

Part II **Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ Sections 351 and 358(a)(1) of the Code.

18 Can any resulting loss be recognized? ▶ NOC stockholders will not recognize gain or loss for U.S. Federal income tax purposes on the Holding Company Reorganization.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The reportable year is the tax year ending December 31, 2011. See the attached Northrop Grumman Corporation Stockholder Tax Basis Information statement.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ▶  Date ▶ 1/9/12
Print your name ▶ Prabu Natarajan Title ▶ Vice President, Tax

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|-------------------------------|----------------------------|----------------------|------|---|--------------|
| Paid Preparer Use Only | Print/Type preparer's name | Preparer's signature | Date | Check <input type="checkbox"/> if self-employed | PTIN |
| | Firm's name ▶ | | | | Firm's EIN ▶ |
| | Firm's address ▶ | | | | Phone no. |

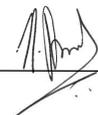
Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ Sections 355 and 358(a)(1) of the Code.

18 Can any resulting loss be recognized? ▶ Except to the extent of cash received in lieu of fractional shares, NOC stockholders will not recognize gain or loss for U.S. Federal income tax purposes on the Distribution.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The reportable year is the tax year ending December 31, 2011. See the attached Northrop Grumman Corporation Stockholder Tax Basis Information statement.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

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| | Firm's name ▶ | | | | Firm's EIN ▶ |
| | Firm's address ▶ | | | | Phone no. |

**Distribution of Huntington Ingalls Industries, Inc. Common Stock
Information Regarding Tax Basis
as of April 1, 2011**

On March 31, 2011, Northrop Grumman Corporation (“NOC”) distributed 100% of the shares of its subsidiary Huntington Ingalls Industries, Inc. (“HII”) to NOC stockholders (the “Distribution”), following an internal reorganization that resulted in a new holding company for Northrop Grumman (the “Holding Company Reorganization”). This memo provides information regarding the tax basis of NOC and HII common stock as a result of both the Holding Company Reorganization and the Distribution.

CONSULT YOUR TAX ADVISOR

The information contained herein provides only a general summary regarding the application of certain provisions of the U.S. Internal Revenue Code, as amended (the “Code”), and the Treasury Regulations thereunder (the “Regulations”) relating to the allocation of tax basis between NOC and HII common stock following the Distribution and does not constitute tax advice or purport to be complete or to describe the consequences that may apply to particular categories of stockholders. Neither Northrop Grumman Corporation nor Huntington Ingalls Industries, Inc. provides tax advice to its stockholders, and the example presented below is provided solely for illustrative purposes and as a convenience to stockholders and their tax advisors when establishing their specific tax position. *You are urged to consult your own tax advisor regarding the particular consequences of the Distribution to you, including the applicability and effect of all U.S. Federal, state, local and non-U.S. tax laws.* We urge you to read the Information Statement dated March 21, 2011 for Huntington Ingalls Industries, Inc. that was mailed to you noting especially the discussion on pages 52-54 under the heading “U.S. Federal Income Tax Consequences of the Spin-Off.” You may access the Information Statement at our website at www.northropgrumman.com in the Investor Relations section, under “HII Spin-off Information.”

THE HOLDING COMPANY REORGANIZATION AND THE DISTRIBUTION

On March 30, 2011, Northrop Grumman Corporation (“Old NOC”) completed the Holding Company Reorganization to create a holding company structure. In the Holding Company Reorganization, all of the outstanding shares of capital stock of Old NOC became shares of the same class of capital stock of NOC, a new holding company that was renamed “Northrop Grumman Corporation.” Stockholders of Old NOC, prior to the Holding Company Reorganization, and of NOC, thereafter, are referred to herein as “NOC stockholders.”

Prior to the opening of the market on March 31, 2011, NOC distributed 100% of the outstanding HII common stock to the NOC stockholders (the Distribution). Pursuant to the terms of the Distribution, NOC stockholders of record at 5:00 p.m., EDT on March 30, 2011, received one (1) share of HII common stock for every six (6) shares of NOC common stock they held. Cash will be distributed in lieu of fractional shares of HII stock.

If you did not receive the Distribution of HII common stock on March 31, 2011, this information does not apply to you.

APPLICABILITY OF THE TAX BASIS CONSEQUENCES DESCRIBED BELOW

The discussion below regarding tax basis applies generally to U.S. Holders. For purposes of this summary, a “U.S. Holder” is a beneficial owner of NOC common stock that holds that stock as a capital asset (generally, for investment purposes) and is, for U.S. Federal income tax purposes: (i) a citizen or resident of the United States; (ii) a corporation (or other entity treated as a corporation) created or organized in or under the laws of the United States or any state thereof (including the District of Columbia); (iii) an estate, the income of which is subject to U.S. Federal income taxation regardless of its source; or (iv) a trust if (x) a court within the United States is able to exercise primary supervision over its administration and (y) one or more U.S. persons have the authority to control all of its substantial decisions.

GUIDANCE REGARDING TAX BASIS IN THE HOLDING COMPANY REORGANIZATION

As a consequence of the Holding Company Reorganization, your tax basis in your Old NOC common stock was transferred to your NOC common stock. If you purchased your Old NOC common stock for cash, the tax basis for your Old NOC common stock would equal the original cost of this common stock (including commissions or other fees), adjusted to take into account the effect of certain prior transactions in which you may have participated, such as the splits or stock dividends of Old NOC common stock in prior years. If you acquired your Old NOC common stock as a gift, as an inheritance, through an employee compensation arrangement, from a person to whom you were related or otherwise not dealing with at arm’s length, in a tax deferred transaction or through some other means, we recommend that you consult your tax advisor to determine your tax basis in these shares.

GENERAL GUIDANCE REGARDING TAX BASIS IN A TAX-FREE SPIN-OFF

As a consequence of the Distribution, you will need to allocate your tax basis in your NOC common stock immediately before the Distribution between your NOC common stock and the HII common stock (including any fractional share, for which you will receive cash) you receive. If you acquired shares of NOC common stock at different times, for U.S. Federal income tax purposes you will need to make separate tax basis calculations for each block of shares.

According to the Regulations, the allocation of tax basis between your NOC common stock and the HII common stock (including any fractional share, for which you will receive cash) you receive in the Distribution is based on their relative fair market values at the time of or immediately following the Distribution. U.S. Federal income tax law does not specify precisely how to determine these fair market values. In general, fair market value of an item of property means the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the facts.

There are several possible methods for determining the fair market values of NOC common stock and HII common stock. One method is to use the average trading prices of NOC common

stock and HII common stock quoted on the New York Stock Exchange on the first trading day following the Distribution. The average trading prices could be calculated by averaging the high and low share price for that day.

The following is an example of how you might use this method to allocate your tax basis in your NOC common stock immediately before the Distribution between your NOC common stock and the HII common stock (including any fractional share, for which you will receive cash) you receive. The example is based on the average trading prices on the first trading day, March 31, 2011, as the fair market value of the NOC common stock and the HII common stock. You should consult your tax advisor to determine what measure of fair market value is appropriate. The example is provided solely for illustrative purposes and as a convenience to NOC stockholders and their tax advisors.

HYPOTHETICAL EXAMPLE OF BASIS ALLOCATIONS

Assumptions:

Your shares of NOC common stock: 100 shares
 Your tax basis in your NOC shares: \$30 per share
 Your aggregate basis in your NOC shares: \$3,000 (100 shares x \$30 per share)
 Shares of HII common stock you receive in the Distribution (including fractional shares) 16.6667 shares (100 shares / 6)

Your aggregate tax basis in your NOC common stock immediately prior to the Distribution would be allocated between your NOC common stock and your HII common stock (including any fractional share, for which you will receive cash) as illustrated below.

Formula for Calculating Aggregate Fair Market Values of Shares in the Distribution

To determine the aggregate fair market value of your shares of NOC common stock and HII common stock, multiply the number of such shares by the applicable average fair market value of one such share.

| | High Price on 3/31/11 | Low Price on 3/31/11 | Average Price on 3/31/11 | | Number of Shares | Aggregate Fair Market Value |
|------------------|------------------------------|-----------------------------|---------------------------------|---|-------------------------|------------------------------------|
| NOC Common Stock | \$63.43 | \$62.24 | \$62.835 | x | 100 | = \$6,283.50 |
| HII Common Stock | \$42.50 | \$38.00 | \$40.250 | x | 16.6667 | = \$670.83 |
| Total | | | | | | \$6,954.33 |

Formula for Calculating Share Basis Allocation Percentage in the Distribution

To find the share basis allocation percentage for your NOC common stock, divide the aggregate fair market value of your shares of NOC common stock by the sum of the aggregate fair market values of your shares of NOC common stock and your shares of HII common stock (including any fractional share for which you will ultimately receive cash).

To find the share basis allocation percentage for your HII common stock (including any fractional share for which you will ultimately receive cash), divide the aggregate fair market value of your shares of HII common stock (including any fractional share) by the sum of the aggregate fair market values of your shares of NOC common stock and your shares of HII common stock (including any fractional share).

| Aggregate Fair Market Value | | | Aggregate Fair Market Value of NOC and HII Stock | | Tax Basis Allocation Percentage |
|-----------------------------|------------|---|--|---|---------------------------------|
| NOC Common Stock | \$6,283.50 | ÷ | \$6,954.33 | = | 90.35% |
| HII Common Stock | \$670.83 | ÷ | \$6,954.33 | = | 9.65% |

Formula for Calculating Tax Basis Allocation in the Distribution

To find the tax basis allocation for your NOC common stock, multiply your aggregate tax basis in your shares of NOC common stock immediately prior to the Distribution by your NOC share basis allocation percentage. To find your NOC tax basis allocation per share, divide this number by the number of NOC shares.

To find the tax basis allocation for your HII common stock (including any fractional share), multiply your aggregate tax basis in your shares of NOC common stock immediately prior to the Distribution by your HII share basis allocation percentage. To find your HII tax basis allocation per share, divide this number by the number of HII shares (including any fractional share).

| Aggregate NOC Tax Basis | | Tax Basis Allocation Percentage | | | Tax Basis Allocation | Number of Shares | | Tax Basis Allocation Per Share |
|-------------------------|------------|---------------------------------|--------|---|----------------------|------------------|---------|--------------------------------|
| NOC Common Stock | \$3,000.00 | x | 90.35% | = | \$2,710.50 | ÷ | 100 | \$27.105 |
| HII Common Stock | \$3,000.00 | x | 9.65% | = | \$289.50 | ÷ | 16.6667 | \$17.370 |

Formula for Allocating Aggregate Basis to Whole HII Shares and Fractional HII Shares

To find the tax basis allocation for the whole shares of HII common stock you receive in the Distribution, multiply the number of whole shares you receive by the HII tax basis allocation per share.

To find the tax basis allocation for any fractional share of HII common stock sold on your behalf for cash, multiply the fraction of a share you would have received by the HII tax basis allocation per share. This is the basis you should use to compute your gain or loss recognized with respect to the cash you receive in lieu of the fractional share.

| Number of Shares | | | Tax Basis Allocation Per Share | | Tax Basis Allocation |
|----------------------|-------|---|--------------------------------|---|----------------------|
| HII Whole Shares | 16 | x | \$17.370 | = | \$277.92 |
| HII Fractional Share | .6667 | x | \$17.370 | = | \$11.58 |

Your fractional share of HII stock will be combined with the fractional shares to which all the other NOC stockholders would be entitled, and such stock will be sold. The sale proceeds (less selling costs) will be divided among such NOC stockholders in proportion with the amount of their respective fractional shares. The difference between the amount you receive for your fractional share and the basis thereof (basis = \$11.60 in the above example) will be recognized as long-term or short-term capital gain or loss, as the case may be.

Please note that some brokerage firms may not use the information provided in this document, and the information is provided only as an example of one possible method. There are various ways brokerage firms may calculate tax basis, including but not limited to a method based on March 31, 2011 opening, closing, or average prices. Please contact your brokerage firm to determine which calculation they may have used, and contact your tax advisor for additional information and clarification.

INFORMATION REQUIRED UNDER CODE SECTION 6045B

Section 6045B of the Code and the Regulations thereunder provide that, effective January 1, 2011, a corporation that engages in certain actions that affect the basis of its stock must, within 45 days after the date of such action, file an information return with the Internal Revenue Service (“IRS”). The information return must describe, among other things, the action and its quantitative effect on the basis of its outstanding stock. As an alternative to filing this information return, the corporation may post the information return on its primary public website. Although the Code and Regulations contemplate a specific form of the information return, the IRS has not yet issued such form. Nonetheless, the information below is being provided to comply with Code section 6045B and the Regulations to the extent possible with respect to the Holding Company Reorganization and the Distribution.

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| Reporting issuer Reg. § 1.6045B-1(a)(1)(i) | Northrop Grumman Corporation (“NOC”) Taxpayer Identification # 80-0640649 |
| Security identifiers Reg. § 1.6045B-1(a)(1)(ii) | Northrop Grumman Corporation (“Old NOC” and “NOC”) CUSIP # 666807 102 Ticker Symbol: NOC Huntington Ingalls Industries, Inc. (“HII”) CUSIP # 446413 106 Ticker Symbol: HII |
| Contact at reporting issuer Reg. § 1.6045B-1(a)(1)(iii) | Investor Relations Northrop Grumman Corporation 1840 Century Park East Los Angeles CA 90067 investors@ngc.com 310-201-1634 |

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|--|--|
| <p>Information about action Reg. § 1.6045B-1(a)(1)(iv)</p> | <p>Holding Company Reorganization: Creation of holding company. On March 30, 2011, each NOC stockholder received one (1) share of NOC common stock for each share of Old NOC common stock.</p> <p>Distribution: Pro rata distribution of the HII common stock by NOC to the NOC stockholders, prior to the opening of the market on March 31, 2011. Each NOC stockholder as of the close of business on the record date of March 30, 2011 received one (1) share of HII common stock for each six (6) shares of NOC stock owned (cash will be distributed in lieu of fractional shares of HII common stock).</p> |
| <p>Effect of the action Reg. § 1.6045B-1(a)(1)(v)</p> | <p>As a result of the Holding Company Reorganization, NOC stockholders' basis in their Old NOC common stock was transferred to their NOC common stock.</p> <p>NOC stockholders will not recognize gain or loss for U.S. Federal income tax purposes on the Holding Company Reorganization.</p> <p>As a result of the Distribution, NOC stockholders will be required to allocate the aggregate tax basis in their NOC common stock held immediately before the Distribution between such shares and the shares of HII common stock received in the Distribution (including any fractional share interest in HII stock for which cash is received). A stockholder's aggregate basis in his or her shares of NOC common stock held immediately prior to the Distribution should be allocated in proportion to the relative fair market value of the NOC common stock and the HII common stock under Code § 358.</p> <p>For information on the quantitative effect of the Distribution on the basis of NOC common stock and an example of a detailed calculation for determining basis, please see the attached Northrop Grumman Corporation Stockholder Tax Basis Information statement.</p> <p>Except to the extent of cash received in lieu of fractional shares, NOC stockholders will not recognize gain or loss for U.S. Federal income tax purposes on the Distribution.</p> |