

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

CLIFTON W. MARSHALL, et al.,

Plaintiffs,

v.

NORTHROP GRUMMAN CORPORATION, et al.,

Defendants.

Case No. 16-cv-6794 AB (JCx)

Judge André Birotte Jr.

NOTICE OF CLASS ACTION SETTLEMENT AND FAIRNESS HEARING

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

All persons, excluding Defendants and/or other individuals who are liable for the conduct described in the complaint, who are or were participants or beneficiaries of the Northrop Grumman Savings Plan (the “Plan”) at any time between September 9, 2010 and the date of judgment, and were affected by the conduct set forth in the Complaint.

The Class Period is defined as September 9, 2010 through the date of entry of the Final Order approving the settlement. The date of judgment in the Class definition refers to the entry of the Final Order. For purposes of this Notice, if not defined herein, capitalized terms have the definitions in the Settlement Agreement, which is incorporated herein by reference.

PLEASE READ THIS SETTLEMENT NOTICE CAREFULLY.

- The Court has given its preliminary approval to a proposed settlement (the “Settlement”) of a class action lawsuit brought by certain participants in the Plan against Northrop Grumman Corporation, Northrop Grumman Savings Plan Administrative Committee, Northrop Grumman Savings Plan Investment Committee, Denise Peppard, Michael Hardesty, Kenneth L. Bedingfield, Kenneth N. Heintz, Prabu Natarajan, Mark A. Caylor, Mark Rabinowitz, Richard Boak, Debora Catsavas, Teri Herzog, Tiffany McConnell King, Christopher McGee, Gary McKenzie, Constance Soloway, Rajender Chandhok, Gloria Flach, James M. Myers, Sunil Navale, Eric Scholten, and Steven Spiegel (“Defendants”), alleging violations of the Employee Retirement Income Security Act (“ERISA”). The Settlement will provide for the allocation of monies directly into the individual accounts of the Settlement Class who had Plan accounts during the Class Period with a balance greater than \$0 as of December 31, 2019 (“Current Participants”). Class Members who are entitled to a distribution but who no longer had a Plan account with a balance greater than \$0 as of December 31, 2019 (“Former Participants”) will receive their allocation in the form of a check mailed to their last known address or a rollover, if elected.
- The terms and conditions of the Settlement are set forth in the Settlement Agreement dated January 13, 2020. Capitalized terms used in this Settlement Notice but not defined in this Settlement Notice have the meanings assigned to them in the Settlement Agreement. The Settlement Agreement is available at www.2019northrop401ksettlement.com. Any amendments to the Settlement Agreement or any other settlement documents will be posted on that website. You should visit that website if you would like more information about the Settlement and any possible amendments to the Settlement Agreement or other changes, including changes to the Plan of Allocation, the date, time, or location of the Fairness Hearing, or other Court orders concerning the Settlement.
- Your rights and options — and the deadlines to exercise them — are explained in this Settlement Notice.
- The Court still has to decide whether to give its final approval to the Settlement. Payments under the Settlement will be made only if the Court finally approves the Settlement and that final approval is upheld in the event of any appeal.

- A hearing on the final approval of the Settlement and for approval of the Class Representatives’ petition for Attorneys’ Fees and Costs and for Class Representatives’ Compensation will take place on June 5, 2020, at 10:00 a.m., before Judge André Birotte Jr. in Courtroom 7B, United States Courthouse, 350 West First Street, Los Angeles, CA 90012.
- Any objections to the Settlement, to the petition for Attorneys’ Fees and Costs or to Class Representatives’ Compensation, must be served in writing on Class Counsel and Defendants’ Counsel, as identified on page 6 of this Settlement Notice.
- Further information regarding the litigation, the Settlement, and this Settlement Notice, including any changes to the terms of the Settlement and all orders of the Court regarding the Settlement, may be obtained at www.2019northrop401ksettlement.com.

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

YOUR LEGAL RIGHTS AND OPTIONS UNDER THE SETTLEMENT:

<p>OUR RECORDS INDICATE THAT YOU ARE A CURRENT PARTICIPANT. YOU DO NOT NEED TO DO ANYTHING TO PARTICIPATE IN THE SETTLEMENT.</p>	<p><u>Our records indicate that you are a Current Participant.</u> If, however, you are a “Former Participant” who participated in the Plan during the Class Period and on December 31, 2019 did not have a balance greater than \$0, or are the beneficiary, alternate payee, or attorney-in-fact of such a person, then, unlike a Current Participant, you must return a Former Participant Claim Form that is postmarked by May 26, 2020, or completed online and filed electronically through the website www.2019northrop401ksettlement.com, to receive a check for your share of the Net Settlement Amount. If you are a Former Participant, and you do not return the Former Participant Claim Form that is postmarked by May 26, 2020, or submitted electronically by May 26, 2020, you will forfeit your share of the Net Settlement Amount. We have not included a claim form in your notice because Current Participants do not need to submit a claim form, and our records indicate that you are a Current Participant. However, if you believe you are a Former Participant, a claim form may be obtained by accessing www.2019northrop401ksettlement.com.</p>
<p>YOU CAN OBJECT (NO LATER THAN MAY 6, 2020).</p>	<p>If you wish to object to any part of the Settlement, you may (as discussed below) write to the Court and counsel about why you object to the Settlement. The Court has authorized the parties to seek discovery, including the production of documents and appearance at a deposition, from any person who files an objection.</p>
<p>YOU CAN ATTEND A HEARING ON JUNE 5, 2020</p>	<p>If you submit a written objection to the Settlement to the Court and counsel before the deadline, you may attend the hearing about the Settlement and present your objections to the Court. You may attend the hearing even if you do not file a written objection, but you will not be permitted to address the Court at the hearing if you do not notify the Court and counsel of your intention to appear at the hearing by May 6, 2020.</p>

The Class Action

The case is called *Clifton Marshall, et al. v. Northrop Grumman Corp., et al*, Case No. 16-6794 (the “Class Action”). It has been pending since September 2016. The Court supervising the case is the United States District Court for the Central District of California. The individuals who brought this suit are called Class Representatives, and the entities they sued are called Defendants. The Class Representatives are current and former participants in the Plan. The Defendants are Northrop Grumman Corporation, Northrop Grumman Savings Plan Administrative Committee, Northrop Grumman Savings Plan Investment Committee, Denise Peppard, Michael Hardesty, Kenneth L. Bedingfield, Kenneth N. Heintz, Prabu Natarajan, Mark A. Caylor, Mark Rabinowitz, Richard Boak, Debora Catsavas, Teri Herzog, Tiffany McConnell King, Christopher McGee, Gary McKenzie, Constance Soloway, Rajender Chandhok, Gloria Flach, James M. Myers, Sunil Navale, Eric Scholten, and Steven Spiegel. The Class Representatives’ claims are described below, and additional information about them is available at www.2019northrop401ksettlement.com.

The Settlement

After three years of litigation, the parties reached a settlement on January 13, 2020. Class Counsel filed this action on September 9, 2016. This action is related to a prior class action called *In re Northrop Grumman Corporation ERISA Litigation*, Case No. 06-6213 (C.D. Cal.) involving similar claims and allegations against some of the same defendants. This case was also settled in June 2017. Since the filing of the action, Class Counsel devoted substantial time and effort to support their underlying claims. The parties participated in two separate mediations and engaged in extensive settlement discussions over a period of seven months with the assistance of a private mediator. For those claims that were not dismissed during pretrial proceedings, they were scheduled for trial on October 15, 2019. On the first day of trial, the parties reached a tentative settlement on the claims.

As part of the Settlement, a Qualified Settlement Fund of \$12,375,000 will be established to resolve the Class Action. The Net Settlement Amount is \$12,375,000 minus any Administrative Expenses, taxes, tax expenses, Court-approved Attorneys’ Fees and Costs, Class Representatives’ Compensation, and other approved expenses of the litigation. The Net Settlement Amount will be allocated to Class Members according to a Plan of Allocation to be approved by the Court.

Statement of Attorneys’ Fees and Costs Sought in the Class Action

Class Counsel devoted thousands of hours bringing this action, pursuing it for more than three years, and have successfully cleared numerous obstacles since filing this action. Class Counsel defeated Defendants’ two motions to dismiss and their motion for summary judgment on certain claims, and also obtained class certification over Defendants’ opposition. In doing so, they advanced substantial costs for expert witnesses, document review, depositions, and other costs necessary to pursue the case. In total, Class Counsel have reviewed and analyzed over 350,000 of pages of documents produced in this litigation. Class Counsel took the risk of litigation and have not been paid for any of their time or for any of these costs throughout the time this case has been pending before the District Court. Class Counsel also has agreed to undertake the additional risk of paying half of the costs of the settlement process if the Settlement is not approved.

Class Counsel will apply to the Court for payment of Attorneys’ Fees and Costs for their work in the case. The amount of fees (not including costs) that Class Counsel will request will not exceed one-third of the Settlement Amount, \$4,125,000 in addition to no more than \$450,000 in litigation costs. Class Counsel will not seek to receive any interest earned by the Qualified Settlement Fund, which will be added to the amount received by the Class. Any Attorneys’ Fees and Costs awarded by the Court to Class Counsel will be paid from the Qualified Settlement Fund.

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

A full and formal application for Attorneys' Fees and Costs and for Class Representatives' Compensation will be filed with the Court and made available on the Settlement Website, www.2019northrop401ksettlement.com.

1. Why Did I Receive This Settlement Notice?

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

2. What Is The Class Action About?

In the Class Action, Class Representatives claim that, during the Class Period, Defendants breached their fiduciary duties and engaged in prohibited transactions by distributing Plan assets to Northrop Grumman as payment for administrative services and investment-related services it provided to the Plan. Plaintiffs also claim that Defendants breached their fiduciary duties by maintaining active managers in the Plan's Emerging Markets Equity Fund.

Defendants have denied and continue to deny the claims and contentions of the Class Representatives, that they are liable at all to the Class, and that the Class or the Plan have suffered any harm or damage for which Defendants could or should be held responsible.

3. Why Is There A Settlement?

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

4. What Does The Settlement Provide?

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

All Class Members and anyone claiming through them will fully release the Plan as well as Defendants and their "Released Parties" from "Released Claims." The Released Parties include: (a) each Defendant, together with Maria Norman, (b) each such person or entity's past, present, and future parent corporation(s), (c) each such person or entity's past, present, and future affiliates, subsidiaries, divisions, joint ventures, predecessors, successors, successors-in-interest, and assigns, and (d) with respect to (a) through (c) above, all of their past, present, and future affiliates, subsidiaries, divisions, joint ventures, predecessors, successors, successors-in-interest, assigns, employee benefit plan fiduciaries (with the exception of the Independent Fiduciary), administrators, service providers, subcontractors, officers, directors, partners, agents, managers, members, employees, independent contractors, representatives, attorneys, administrators, fiduciaries, insurers, co-insurers, reinsurers, shareholders, accountants, auditors, advisors, consultants, trustees, associates, and all persons acting under, by, through, or in concert with any of them.

The Released Claims include all claims that were asserted or might have been asserted in the Class Action or would be barred by the principle of res judicata had the claims asserted been fully litigated and resulted in final judgment; claims against Defendants' insurers; and all claims relating to the implementation of the Settlement.

This is only a summary of the Released Claims and not a binding description of the Released Claims. The actual governing release is found within the Settlement Agreement at www.2019northrop401ksettlement.com. Generally, the release means that Class Members will not have the right to sue the Defendants, the Plan, or the Released Parties for conduct during the Class Period arising out of or relating to the allegations in the Class Action.

This is only a summary of the Settlement. The entire Settlement Agreement is at www.2019northrop401ksettlement.com.

5. How Much Will My Distribution Be?

The amount, if any, that will be allocated to you will be based upon records maintained by the Plan's recordkeeper, or, if on December 31, 2019, you either no longer had a Plan account or had a Plan account with no money in it, based upon your Former Participant Claim Form. Calculations regarding the individual distributions will be performed by the Settlement Administrator, whose determinations will be final and binding, pursuant to the Court-approved Plan of Allocation.

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

The Net Settlement Amount shall be divided into two portions: (1) the Administrative Fee Portion ("Fee Portion") shall be eighty percent (80%) of the Net Settlement Amount; and (2) the Emerging Markets Equity Fund Portion ("EM Fund Portion") shall be twenty percent (20%) of the Net Settlement Amount. The Fee Portion will be allocated among Class Members as follows: a percentage of Fee Portion that is the product of the sum of the participant's quarter-ending total account balances for each quarter from September 30, 2010 through December 31, 2013 divided by the sum of the quarter-ending net asset value of the Plan for each quarter during that period. The EM Fund Portion will be allocated among Class Members as follows: a percentage of the EM Fund Portion that is the product of the sum of the participant's quarter-ending account balances invested in the EM Fund for each quarter from December 31, 2010 through December 31, 2014 divided by the sum of the quarter-ending net asset value of the EM Fund for each quarter during that period.

No amount shall be distributed to a Class Member that is five dollars (\$5.00) or less, because such an amount is de minimis and would cost more in processing than its value. The method of making these calculations is described in the Plan of Allocation, found in Article 6 of the Settlement Agreement and available at www.2019northrop401ksettlement.com.

There are over 102,000 Class Members.

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

6. How Can I Receive My Distribution?

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

7. When Will I Receive My Distribution?

The timing of the distribution of the Net Settlement Amount is conditioned on several matters, including the Court's final approval of the Settlement and that approval becoming final and no longer subject to any appeals in any court. An appeal of the final approval may take several years. If the Settlement is approved by the Court, and there are no appeals, the Settlement distribution will likely not occur before late 2020.

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

8. Can I Get Out Of The Settlement?

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

9. Do I Have A Lawyer In The Case?

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

10. How Will The Lawyers Be Paid?

Class Counsel will file a petition for the award of Attorneys' Fees and Costs. This petition will be considered at the Fairness Hearing. Class Counsel has agreed to limit their application for an award of Attorneys' Fees and Costs to not more than \$4,125,000 in fees and \$450,000 in costs. The Court will determine what fees and costs will be approved.

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

If you are a Class Member, you can tell the Court that you do not agree with the Settlement or some part of it. To object, you must send the Court a written statement that you object to the Settlement in *Clifton Marshall, et al. v. Northrop Grumman Corp., et al*, Case No. 16-6794. Be sure to include your name, address, telephone number, signature, and a full explanation of why you object to the Settlement. Your written objection must be received by the Court **no later than May 6, 2020**. The Court's address is Clerk of the Court, United States District Court, Central District of California, 350 West First Street, Los Angeles, CA 90012. Your written objection also must be mailed to the lawyers listed below, **no later than May 6, 2020**. Please note that the Court's Order Granting Preliminary Approval of this Settlement provides that any party to the litigation may, but is not required to, serve discovery requests, including requests for documents and notice of deposition not to exceed two hours in length, on any objector. Any responses to discovery, or any depositions, must be completed within ten days of the request being served on the objector.

CLASS COUNSEL	DEFENDANTS' COUNSEL
SCHLICHTER, BOGARD & DENTON Attn: Northrop Grumman 401(k) Settlement 100 S. Fourth St., Suite 1200 St. Louis, MO 63102 2019northrop401ksettlement@uselaws.com Tel: (314) 621-6115 Fax: (314) 621-5934	Nancy G. Ross MAYER BROWN LLP 71 S. Wacker Drive Chicago, IL 60606 nross@mayerbrown.com Tel: (312) 701-8788 Fax: (312) 706-8273

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

The Court will hold a Fairness Hearing at 10:00 a.m. on June 5, 2020, at the United States District Court for the Central District of California, Courtroom 7B, 350 West First Street, Los Angeles, CA 90012.

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

13. Do I Have To Attend The Fairness Hearing?

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

14. May I Speak At The Fairness Hearing?

If you are a Class Member, you may ask the Court for permission to speak at the Fairness Hearing. To do so, you must send a letter or other paper called a “Notice of Intention to Appear at Fairness Hearing in *Clifton Marshall, et al. v. Northrop Grumman Corp., et al*, Case No. 16-6794.” Be sure to include your name, address, telephone number, and your signature. Your Notice of Intention to Appear must be mailed to the attorneys and filed with the Clerk of the Court, at the addresses listed in the Answer to Question No. 11, **no later than May 6, 2020**.

15. What Happens If I Do Nothing At All?

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

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

16. How Do I Get More Information?

If you have general questions regarding the Settlement, you can visit this website: www.2019northrop401ksettlement.com, call 1-855-929-3252, or write to the Settlement Administrator at Northrop Grumman 401(k) Settlement Administrator, P.O. Box 2007, Chanhassen, MN 55317-2007.

Northrop Grumman 401(k) Settlement Administrator

P.O. Box 2007

Chanhassen, MN 55317-2007

ABC1234567890 - Claim Number 111111



JOHN Q CLASSMEMBER

123 MAIN ST

ANYTOWN, ST 12345