

## VOLUNTEERS & OFFICERS

### Board of Directors

Chairman ..... Hugh Jones  
 1st Vice Chairman ..... Steve Considine  
 2nd Vice Chairman ..... Brian Soto  
 Secretary/Treasurer..... Stan Swenson

George Bardizbanian ..... Bernie Slotnick  
 Roberta Currier ..... Dick Underhill  
 Phil Harrott ..... Georgetta Wolff  
 Nils Johnson ..... Betty Burtis, Emeritus  
 Mitch Mroz ..... Ted Hruska, Emeritus  
 Mark Rabinowitz ..... Dick Lindsey, Emeritus

### Supervisory Committee

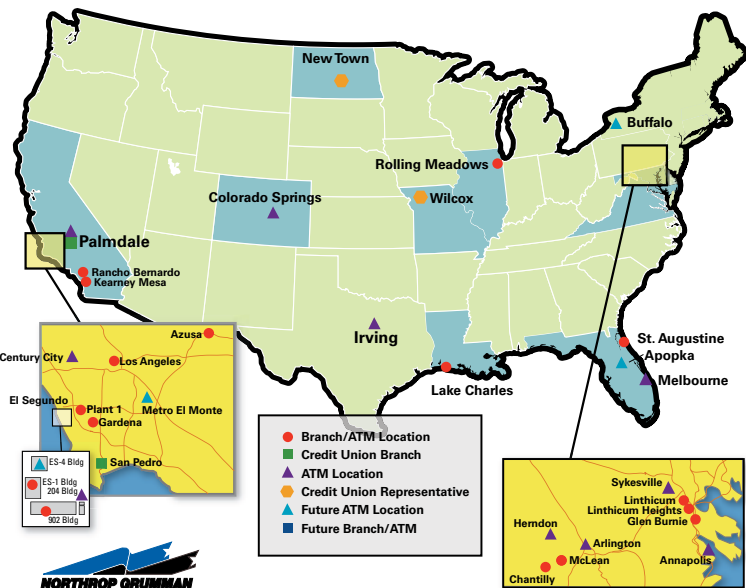
Kathi Harper, Chairman ..... Harry Lee  
 Wayne Watanabe, Secretary ..... Al Eldridge  
 Ted Hruska

Flight Plan Financial Services, Inc.  
*Officers and Board of Directors*  
 Betty Burtis, Chairman  
 Jim Barnfather, President  
 George Bardizbanian



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## BRANCH & ATM LOCATIONS



Box 47009  
 Gardena, CA 90247-6809



GMD 1726



# ANNUAL REPORT

*Lifestyle...*  
 FULFILLING THE DREAM

*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 Turner, Warren, Hwang & Conrad Certified Public Accountants, go to [www.ngfcu.us](http://www.ngfcu.us) or call 800-633-2848 to request a copy.*

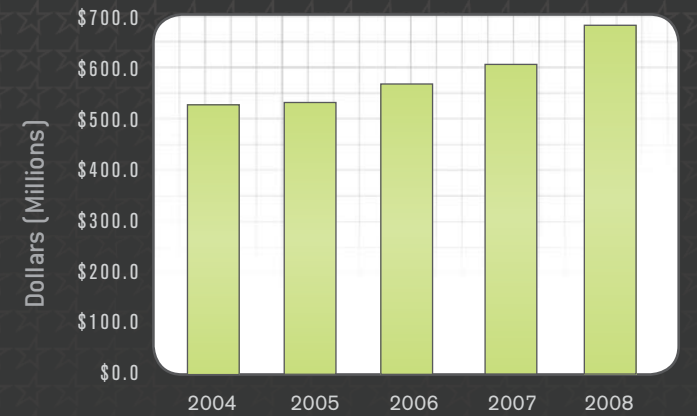


2008



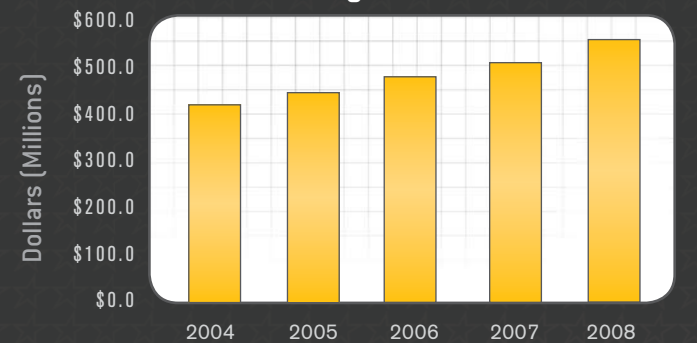
## PROGRESS

### Assets



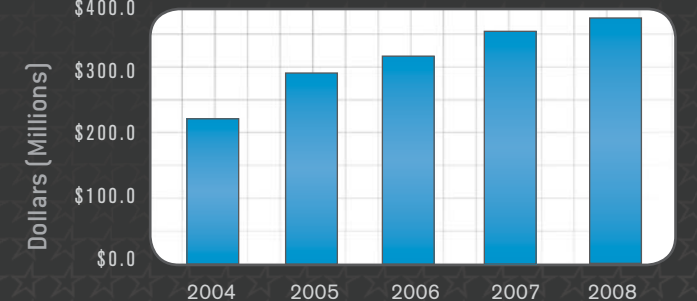
2008 Assets ..... \$683,930,883

### Member Savings



2008 Savings ..... \$553,822,508

### Loans to Members



2008 Loans ..... \$389,257,711

## REPORT TO MEMBERS

During 2008, NGFCU members faced many of the same challenges brought on by the economic downturn that is creating concerns for most Americans. With stock values dropping and savings rates falling in 2008, it became more difficult to find a worthwhile return on investment without sacrificing security. Northrop Grumman Federal Credit Union members had one advantage over the rest of the population in that their savings and loans at Northrop Grumman FCU were unsullied by the failings suffered by other financial institutions. Northrop Grumman FCU continued to provide an above market return on savings while maintaining affordable loan interest rates and terms.

To support member efforts to securely build wealth, the Credit Union offered among the highest savings rates in the country during 2008. Demonstrating continued member confidence in the value of NGFCU membership, term (CD) account balances increased by 10% and IRA term account balances increased by 19%, while assets expanded by 14% to nearly \$685 million by the close of 2008.

Maintaining a stable framework of conservative lending policies, the Credit Union made available an array of traditional loan products. With market sensitive interest rates and very low closing costs, the Credit Union offered a practical and dependable option for financing conventional and jumbo home loans. In addition to the Credit Union's popular low interest rate auto loans with a quick and easy application process, members were offered other lending opportunities intended to help them responsibly bridge the gap between cash on hand and fulfilling their particular dream.

Offering cost effective service channels for members remained a high priority in 2008. In addition to the over 25,000 Co-op ATMs and the thousands of CU Service Center locations nationwide, the Credit Union provided options to better serve the changing sponsor landscape with new Norteller ATM installations in Colorado Springs, Colorado; in the Northrop Grumman Corporate Offices in Century City, California; and at the Washington Office in Washington, D.C. Planned for 2009 are new Norteller ATMs in Irving, TX, Apopka, Florida; Buffalo, New York; El Segundo, CA; and for Metro employees at El Monte, CA. Construction of the free-standing branch in Palmdale, California, got underway in 2008 and the Credit Union is preparing for a grand opening there in the second quarter of 2009.

Recognizing the importance of maintaining direct contact with our member-owners, daily surveys are sent when an auto or home loan is completed, or randomly when members receive service from a Call Center or branch representative. These short and easy to complete questionnaires provide important insights that help staff quickly recognize and respond to the needs, perceptions and concerns of our membership. Member response to the surveys remains high.

In fact, individual member-owner loyalty and participation has always been the keystone of success for Northrop Grumman Federal Credit Union. We are proud to offer in return a solid, safe, and secure "best-choice" for all your financial requirements.

For the Board of Directors,

*Hugh Jones*  
Chairman

*Stanley R. Swenson, Jr.*  
Secretary/Treasurer



## CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

December 31, 2008

ASSETS	
Cash and cash equivalents	\$ 40,494,861
Investments	
Available-for-sale	226,755,863
Other	12,334,047
Loans to members, net	389,257,711
Accrued interest receivable	2,255,181
Property and equipment	5,180,160
NCUSIF deposit	5,509,700
Other assets	2,143,360
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	\$ 683,930,883
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LIABILITIES AND MEMBERS' EQUITY	
Members' shares	\$ 553,822,508
Notes payable	46,200,000
Accrued expenses and other liabilities	3,827,398
Total liabilities	603,849,906
Members' Equity	80,080,977
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	\$ 683,930,883

## CONSOLIDATED STATEMENT OF INCOME

For the year ended December 31, 2008

INTEREST INCOME	
Interest on loans to members	\$ 22,034,029
Interest on investments and cash equivalents	11,191,288
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	33,225,317
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INTEREST EXPENSE	
Dividends on members' shares	14,890,177
Interest on notes payable	1,202,099
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	16,092,276
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	17,133,041
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NET INTEREST INCOME	
	17,133,041
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PROVISION FOR LOAN LOSSES	
	1,230,427
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NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	
	15,902,614
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NON-INTEREST INCOME	
Fee income	2,758,715
Interchange income	948,932
Shared branching income	310,759
Gain on sale of available-for-sale investments	446,895
Other non-interest income	751,287
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	5,216,588
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GENERAL AND ADMINISTRATIVE EXPENSES	
Salaries and benefits	7,671,772
Operations	6,555,940
Occupancy	1,380,989
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	15,608,701
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NET INCOME	
	\$ 5,510,501

