

VOLUNTEERS & OFFICERS

Board of Directors

Chairman Mitch Mroz
 1st Vice Chairman Georgetta Wolff
 2nd Vice Chairman Hugh Jones
 Secretary/Treasurer Stan Swenson

George Bardizbanian
 Steve Considine
 Phil Harrott
 Nils Johnson
 Bernie Slotnick

Brian Soto
 Dick Underhill
 Betty Burtis, Emeritus
 Ted Hruska, Emeritus
 Dick Lindsey, Emeritus

Supervisory Committee

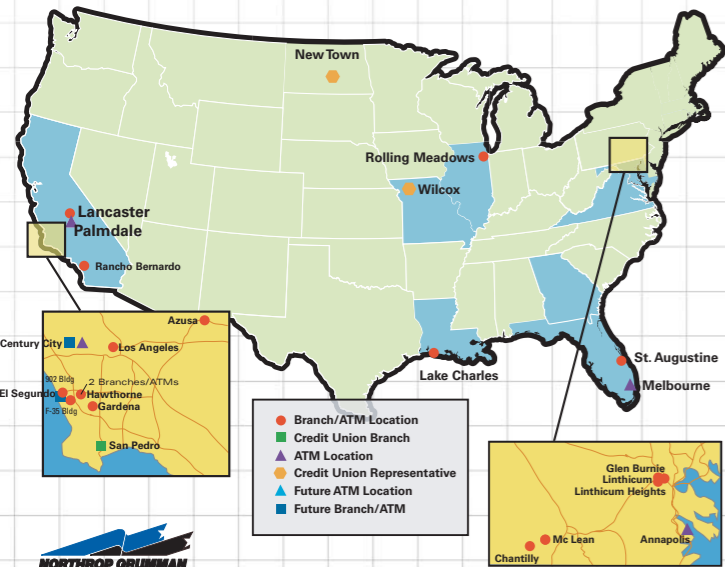
Al Eldridge, Chairman
 Kathi Harper, Secretary
 Ted Hruska

Flight Plan Financial Services, Inc.

Officers and Board of Directors
 Betty Burtis, Chairman
 Jim Barnfather, President
 George Bardizbanian



BRANCH & ATM LOCATIONS



PRSR STD
 U.S. POSTAGE
PAID
 Academy Mail

Box 47009
 Gardena, CA 90247-6809



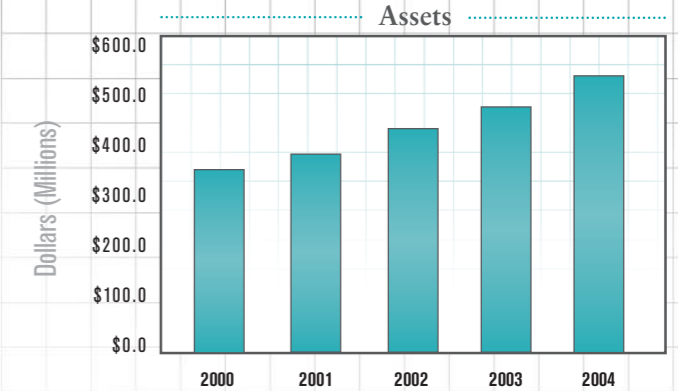
Annual Report

2004

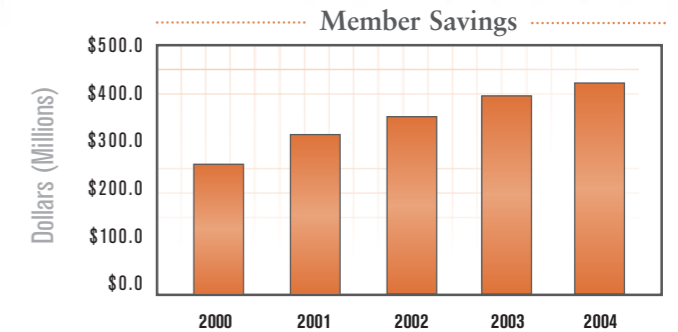


This abbreviated annual report is intended to provide summary information pertaining to the performance of Northrop Grumman Federal Credit Union. To view the complete independent auditor's report prepared by McGladrey & Pullen, go to www.norgrumfcu.org or call 800-633-2848 to request a copy.

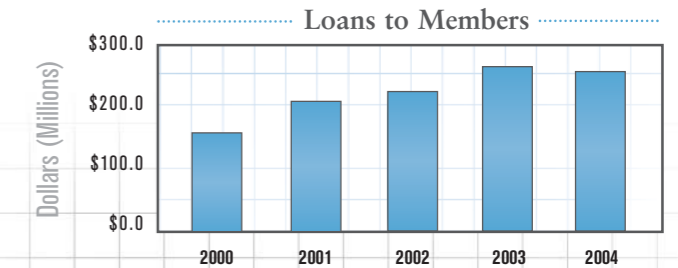
PROGRESS



Assets 2004 **\$522,991,542** Increase over 2003 **12%**



Savings 2004 **\$405,479,064**



Loans 2004 **\$262,332,766**

REPORT TO MEMBERS

Marking the end of another successful year, Northrop Grumman Federal Credit Union continues to provide a variety of convenient service channels, market sensitive products and expanded value to its members and major sponsor groups.

2004

Assets	\$522,991,542
Savings	\$405,479,064
Loans	\$262,332,766

Throughout 2004, the popular 3.9%/4.9% Fixed Rate Auto Loan program continued to provide low interest rate loans to members for new and used vehicles. Members funded nearly 2000 low interest rate auto loans totalling \$36.25 million.

The Credit Union continues to upgrade its branch and ATM availability to maximize member access. In 2004, a new branch office and ATM went into operation to serve the employees at Northrop Grumman's F-35 Building in El Segundo, California.

With the assistance of its wholly-owned subsidiary, Flight Plan Financial Services, Inc., the Credit Union made available an array of voluntary insurance options to Northrop Grumman employees in the Space Technology and Mission Systems sectors and to NGC retirees, with future offerings to the entire Northrop Grumman employee population starting in 2005. Also, through Flight Plan and LPL (Linsco Private Ledger), the Credit Union continued to provide free financial consultations and a full range of investment and insurance products.

the_Max! eBranch service continued to provide 24/7 secure Internet access to many Credit Union services including free bill payer service. Over 16,000 members have signed onto *the_Max!* and nearly 9,000 members use *the_Max!* regularly. More than 2,300 members are using the free bill payer feature, saving time and postage money, to pay over 6,000 bills per month.



With the implementation of point of contact surveys initiated in 2004, the Credit Union is aggressively monitoring member satisfaction to identify areas that require process improvement. Randomly selected members who have visited a branch, talked to a telephone service representative or funded an auto or real estate loan are mailed a short questionnaire. The response to these surveys has been enthusiastic and remarkably enlightening. Thank you for your continued support and confidence.

Through your active participation and ownership, the Credit Union will continue its mission of helping you achieve a lifestyle that is productive and enjoyable.

For the Board of Directors,

Mitch Mroz
Chairman

Stanley R. Swenson, Jr.
Secretary/Treasurer



CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

December 31, 2004

ASSETS

Cash and cash equivalents	\$ 28,727,838
Investments	
Available-for-sale	198,562,568
Other	22,162,313
Loans to members, net	262,332,766
Accrued interest receivable	1,726,987
Property and equipment	2,610,894
NCUSIF deposit	3,735,018
Other assets	3,133,158
	\$ 522,991,542

LIABILITIES AND MEMBERS' EQUITY

Members' shares	\$ 405,479,064
Notes payable	60,000,000
Accrued expenses and other liabilities	3,432,638
Total liabilities	468,911,702
Members' Equity	54,079,840
	\$ 522,991,542

CONSOLIDATED STATEMENT OF INCOME

For the year ended December 31, 2004

INTEREST INCOME

Interest on loans to members	\$ 15,197,528
Interest on investments and cash equivalents	7,371,284
	22,568,812

INTEREST EXPENSE

Dividends on members' shares	4,415,972
Interest on notes payable	1,272,508
	5,688,480

NET INTEREST INCOME

16,880,332

PROVISION FOR LOAN LOSSES

1,900,000

NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES

14,980,332

NON-INTEREST INCOME

Fee income	1,483,129
Interchange income	542,492
Shared branching income	358,910
Gain on sale of available-for-sale investments	248,117
Other non-interest income	740,926
	3,373,574
	18,353,906

GENERAL AND ADMINISTRATIVE EXPENSES

Salaries and benefits	7,189,278
Operations	5,912,032
Occupancy	1,254,180
	14,355,490

NET INCOME

\$ 3,998,416

