. The Board mandates EHS audits, which are conducted by corporate and sector EHS employees and reviewed by the Corporate Internal Audit organization.

Each audited site receives an overall assessment rating of "satisfactory program," "marginal program" or "unsatisfactory program." At the conclusion of each audit, site management and EHS staff prepare a Corrective Action Plan in response to all audit findings and recommendations. Approximately one-third of the company's auditable sites are audited each year. Companywide, our overall EHS management systems performance for 2009 was 89 percent, up from 83 percent in 2008.

External: In 2009, regulatory agency representatives for environmental compliance visited/contacted Northrop Grumman sites 153 times, resulting in 32 enforcement actions. Two of these enforcement actions, upon further review by the reporting agency, were subsequently rescinded. Many enforcement actions were procedural in nature and did not have fines associated with them. Nevertheless, the notices indicate shortcomings to which we continue to give priority attention.



RESPONSIBLE LEADER — SOCIETY

- COMMUNITY INVESTMENT
- MILITARY & VETERANS SUPPORT
- DISASTER RELIEF EFFORTS



COMMUNITY INVESTMENT

HOW AND WHERE IS NORTHROP GRUMMAN INVESTING IN COMMUNITIES?

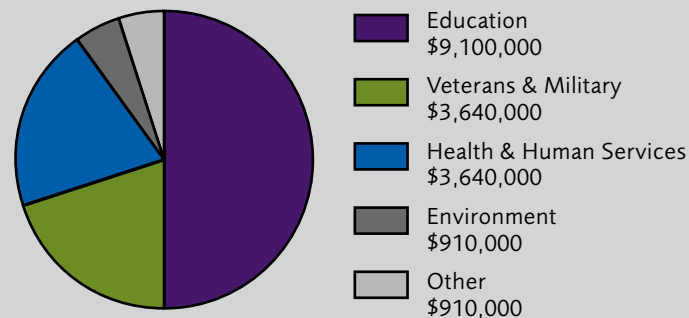
Each year we at Northrop Grumman support a wide array of programs and services for education, military and veterans, the environment, and health and human services. In 2009, Northrop Grumman Corporation contributed \$18.2 million in total philanthropic donations through the company's Contributions Program. A key priority is a companywide mission to improve the quality of STEM (science, technology, engineering and mathematics) education from early grades through the university level, and to focus on developing talent in those areas. In keeping with that goal, the Northrop Grumman Foundation directed an additional \$3.7 million to support K-12 and postsecondary education activities, for a total of \$21.9 million.

Further, Northrop Grumman's 120,000 employees generously supported a multitude of nonprofits through in-kind giving such as back-to-school supply drives and clothing drives.

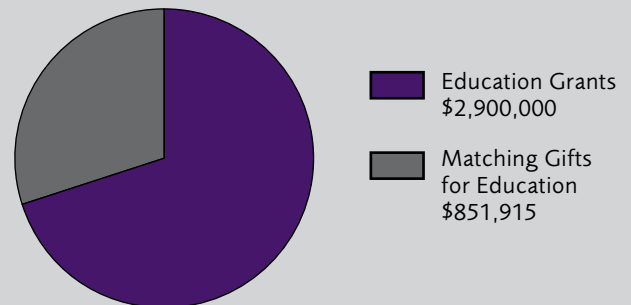
Additionally, these same employees personally gave more than \$6.8 million in 2009 through vehicles such as United Way, gifts to education, the separate nonprofit Employees Charity Organization (ECHO) of Northrop Grumman, holiday giving programs and the USO.

*The percentages shown are the ongoing targets used at Northrop Grumman to determine areas of giving, including: 50% Education, with a major emphasis on science, technology, engineering and math (STEM); 20% Veterans and Military; 20% Health and Human Services; 5% Environment; and 5% Other.

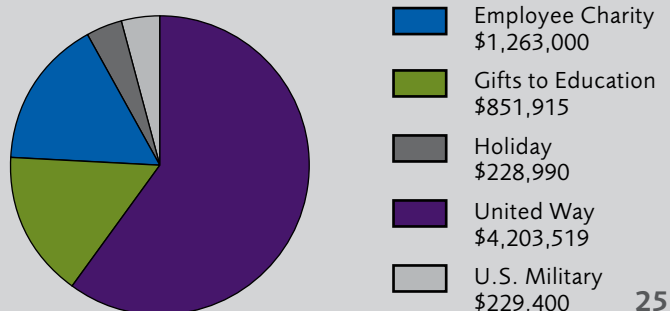
Company Contributions — \$18.2 million*



Northrop Grumman Foundation Contributions — \$3.7 million



Employee Contributions — \$6.8 million



COMMUNITY INVESTMENT

WHAT ARE THE PRIMARY AREAS OF COMMUNITY INVESTMENT?

A top priority at Northrop Grumman continues to be improving education through programs that support students and teachers, provide scholarships and partnerships, and improve STEM curricula. As a technology-based company, we remain passionate about and committed to doing all we can to reverse the national trend of declining student interest in science, technology, engineering and math.

HOW DOES COMMUNITY INVESTMENT CONTRIBUTE TO NORTHROP GRUMMAN'S CORE COMPETENCE AND BUSINESS BOTTOM LINE?

As a company built on core values and operating with integrity, community investment is not a "responsibility box" we check, but rather an integral component to our success. By building these community partnerships—at local, state and national levels—we demonstrate our support for STEM education, the environment, and health and human services, particularly for the military and veterans, and all the collective elements that equal long-term business success and individual dignity and prosperity.

VOLUNTEER MANAGEMENT SYSTEM

This internal Northrop Grumman program gives employees access to community volunteer opportunities in their local areas and allows them to sign up for events and log their volunteer hours. In 2009, 3,285 new users signed up, for a total of 7,041 users since inception.

To date, employees have logged more than 6,800 recorded volunteer hours for company-sponsored activities, and more than 24,000 personal employee volunteer hours.

FIRST COMPANYWIDE VOLUNTEER EFFORT: NATIONAL PUBLIC LANDS DAY

In 2009, Northrop Grumman partnered with the National Environmental Education Foundation (NEEF) to promote year-round public land conservation through the Public Lands Program and to sponsor NEEF's National Public Lands Day (NPLD), an annual event focused on improving and enhancing the nation's public lands. Northrop Grumman volunteers around the country participated in projects to beautify and protect public spaces.

A SOCIAL MEDIA PRESENCE FOR NORTHROP GRUMMAN

[facebook.com/NorthropGrumman](https://www.facebook.com/NorthropGrumman)

twitter.com/NorthropGrumman

[youtube.com/NorthropGrummanMedia](https://www.youtube.com/NorthropGrummanMedia)

"TO ENHANCE AND STRENGTHEN THE NORTHROP GRUMMAN BRAND BY BUILDING SUSTAINABLE, MUTUALLY BENEFICIAL PARTNERSHIPS BETWEEN THE COMPANY AND KEY STAKEHOLDERS."

— NORTHROP GRUMMAN CORPORATE CITIZENSHIP MISSION STATEMENT

COMMUNITY INVESTMENT

EARTH DAY 2009 — NORTHROP GRUMMAN EMPLOYEES GET INVOLVED

Employees at numerous Northrop Grumman sites hosted Earth Day celebrations in conjunction with local communities and nonprofit organizations including the Surfrider Foundation, Earthwatch and the Aquarium of the Pacific. Employees received educational materials, information about company wellness programs, reusable grocery bags, key chains, T-shirts, tree seedlings, and fruit and vegetable seed packets.

Other highlights included information for employees on how to recycle correctly, as well as collection drives including "Cell Phones for Soldiers," eyeglasses for the "Give the Gift of Sight" program through the Lions Clubs, and used batteries and toner cartridges for recycling. At Northrop Grumman in Newport News, Virginia, employees participated in an Earth Day cleanup at the Christopher Newport Park. Volunteers at several other Northrop Grumman sites participated in similar cleanup projects.

WHAT IS NORTHROP GRUMMAN SPECIFICALLY DOING TO IMPROVE EDUCATION?

In 2009, Northrop Grumman and the National Board for Professional Teaching Standards continued a three-year association and partnership to help mathematics and science teachers in underprivileged schools strengthen their skills. This unique initiative increases the number of National Board Certified Teachers in targeted regions nationwide by providing financial support for teachers to pursue National Board Certification.

Northrop Grumman continues to support a three-year commitment of \$150,000 to provide scholarships for mathematics and science candidates through the Professional Teaching Development Centers in California. These regional centers will help the National Board for Professional Teaching Standards meet its goal to increase equity and access to National Board Certification, especially for teachers at low-performing schools.

SUPPORTING NATIONAL ENGINEERS WEEK — NORTHROP GRUMMAN ENGINEERS IN THE CLASSROOM

During National Engineers Week, hundreds of Northrop Grumman employees volunteer in classrooms at area schools. To prepare for these "Connecting Educators to Engineering" events, volunteers attend special company-designed workshops and are provided with tools, such as Out of the Box Engineering materials, to assist with class presentations and demonstrations. This is another demonstration of the company leadership's commitment to improving STEM education.

To accomplish our Corporate Citizenship mission to improve the quality of education, we are developing the Northrop Grumman Education Strategy, which expands on our comprehensive college readiness and access program called NG4U. With the understanding that an individual's education begins at an early age and continues until the student obtains a university degree, Northrop Grumman's NG4U program includes elements shown in the chart:

Current Pre K–12 Education Strategy / NG4U					
Informal Education	Early Childhood	Elementary School	Middle School	High School	Educators
Corporate and Northrop Grumman Foundation-funded Initiatives					

COMMUNITY INVESTMENT

WHAT OTHER COMPANY-SPONSORED PROGRAMS HELP IMPROVE EDUCATION?

In 2009, Northrop Grumman endorsed and supported a broad and diverse range of national partnerships and programs that address education at all levels. We are especially enthusiastic to report on the progress of two of these: **Earthwatch Partnership** and **Northrop Grumman Weightless Flights of Discovery**.

Earthwatch Partnership: The Northrop Grumman Foundation Earthwatch Educator program is an innovative environmental education program for teachers in conjunction with Earthwatch Institute. In the summer of 2009, funding from the Northrop Grumman Foundation allowed 22 mathematics and science educators from across the United States to study coastal ecology and climate change on two separate Earthwatch expeditions. Earthwatch Institute promotes learning about sustainability by engaging people worldwide in scientific field research. Earthwatch and Northrop Grumman representatives jointly reviewed applications and selected the 22 educators for the two treks into field research:

1. Coastal Ecology of the Bahamas, Bahamian Archipelago

Just off the coast of Florida, this island chain was largely unmarred by development until recently. Biologists are developing powerful new tools to examine the effects of growing coastal development on the plants and animals living nearby. The expedition participants compared satellite photographs to on-the-ground information. By mapping the distribution of changing coastal habitats, the goal is to support sustainable development of these scenic isles.

2. Climate Change at the Arctic's Edge, Churchill, Manitoba, Canada

At the edge of the Arctic, where the world's peat lands run in a broad strip around the globe, the wetlands contain as much as 20 percent of the world's carbon, often locked in permafrost. One theory is that global warming may thaw the permafrost and thereby release greenhouse gases (carbon dioxide and methane) from the decomposing peat. Not only could that alter the local ecosystem, but it could also affect the ecology of the entire planet. The teacher participants helped monitor these ecosystem responses at the Churchill Northern Studies Center perched on the edge of this Arctic tundra.

2009 NORTHROP GRUMMAN FOUNDATION EDUCATOR FELLOWSHIP PROGRAM GOALS

- Positively impact mathematics and science education in Northrop Grumman communities through professional development and learning opportunities for teachers from these communities.
- Provide teachers with the tools to share their experience with peer faculty and more than 6,000 students.
- Provide unique opportunities for Northrop Grumman to continue its commitment to supporting STEM education.

"I AM VERY EXCITED TO RETURN TO SCHOOL AND INCORPORATE ALL THAT I HAVE LEARNED INTO THE CLASSROOM. BEFORE I LEFT FOR THIS TRIP, I QUESTIONED A BIT WHY I WAS A TEACHER. THIS TRIP ALLOWED ME TO REFLECT AND SET NEW GOALS, AND BECOME EXCITED ABOUT A PROFESSION THAT I REALLY ENJOY."

— HILLARY MASON, 2009 NORTHROP GRUMMAN EDUCATOR FELLOW FROM ALICE DEAL MIDDLE SCHOOL, WASHINGTON, D.C., WORKING ON COASTAL ECOLOGY OF THE BAHAMAS

COMMUNITY INVESTMENT

NORTHROP GRUMMAN FOUNDATION — WEIGHTLESS FLIGHTS OF DISCOVERY

Since its inception in 2006, "Weightless Flights of Discovery" has reached more than 1,100 teachers and nearly 450,000 students.* In 2009, for the fourth consecutive year, the Northrop Grumman Foundation continued its ongoing commitment to this unique program that puts teachers in flight suits and a weightless atmosphere similar to what astronauts use to train. During these flight segments, teachers conduct microgravity demonstrations that apply science, technology, engineering and math. In turn, teachers return to the classroom energized by the learning and ready to spark student interest in mathematics and science.

91.9% of the participating teachers report a notable increase in overall student interest in science.

77.8% of teachers report a rise in the number of students expressing a desire to pursue a career in a STEM-related field.

In 2009, 118 teachers from 22 states took flight in Albuquerque, Detroit, Norwalk (Connecticut) and Washington, D.C. Also in 2009, a documentary film about the program premiered at the Space Educators' Exploration Conference in the Northrop Grumman Theater at Space Center Houston, and screened at a number of science-teacher conferences throughout the country.

* Estimate based on the nationally accepted standard of 300 middle school students per educator teaching six classes per day for two semesters each year.

BETTER LEARNING — SOME KEY NORTHROP GRUMMAN-SPONSORED MATHEMATICS AND SCIENCE EDUCATION PROGRAMS

Sally Ride Science: Since 2003, the Northrop Grumman Foundation has been a national sponsor of Sally Ride Science Festivals, which empower young girls to pursue careers in science, engineering and mathematics. In 2009 we also sponsored Educator Institutes, which offer an innovative approach to professional development with hands-on workshops, activities and information that teachers can take back to the classroom.

Supporting Scholarships: The Northrop Grumman Foundation funded some 24 scholarships (totaling \$110,000) to various organizations including American Indian Science and Engineering Society, the National Society of Black Engineers, the Society of Hispanic Professional Engineers, the Society of Women Engineers and others.

Teachers and Engineers for Academic Achievement (TEAACH): This companywide teacher support program focuses on support for middle school mathematics, science and technology educators by assisting in integrating engineering concepts into lessons as well as hands-on job shadowing.

High School Involvement Partnership Program (HIP): This mentoring program connects Northrop Grumman volunteers with some 175 high school students (and includes student internships, graduation incentives, a summer enrichment program and potential scholarships).



DISASTER RELIEF EFFORTS

WHAT HAS NORTHROP GRUMMAN DONE FOR THOSE AFFECTED BY DISASTERS AND TRAGEDIES IN VARIOUS COMMUNITIES?

In 2009, Northrop Grumman donated a total of \$100,000 to help relief efforts for those affected by natural disasters. The funds supported first responders, including \$30,000 to the American Red Cross, \$35,000 to the American Red Cross International and \$35,000 to AmeriCares. The goal was to alleviate suffering for the victims of flooding in metro Atlanta, northern Georgia and Tennessee; tsunamis in American Samoa and Samoa; earthquakes in Indonesia; and typhoons in Southeast Asia. Separately, the ECHO of Northrop Grumman contributed \$10,000 to the Red Cross.

Northrop Grumman also supported the families of the 12 soldiers and one civilian killed, along with the 29 injured, in the Ft. Hood, Texas, tragedy, with a contribution of \$100,000. The victims ranged in age from 19 to 62 years old.

In all instances, Northrop Grumman donations are meant to provide grief counseling and some measure of financial relief to the victims' families during a time of loss.

In 2010, we will add an employee disaster-relief donation module to the contributions management system, enabling employees to engage and respond to disasters more quickly and easily.

MILITARY & VETERANS SUPPORT

WHY IS SUPPORTING ACTIVE MILITARY AND VETERANS SO IMPORTANT?

With a vision to be the most trusted provider of systems and technologies that ensure the security and freedom of our nation and its allies, Northrop Grumman is closely aligned with our military customers. Behind the many global security and defense products we manufacture are the dedicated men and women in the four branches of the U.S. military. Whether they are active or veterans, we at Northrop Grumman wholly embrace the commitment and responsibility to support these people.

WHAT IS NORTHROP GRUMMAN DOING TO SUPPORT ACTIVE MILITARY AND VETERANS?

Northrop Grumman offers continuing troop and veteran support through a number of programs. In 2009, for example, employees at Northrop Grumman facilities assembled tens of thousands of care packages to send to active troops overseas. Since 2003, Northrop Grumman employee giving has raised \$608,400 for USO care packages, including \$229,400 in 2009.

Other company-sponsored programs for our military include the Wounded Warriors Family Support organization, the Wintergreen Adaptive Sports program (WAS) and, notably, Operation IMPACT.

OPERATION IMPACT: SERVING OUR VETERANS

Proposed by a Northrop Grumman employee in 2004, Operation IMPACT (Injured Military Pursuing Assisted Career Transition) identifies career opportunities within the company for returning service members who have been severely injured in combat. If the service member is unable to work, the program offers career support to a member of the individual's immediate family who will become the primary wage earner. To date, the program has helped 55 returning service personnel and their family members join the company.

In 2009, Northrop Grumman established the Network of Champions, a group of more than 85 corporations and organizations following our example in the hiring of wounded warriors. The purpose of this network is to expand job placement opportunities for qualified candidates.

VALUING OUR PEOPLE

Operation IMPACT has been recognized as an industry best practice by the Department of Labor and the Department of Veterans Affairs, and has received a number of awards (see next page).

To learn more: <http://operationimpact.northropgrumman.com>

2009 AWARDS

Northrop Grumman corporate citizenship as recognized by third parties* in 2009:

- Aviation Week magazine: **"2009 Program Excellence Award"** in the System Level Production/Sustainment category for the Northrop Grumman-built Lunar Crater Observation and Sensing Satellite (LCROSS).
- California Integrated Waste Management Board: Eleven consecutive **"Waste Reduction Awards Program (WRAP)"** awards (El Segundo site) and four awards at the Woodland Hills site.
- Department of Defense: **"Nunn-Perry Award"** for Mentor-Protégé program.
- Department of Veterans Affairs: **"VetSuccess Private Employer of the Year"** in recognition of Operation IMPACT, which provides job-placement and other assistance to severely injured military service members.
- Diversity Business.Com: **"Top 50 Organizations for Diversity."**
- Mount Vernon Lee: **"Enterprise Award"** for support of the Ability One Program that assists the severely blind and physically challenged.
- National Alliance of Black School Educators (NABSE): **"Corporate Supreme Excellence Award"** for philanthropic contributions to public education.
- Southern California Edison: **"Flex Your Power Award"** for eliminating more than 1 million pounds of greenhouse gases at the El Segundo, Redondo Beach/Manhattan Beach and Palmdale sites.
- The National Society of Black Engineers: **"Golden Torch Award"** for Corporate Community Service in recognition of outstanding contributions and pioneering initiatives within the community.
- The U.S. Department of Energy: **"Energy Champion Award"** for outstanding energy conservation measures at the St. Augustine, Florida, site.
- U.S. Green Building Council Leadership in Energy and Environmental Design (LEED): **"LEED Silver Certification"** for the Corporate Office in Century City, California, and the Westfield IV facility in Chantilly, Virginia.

*Partial listing

