



NORTHROP GRUMMAN

DEFINING THE FUTURE



Northrop Grumman 2008 Shareholder Meeting

May 21, 2008

Ron Sugar

Chairman & Chief Executive Officer

Safe Harbor Statement

Certain statements and assumptions in this presentation are based on "forward-looking" information that Northrop Grumman Corporation (the "Company") believes to be within the definition in the Private Securities Litigation Reform Act of 1995 and involve risks and uncertainties, and include, among others, statements in the future tense, and all statements accompanied by terms such as "project", "expect", "estimate", "assume", "believe", "plan", "guidance", "outlook", "trends", "target" or variations thereof. This information reflects the Company's best estimates when made, but the Company expressly disclaims any duty to update this information if new data become available or estimates change after the date of this presentation. Such "forward-looking" information includes, among other things, financial guidance regarding sales, segment operating margin, pension expense, employer contributions under pension plans and medical and life benefits plans, cash flow and earnings per share, and is subject to numerous assumptions and uncertainties, many of which are outside the Company's control. These include the Company's assumptions with respect to future revenues; expected program performance and cash flows; returns on pension plan assets and variability of pension actuarial and related assumptions; the outcome of litigation, claims, appeals, bid protests and investigations; hurricane-related insurance recoveries; environmental remediation; acquisitions and divestitures of businesses; joint ventures and other business arrangements; access to capital; performance issues with key suppliers and subcontractors; product performance and the successful execution of internal plans; successful negotiation of contracts with labor unions; allowability and allocability of costs under U.S. Government contracts; effective tax rates and timing and amounts of tax payments; the results of any audit or appeal process with the Internal Revenue Service; and anticipated costs of capital investments, among other things. The Company's operations are subject to various additional risks and uncertainties resulting from its position as a supplier, either directly or as subcontractor or team member, to the U.S. government and its agencies as well as to foreign governments and agencies; actual outcomes are dependent upon various factors, including, without limitation, the Company's successful performance of internal plans; government customers' budgetary constraints; customer changes in short-range and long-range plans; domestic and international competition in both the defense and commercial areas; technical, operational or quality setbacks in development and production programs that could adversely affect the profitability or cash flow of the Company; product performance; continued development and acceptance of new products and, in connection with any fixed-price development programs, controlling cost growth in meeting production specifications and delivery rates; performance issues with key suppliers and subcontractors; government import and export policies; acquisition or termination of government contracts; the outcome of political and legal processes and of the assertion or prosecution of potential substantial claims by or on behalf of a U.S. government customer; natural disasters, including amounts and timing of recoveries under insurance contracts, availability of materials and supplies, continuation of the supply chain, contractual performance relief and the application of cost sharing terms, allowability and allocability of costs, under U.S. Government contracts, impacts of timing of cash receipts and the availability of other mitigating elements; terrorist acts; legal, financial and governmental risks related to international transactions and global needs for military aircraft, military and civilian electronic systems and support, information technology, naval vessels, space systems, technical services and related technologies, as well as other economic, political and technological risks and uncertainties and other risk factors set out in the Company's filings from time to time with the Securities and Exchange Commission, including, without limitation, Company reports on Form 10-K and Form 10-Q.



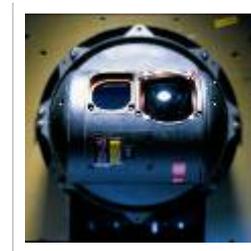
Be the most trusted provider
of systems and technologies
that ensure the
security
of our nation and its allies



The Demand for Security Solutions is Expanding

Highlights

- Record 2007 results . . . track record of improving performance . . . more to come
- Solid marketplace . . . solid market position . . . opportunities to accelerate growth
- Excellent cash generation . . . balanced cash deployment strategy
- Focused management team . . . record backlog



New Business Awards



Broad Area Maritime Surveillance



KC-45 Tanker



Unmanned Combat Air System
Carrier Demonstration



Zumwalt-Class Destroyer DDG 1000



Global Positioning System
Next Generation
Control Segment



Restricted



Ground Air Task Order Radar

2007 Community Involvement Highlights

- Community financial support totaled \$24 million
- New Freedom Initiative Award
- Ron Brown Award for Corporate Leadership
- Weightless Flights of Discovery Program



Record 2007 Results

Sales



6%

Operating margin



22%

EPS from continuing operations



16%

Free cash flow



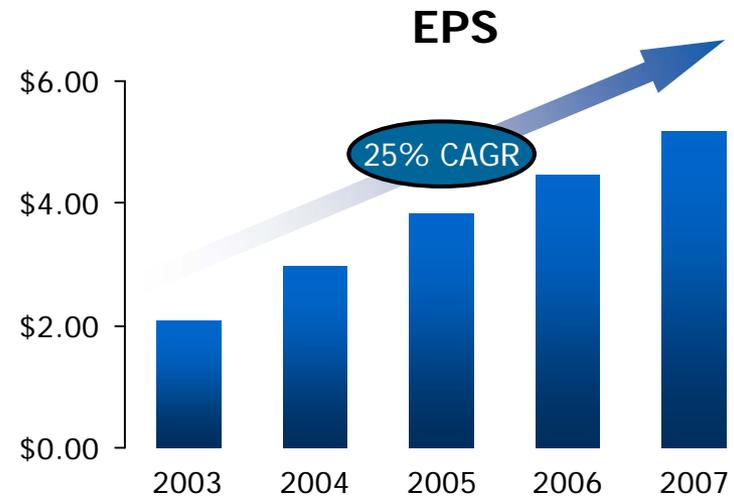
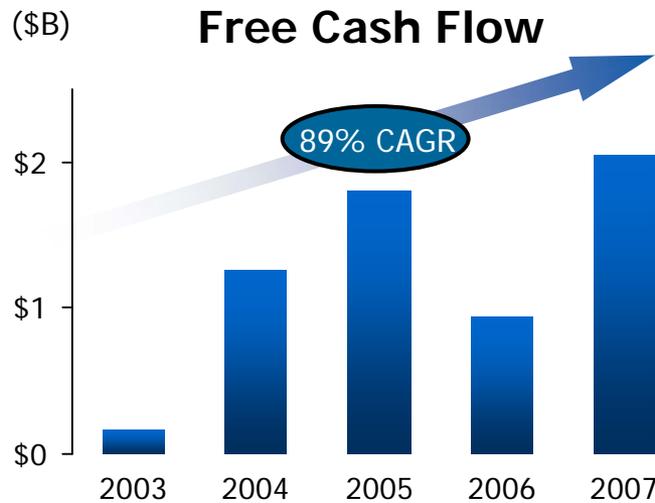
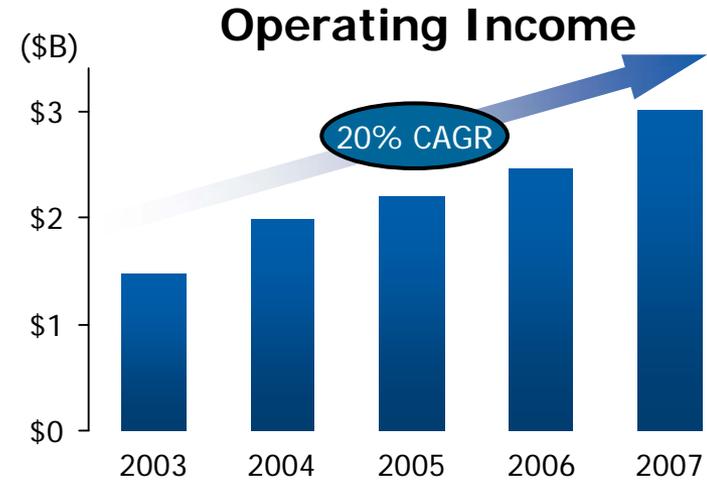
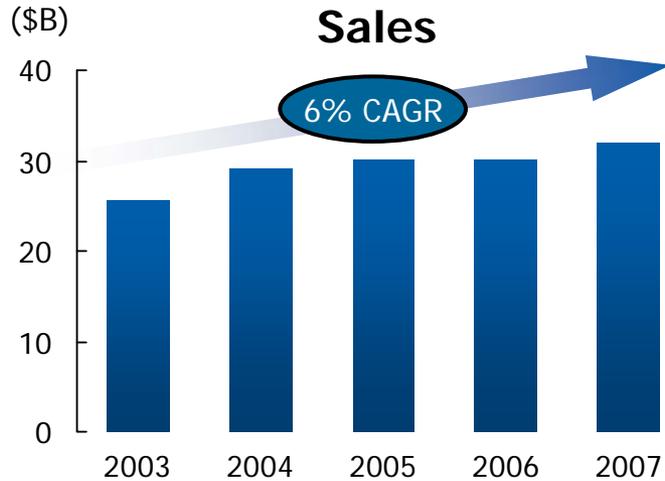
120%

Total shareholder return



18.5%

Building Momentum



Long-Term Targets

	2007	2012 Targets	
Sales	\$32B	\$42B	↑
Operating Margin	9.4%	10%	↑
EPS	\$5.16	\$8.00	↑
Free Cash Flow ¹	\$2.1B	100% Net income conversion	↑

Growth and Performance

9 ¹ Non-GAAP measure free cash flow equals cash from operations less capital expenditures and outsourcing contract & related software costs

Clear Growth Strategy

4. Selective M&A to support growth objectives

3. Pursue "asset light" strategic partnerships

2. Leverage core capabilities for growth in "Securing the Commons"

1. Capture increasing share in core markets



Effective Cash Deployment 2003 – 2007

\$18 Billion
Cash from Operations, Divestitures &
Monetization of Non-core Assets,
Stock Options Exercise



Share Repurchases & Dividends
\$6.1 Billion

- Share count reduction
- Top-tier payout ratio

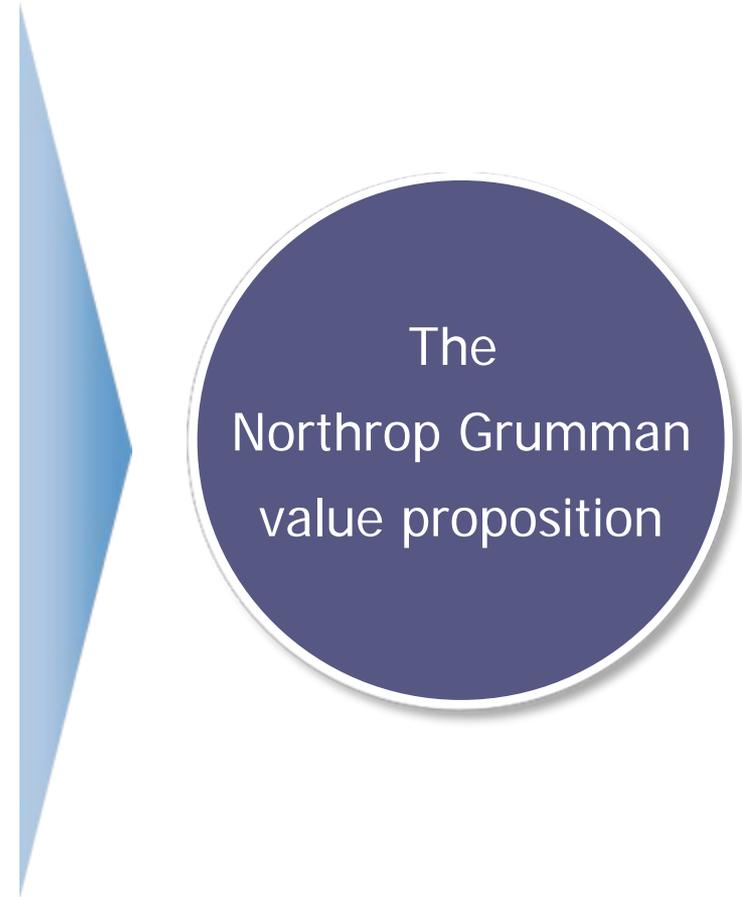
Debt Reduction & Pension Pre-funding
\$7.1 Billion

- Balance sheet strengthened – more financial flexibility

Acquisitions & Capital Investment
\$4.7 Billion

- Investments for productivity & growth

The Northrop Grumman Value Proposition



NORTHROP GRUMMAN

DEFINING THE FUTURE