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DELTA REPORT

10-Q

NOC WI - NORTHROP GRUMMAN CORP /DE

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	1908
CHANGES	160
DELETIONS	1044
ADDITIONS	704

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 31, 2024 June 30, 2024

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 1-16411

NORTHROP GRUMMAN CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**80-0640649**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2980 Fairview Park Drive	
Falls Church, Virginia	**22042**
(Address of principal executive offices)	(Zip Code)

(703) 280-2900
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	NOC	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large Accelerated Filer ☒ Accelerated Filer ☐

Non-accelerated Filer ☐ Smaller Reporting Company ☐

Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.
As of April 22, 2024 July 22, 2024, 147,989,969 146,245,264 shares of common stock were outstanding.

NORTHROP GRUMMAN CORPORATION

TABLE OF CONTENTS

Page

NORTHROP GRUMMAN CORPORATION

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME
(Unaudited)

$ in millions, except per share amounts	$ in millions, except per share amounts	Three Months Ended March 31 2024	2023	$ in millions, except per share amounts	Three Months Ended June 30 2024	2023	Six Months Ended June 30 2024	2023
Sales								
Product								
Product								
Product								
Service								
Total sales								
Operating costs and expenses								
Product								
Product								
Product								
Service								
General and administrative expenses								
Total operating costs and expenses								
Operating income								
Other (expense) income								
Interest expense								
Interest expense								
Interest expense								
Non-operating FAS pension benefit								
Other, net								
Earnings before income taxes								
Federal and foreign income tax expense								
Net earnings								
Basic earnings per share								
Basic earnings per share								
Basic earnings per share								
Weighted-average common shares outstanding, in millions								
Diluted earnings per share								
Weighted-average diluted shares outstanding, in millions								
Net earnings (from above)								
Net earnings (from above)								
Net earnings (from above)								
Other comprehensive (loss) income, net of tax								
Change in cumulative translation adjustment								
Change in cumulative translation adjustment								
Change in cumulative translation adjustment								
Change in other, net								
Other comprehensive (loss) income, net of tax								
Comprehensive income								

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited)

$ in millions, except par value	*$ in millions, except par value* **March 31, 2024**	December 31, 2023	*$ in millions, except par value* **June 30, 2024**	December 31, 2023
Assets				
Cash and cash equivalents				
Cash and cash equivalents				
Cash and cash equivalents				
Accounts receivable, net				
Unbilled receivables, net				
Inventoried costs, net				
Prepaid expenses and other current assets				
Total current assets				
Property, plant and equipment, net of accumulated depreciation of $8,149 for 2024 and $7,964 for 2023				
Property, plant and equipment, net of accumulated depreciation of $8,328 for 2024 and $7,964 for 2023				
Operating lease right-of-use assets				
Goodwill				
Intangible assets, net				
Deferred tax assets				
Other non-current assets				
Total assets				
Liabilities				
Liabilities				
Liabilities				
Trade accounts payable				
Trade accounts payable				
Trade accounts payable				
Accrued employee compensation				
Advance payments and billings in excess of costs incurred				
Other current liabilities				
Total current liabilities				
Long-term debt, net of current portion of $1,582 for 2024 and $70 for 2023				
Long-term debt, net of current portion of $1,590 for 2024 and $70 for 2023				
Pension and other postretirement benefit plan liabilities				
Operating lease liabilities				
Other non-current liabilities				
Total liabilities				
Commitments and contingencies (Note 7)				
Commitments and contingencies (Note 7)				
Commitments and contingencies (Note 7)				
Shareholders' equity				
Shareholders' equity				
Shareholders' equity				
Preferred stock, $1 par value; 10,000,000 shares authorized; no shares issued and outstanding				
Preferred stock, $1 par value; 10,000,000 shares authorized; no shares issued and outstanding				
Preferred stock, $1 par value; 10,000,000 shares authorized; no shares issued and outstanding				
Common stock, $1 par value; 800,000,000 shares authorized; issued and outstanding: 2024—148,088,480 and 2023—150,109,271				
Common stock, $1 par value; 800,000,000 shares authorized; issued and outstanding: 2024—146,463,372 and 2023—150,109,271				

Paid-in capital
Retained earnings
Accumulated other comprehensive loss
Total shareholders’ equity
Total liabilities and shareholders’ equity

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

NORTHROP GRUMMAN CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

		Three Months Ended March 31			Six Months Ended June 30	
$ in millions	*$ in millions*	**2024**	2023	*$ in millions*	**2024**	2023
Operating activities						
Net earnings						
Net earnings						
Net earnings						
Adjustments to reconcile to net cash used in operating activities:						
Adjustments to reconcile to net cash provided by operating activities:						
Depreciation and amortization						
Depreciation and amortization						
Depreciation and amortization						
Stock-based compensation						
Deferred income taxes						
Net periodic pension and OPB income						
Pension and OPB contributions						
Changes in assets and liabilities:						
Accounts receivable, net						
Accounts receivable, net						
Accounts receivable, net						
Unbilled receivables, net						
Inventoried costs, net						
Prepaid expenses and other assets						
Accounts payable and other liabilities						
Income taxes payable, net						
Other, net						
Net cash used in operating activities						
Net cash provided by operating activities						
Investing activities						
Investing activities						
Investing activities						
Capital expenditures						
Capital expenditures						
Capital expenditures						
Other, net						
Net cash used in investing activities						
Financing activities						

Financing activities

Financing activities

Net proceeds from issuance of long-term debt	
Net proceeds from issuance of long-term debt	
Net proceeds from issuance of long-term debt	
Net borrowings on commercial paper	
Common stock repurchases	
Cash dividends paid	
Payments of employee taxes withheld from share-based awards	
Other, net	
Net cash provided by financing activities	
Decrease in cash and cash equivalents	
Increase in cash and cash equivalents	
Cash and cash equivalents, beginning of year	
Cash and cash equivalents, end of period	

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

NORTHROP GRUMMAN CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Unaudited)

		Three Months Ended March 31		Three Months Ended June 30			Six Months Ended June 30	
$ in millions, except per share amounts	*$ in millions, except per share amounts*	**2024**	2023	*$ in millions, except per share amounts*	**2024**	2023	**2024**	2023
Common stock								
Beginning of period								
Beginning of period								
Beginning of period								
Common stock repurchased								
End of period								
Paid-in capital								
Beginning of period								
Beginning of period								
Beginning of period								
End of period								
Retained earnings								
Beginning of period								
Beginning of period								
Beginning of period								
Common stock repurchased								
Net earnings								
Dividends declared								
Stock compensation								
End of period								
Accumulated other comprehensive loss								

Beginning of period
Beginning of period
Beginning of period
Other comprehensive (loss) income, net of tax
End of period
Total shareholders' equity
Cash dividends declared per share

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

NORTHROP GRUMMAN CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

1. BASIS OF PRESENTATION

Principles of Consolidation and Reporting

These unaudited condensed consolidated financial statements (the "financial statements") include the accounts of Northrop Grumman Corporation and its subsidiaries and joint ventures or other investments for which we consolidate the financial results (herein referred to as "Northrop Grumman," the "company," "we," "us," or "our"). Intercompany accounts, transactions and profits are eliminated in consolidation. Investments in equity securities and joint ventures where the company has significant influence, but not control, are accounted for using the equity method.

Effective July 1, 2024, the company realigned the Strategic Deterrent Systems (SDS) division, which includes the Ground-Based Strategic Deterrent ("Sentinel") program, from Space Systems to Defense Systems. The realignment is not reflected in the financial information contained in this report; it will be reflected in the company's operating results beginning in the third quarter of 2024.

These financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP" or "FAS") and in accordance with the rules of the Securities and Exchange Commission (SEC) for interim reporting. The financial statements include adjustments of a normal recurring nature considered necessary by management for a fair presentation of the company's unaudited condensed consolidated financial position, results of operations and cash flows. For classification of certain current assets and liabilities, we consider the duration of our customer contracts when defining our operating cycle, which is generally longer than one year.

Results reported in these financial statements are not necessarily indicative of results that may be expected for the entire year. These financial statements should be read in conjunction with the information contained in the company's 2023 Annual Report on Form 10-K.

Quarterly information is labeled using a calendar convention; that is, first quarter is consistently labeled as ending on March 31, second quarter as ending on June 30 and third quarter as ending on September 30. It is the company's long-standing practice to establish actual interim closing dates using a "fiscal" calendar, in which we close our books on a Friday near these quarter-end dates in order to normalize the potentially disruptive effects of quarterly closings on business processes. This practice is only used at interim periods within a reporting year.

Accounting Estimates

Preparation of the financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the financial statements, as well as the reported amounts of sales and expenses during the reporting period. Estimates have been prepared using the most current and best available information; however, actual results could differ materially from those estimates.

Revenue Recognition

Contract Estimates

Contract sales may include estimates of variable consideration, including cost or performance incentives (such as award and incentive fees), un-priced change orders, requests for equitable adjustment (REAs) and contract claims. Variable consideration is included in total estimated sales to the extent it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. We estimate variable consideration as the most likely amount to which we expect to be entitled.

We recognize changes in estimated contract sales or costs and the resulting changes in contract profit on a cumulative basis. Net estimate-at-completion (EAC) adjustments represent the cumulative effect of the changes on current and prior periods; sales and operating margins in future periods are recognized as if the revised estimates had been used since contract inception. If it is determined that a loss is expected to result on an individual performance obligation, the entire amount of the estimable future loss, including an allocation of general and administrative expense, is charged against income in the period the loss is identified.

B-21 Low-Rate Initial Production Options Program

In 2015, the U.S. Air Force awarded Northrop Grumman the B-21 contract, which includes a base contract for engineering and manufacturing development (EMD) and five low-rate initial production (LRIP) options in varying quantities. for a baseline total of 21 aircraft. The EMD phase of the program is largely cost type and began at contract award. The LRIP options are largely fixed price and are expected to continue to be awarded and executed through approximately the end of the decade. In addition to the five LRIP options, Northrop Grumman and the U.S. Air Force have established not to exceed (NTE) pricing for additional aircraft up to unit 40. The average NTE value for these subsequent lots is above the average unit price of the five LRIP lots, and the NTE lots include an economic price adjustment clause to protect against certain inflationary pressures. Final terms, quantity, and pricing for these subsequent lots are not fully negotiated.

During the fourth quarter of 2023, we recognized a projected loss of $1.56 billion across the five LRIP options.

During the first second quarter of 2024, we again reviewed our estimated profitability on the LRIP phase of the program and made no significant changes to the previously recognized loss. The company's first second quarter 2024 results reflect our

current best estimate of our cost to complete the LRIP options, and NTE aircraft, as well as the outcome of ongoing discussions with our suppliers and our customer. If our estimated cost to complete the LRIP phase of the program aircraft changes or our assumptions regarding contract performance, quantities, or funding to mitigate the impact of macroeconomic disruptions are resolved more or less favorably than what we have estimated, our financial position, results of operations and/or cash flows could be materially affected. As of March 31, 2024 June 30, 2024, the remaining loss accrual is $1.5 billion, of which $994 $972 million is included in Other current liabilities with the remainder included in Other non-current liabilities.

Sentinel Program

In 2020, the U.S. Air Force awarded Northrop Grumman a $13.3 billion contract for the EMD phase of the Sentinel program. In January 2024, the U.S. Air Force provided congressional notification that the Sentinel program was under a Nunn-McCurdy breach review, which is required when total program cost estimates exceed certain defined thresholds. This notification, which had been driven primarily by increases in cost estimates for the Production and Deployment phases, commenced the process to achieve recertification for continuance of the program and update its baseline cost estimates. We are currently executing under a cost-type contract for the EMD phase, and the Production and Deployment phases are yet to be priced and negotiated.

In July 2024, the Sentinel program was recertified for continuation by the DoD upon completion of the Nunn-McCurdy breach review. In connection with the recertification, the DoD directed that the program be restructured, including plans for infrastructure related to the command and launch segment, which was the main driver of the increased cost estimates for the Production and Deployment phases. We are partnering with our customer to establish a new program baseline as part of the restructuring activities.

During the second quarter of 2024, we reviewed our estimated profitability on the Sentinel program and made no significant changes. The Sentinel EAC incorporates our best estimate of costs to complete the restructured EMD effort; however, if the outcome is more or less favorable than what we have estimated, our financial position, results of operations and/or cash flows could be materially affected.

HALO Engineering Change Proposal Habitation and Logistics Outpost (HALO) Program

At the request of In 2021, the National Aeronautics and Space Administration (NASA), awarded Northrop Grumman Phase 5 of the HALO program to complete the design and development of HALO for NASA's Gateway program. At the request of NASA, Space Systems submitted an engineering change proposal (ECP) during the fourth quarter of 2023 for scope increases and other aspects of the Habitation and Logistics Outpost (HALO) HALO contract largely stemming from evolving Lunar Gateway architecture and mission requirements. The ECP addresses both work performed and work expected to be performed by the company resulting from scope changes previously approved by NASA, as well as changes NASA has requested the company to propose but has not yet directed the company to perform. The company has begun negotiating with NASA on these various changes and other aspects of the HALO contract.

During the first second quarter of 2024, the company and NASA made significant progress toward ECP resolution, and we again reviewed updated our estimated profitability on estimate for the HALO contract and made no significant changes. The company's first quarter 2024 results reflect our current best estimate accordingly. We currently expect negotiations to be completed by the end of the outcome of the ECP negotiations assuming the terms of the current contract; however, if the outcome is less favorable than what we have assumed, it could have an adverse effect on our financial position, results of operations and/or cash flows. year.

The following table presents the effect of aggregate net EAC adjustments:

		Three Months Ended March 31			Three Months Ended June 30		Six Months Ended June 30	
$ in millions, except per share data	*$ in millions, except per share data*	**2024**	2023	*$ in millions, except per share data*	**2024**	2023	**2024**	2023
Revenue								
Operating income								
Net earnings(1)								
Diluted earnings per share(1)								

(1) Based on a 21 percent federal statutory tax rate.

EAC adjustments on a single performance obligation can have a significant effect on the company's financial statements. When such adjustments occur, we generally disclose the nature, underlying conditions and financial impact of the adjustments. No EAC adjustments on a single performance obligation had a significant impact on the financial statements during the six months ended June 30, 2024. During the three months ended March 31, 2024 or 2023. June 30, 2023, we recorded a $36 million unfavorable EAC adjustment on the HALO program at Space Systems.

Backlog

Backlog represents the future sales we expect to recognize on firm orders received by the company and is equivalent to the company's remaining performance obligations at the end of each period. It comprises both funded backlog (firm orders for which funding is authorized and appropriated) and unfunded backlog. Unexercised contract options and indefinite delivery indefinite quantity (IDIQ) contracts are not included in backlog until the time an option or IDIQ task order is exercised or awarded. Backlog is converted into sales as costs are incurred or deliveries are made.

Company backlog as of March 31, 2024 June 30, 2024 was $78.9 billion $83.1 billion. Of our March 31, 2024 June 30, 2024 backlog, we expect to recognize approximately 40 percent as revenue over the next 12 months and 65 percent as revenue over the next 24 months, with the remainder to be recognized thereafter.

In January During the first quarter of 2024, the company received reduced unfunded backlog by $1.6 billion related to a termination for convenience in our restricted Space space business. The

During the second quarter of 2024, the company reduced unfunded backlog by $1.6 billion during the first quarter of 2024 $0.7 billion related to a termination for convenience on the termination. Next Generation Interceptor (NGI) program at Space Systems.

Contract Assets and Liabilities

For each of the company's contracts, the timing of revenue recognition, customer billings, and cash collections results in a net contract asset or liability at the end of each reporting period. Contract assets are equivalent to and reflected as Unbilled receivables in the unaudited condensed consolidated statements of financial position and are primarily related to long-term contracts where revenue recognized under the cost-to-cost method exceeds amounts billed to customers. Contract liabilities are equivalent to and reflected as Advance payments and billings in excess of costs incurred in the unaudited condensed consolidated statements of financial position. The amount of revenue

recognized for the three and six months ended March 31, 2024 and 2023 June 30, 2024 that was included in the December 31, 2023 contract liability balances at the beginning of each year balance was $1.9 $1.1 billion and $1.7 $3.0 billion, respectively. The amount of revenue recognized for the three and six months ended June 30, 2023 that was included in the December 31, 2022 contract liability balance was $899 million and $2.6 billion, respectively.

Disaggregation of Revenue

See Note 10 for information regarding the company's sales by customer type, contract type and geographic region for each of our segments. We believe those categories best depict how the nature, amount, timing and uncertainty of our revenue and cash flows are affected by economic factors.

Property, Plant, and Equipment

Non-cash investing activities include capital expenditures incurred but not yet paid of $63 $77 million and $43 $62 million as of March 31, 2024 June 30, 2024 and 2023, respectively.

Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive loss, net of tax, are as follows:

$ in millions	*$ in millions*	**March 31, 2024**	December 31, 2023	*$ in millions*	**June 30, 2024**	December 31, 2023
Cumulative translation adjustment						
Other, net						
Total accumulated other comprehensive loss						

Related Party Transactions

For all periods presented, the company had no material related party transactions.

Accounting Standards Updates

On November 27, 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2023-07 *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures.* Among other new disclosure requirements, ASU 2023-07 requires companies to disclose significant segment expenses that are regularly provided to the chief operating decision maker. ASU 2023-07 will be effective for annual periods beginning on January 1, 2024 and interim periods beginning on January 1, 2025.

ASU 2023-07 must be applied retrospectively to all prior periods presented in the financial statements. We are continuing to evaluate the disclosure impact of ASU 2023-07; however, the standard will not have an impact on the company's consolidated financial position, results of operations and/or cash flows.

On December 14, 2023, the FASB issued ASU No. 2023-09 *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. ASU 2023-09 requires companies to disclose, on an annual basis, specific categories in the effective tax rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold. In addition, ASU 2023-09 requires companies to disclose additional information about income taxes paid. ASU 2023-09 will be effective for annual periods beginning January 1, 2025 and will be applied on a prospective basis with the option to apply the standard retrospectively. We are continuing to evaluate the disclosure impact of ASU 2023-09; however, the standard will not have an impact on the company's consolidated financial position, results of operations and/or cash flows.

On March 6, 2024, the SEC issued its final climate disclosure rule, which requires registrants to include climate-related disclosures in registration statements and annual reports. The final rule requires registrants to provide information about the financial statement impacts of severe weather events and other natural conditions. The final rule also requires certain disclosures related to risk management and governance over climate-related risks, material climate targets and goals, and material Scope 1 and Scope 2 greenhouse gas emissions. The requirements would be phased in beginning with fiscal year 2025. On April 4, 2024, the SEC voluntarily stayed the final rule pending the completion of judicial review of cases pending in the Eighth Circuit. We are continuing to evaluate the disclosure impact of the final rule.

Other accounting standards updates adopted and/or issued, but not effective until after March 31, 2024 June 30, 2024, are not expected to have a material effect on the company's consolidated financial position, results of operations and/or cash flows.

2. EARNINGS PER SHARE, SHARE REPURCHASES AND DIVIDENDS ON COMMON STOCK

Basic Earnings Per Share
We calculate basic earnings per share by dividing net earnings by the weighted-average number of shares of common stock outstanding during each period.

Diluted Earnings Per Share
Diluted earnings per share include the dilutive effect of awards granted to employees under stock-based compensation plans. The dilutive effect of these securities totaled 0.2 million shares and 0.4 million shares for the three and six months ended June 30, 2024, respectively. The dilutive effect of these securities totaled 0.5 million shares and 0.6 million shares for the three and six months ended March 31, 2024 and 2023, June 30, 2023, respectively.

Share Repurchases
Share Repurchase Programs
On January 25, 2021, the company's board of directors authorized a share repurchase program of up to $3.0 billion of the company's common stock (the "2021 Repurchase Program"). Repurchases under the 2021 Repurchase Program commenced in October 2021 and were completed in April 2023.

On January 24, 2022, the company's board of directors authorized a new share repurchase program of up to an additional $2.0 billion in share repurchases of the company's common stock (the "2022 Repurchase Program"). Repurchases under the 2022 Repurchase Program commenced in April 2023 and were completed in February 2024.

On December 6, 2023, the company's board of directors authorized a new share repurchase program of up to an additional $2.5 billion in share repurchases of the company's common stock (the "2023 Repurchase Program"). Repurchases under the 2023 Repurchase Program commenced in February 2024 upon completion of the 2022 Repurchase Program. As of March 31, 2024 June 30, 2024, repurchases under the 2023 Repurchase Program totaled $0.1 $0.6 billion; $2.4 billion $1.9 billion remained under this share repurchase authorization. By its terms, the 2023 Repurchase Program will expire when we have used all authorized funds for repurchases.

Accelerated Share Repurchase Agreements
During the first quarter of 2023, the company entered into an accelerated share repurchase (ASR) agreement with Bank of America, N.A. (Bank of America) to repurchase $500 million of the company's common stock as part of the 2021 and 2022 Repurchase Programs. Under the agreement, we made a payment of $500 million to Bank of America and received an initial delivery of 0.9 million shares valued at $400 million that were immediately canceled by the company. The remaining balance of $100 million was settled on April 27, 2023 with a final delivery of 0.2 million shares from Bank of America. The final average purchase price was $458.28 per share.

During the first quarter of 2024, the company entered into an ASR agreement with Morgan Stanley & Co. LLC (Morgan Stanley) to repurchase $1.0 billion of the company's common stock as part of the 2022 Repurchase Program. Under the agreement, we made a payment of $1.0 billion to Morgan Stanley and received an initial delivery of 1.8 million shares valued at $800 million that were immediately canceled by the company. The remaining balance of $200 million is included as was settled on May 1, 2024 with a reduction to Retained earnings on the unaudited condensed consolidated statement final delivery of financial position. 0.4 million shares from Morgan Stanley. The final number of shares to be repurchased will be based on the company's daily volume-weighted average share purchase price during the term of the agreement, less a discount. The ASR is expected to be completed in the second quarter of 2024. was $455.73 per share.

Share repurchases take place from time to time, subject to market conditions and management's discretion, in the open market or in privately negotiated transactions. The company retires its common stock upon repurchase and, in the periods presented, has not made any purchases of common stock other than in connection with these publicly announced repurchase programs.

The table below summarizes the company's share repurchases to date under the authorizations described above:

Repurchase Program Authorization Date	Repurchase Program Authorization Date	Amount Authorized (in millions)	Total Shares Retired (in millions)	Average Price Per Share(1) (2)	Date Completed	Three Months Ended March 31 2024	Repurchase Program Authorization Date	Amount Authorized (in millions)	Total Shares Retired (in millions)	Average Price Per Share(1)	Date Completed	Shares Repurchased (in millions) Six Months Ended June 30 2024	2023
January 25, 2021											Date Completed		
January 24, 2022 (2)													
December 6, 2023													

(1) As a part of the 2023 Repurchase Program, the board of directors approved that the purchases under this program, and the authorization under the 2022 program, Repurchase Program, be exclusive of brokerage commissions and other costs of execution, including taxes. Commissions paid are included for the 2021 Repurchase Program.

(2) The 2022 Share Repurchase program Program completed in February 2024; however, it includes included the $1.0 billion $1.0 billion ASR for which the final delivery of shares is still outstanding. The was outstanding at the end of the first quarter of 2024. On May 1, 2024, the company received a final average share price delivery of 0.4 million shares for shares purchased under that ASR, which are included in the 2022 Repurchase Program will be determined once the ASR has completed and all related shares have been delivered. authorization.

Dividends on Common Stock

In May 2023, 2024, the company increased the quarterly common stock dividend 8 10 percent to $1.87 $2.06 per share from the previous amount of $1.73 $1.87 per share.

3. INVENTORIED COSTS, NET

Inventoried costs, net consist of the following:

$ in millions	*$ in millions*	**March 31, 2024**	December 31, 2023	*$ in millions*	**June 30, 2024**	December 31, 2023
Contracts in process						
Product inventory:						
Raw materials						
Raw materials						
Raw materials		**357**	338		**365**	338
Work in process	Work in process	**92**	72	Work in process	**103**	72
Finished goods	Finished goods	**59**	52	Finished goods	**63**	52
Total product inventory	Total product inventory	**508**	462	Total product inventory	**531**	462
Inventoried costs, net						

4. INCOME TAXES

$ in millions	*$ in millions*	Three Months Ended March 31 **2024**	2023	*$ in millions*	Three Months Ended June 30 **2024**	2023	Six Months Ended June 30 **2024**	2023
Federal and foreign income tax expense								

Effective income tax rate	*Effective income tax rate*	**16.5**	**%**	15.6 %	*Effective income tax rate*	**18.0 %**	17.7 %	**17.3**	**%**	16.7 %

Current Quarter

The company's first second quarter 2024 effective tax rate (ETR) increased to 16.5 18.0 percent from 15.6 17.7 percent in the prior year period principally due to higher interest expense on unrecognized tax benefits. The first second quarter 2024 ETR includes benefits of $44 $46 million for research credits and $15 million for foreign derived intangible income (FDII), partially offset by $21 $25 million of interest expense on unrecognized tax benefits. The first second quarter 2023 ETR included benefits of $40 $38 million for research credits and $15 $14 million for FDII, partially offset by $13 $14 million of interest expense on unrecognized tax benefits.

Year to Date

The company's year to date 2024 ETR increased to 17.3 percent from 16.7 percent in the prior year period principally due to higher interest expense on unrecognized tax benefits. The year to date 2024 ETR includes benefits of $90 million for research credits and $30 million for FDII, partially offset by $46 million of interest expense on unrecognized tax benefits. The year to date 2023 ETR included benefits of $78 million for research credits and $29 million for FDII, partially offset by $27 million of interest expense on unrecognized tax benefits.

Taxes receivable, which are included in Prepaid expenses and other current assets in the unaudited condensed consolidated statements of financial position, were $1.3 billion $583 million as of March 31, 2024 June 30, 2024 and $1.5 billion as of December 31, 2023.

The company has recorded unrecognized tax benefits related to our methods of accounting associated with the timing of revenue recognition and related costs and the 2017 Tax Cuts and Jobs Act, which includes related final revenue recognition regulations issued in December 2020 under IRC Section 451(b) and procedural guidance issued in August 2021. As of March 31, 2024 June 30, 2024, we have approximately $2.1 billion in unrecognized tax benefits, including $872 $901 million related to our position on IRC Section 451(b). If these matters, including our position on IRC Section 451(b), are unfavorably resolved, there could be a material impact on our future cash flows. It is reasonably possible that within the next 12 months our unrecognized tax benefits related to these matters may increase by approximately $90 $60 million.

Our current unrecognized tax benefits, which are included in Other current liabilities in the unaudited condensed consolidated statements of financial position, were $1.0 $1.1 billion and $964 million as of March 31, 2024 June 30, 2024 and December 31, 2023, respectively, with the remainder of our unrecognized tax benefits included within Other non-current liabilities.

We file income tax returns in the U.S. federal jurisdiction and in various state and foreign jurisdictions. The Northrop Grumman 2018-2020 federal tax returns are currently under Internal Revenue Service (IRS) examination. During the second quarter of 2023, the company entered into an agreed Revenue Agent's Report ("RAR") for certain matters related to the company's 2014-2017 federal income tax returns, resulting in a $90 million reduction to our unrecognized tax benefits and an immaterial impact to income tax expense. The matters not addressed by the agreed RAR related to the company's 2014-2017 federal income tax returns and refund claims related to its 2007-2016 federal tax returns are currently under review by the IRS Appeals Office.

The Organization for Economic Co-operation and Development (OECD) has issued Pillar Two model rules for a new global minimum tax of 15% effective January 1, 2024. While it is uncertain whether the United States will enact legislation to adopt Pillar Two, certain countries in which we operate have adopted legislation, and other countries are in the process of introducing legislation to implement Pillar Two. Pillar Two had no impact on our first second quarter or year to date 2024 effective tax rate, and we do not currently expect Pillar Two to significantly impact our effective tax rate going forward.

5. FAIR VALUE OF FINANCIAL INSTRUMENTS

The company holds a portfolio of marketable securities to partially fund non-qualified employee benefit plans. A portion of these securities are held in common/collective trust funds and are measured at fair value using net asset value (NAV) per share as a practical expedient; therefore, they are not categorized in the fair value hierarchy table below. Marketable securities are included in Other non-current assets in the unaudited condensed consolidated statements of financial position.

NORTHROP GRUMMAN CORPORATION

The company's derivative portfolio consists primarily of foreign currency forward contracts. Where model-derived valuations are appropriate, the company utilizes the income approach to determine the fair value using internal models based on observable market inputs.

The following table presents the financial assets and liabilities the company records at fair value on a recurring basis identified by the level of inputs used to determine fair value:

			March 31, 2024				December 31, 2023											
			June 30, 2024				December 31, 2023											
$ in millions	*$ in millions*	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total	*$ in millions*	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Financial Assets																		
Marketable securities																		
Marketable securities																		

Marketable securities
Marketable securities valued using NAV
Total marketable securities
Derivatives

The notional value of the company's foreign currency forward contracts at March 31, 2024 June 30, 2024 and December 31, 2023 was $273 million $379 million and $286 million, respectively. The portion of notional value designated as a cash flow hedge at March 31, 2024 June 30, 2024 and December 31, 2023 was $133 million $245 million and $162 million, respectively.

The derivative fair values and related unrealized gains/losses at March 31, 2024 June 30, 2024 and December 31, 2023 were not material.

There were no transfers of financial instruments into or out of Level 3 of the fair value hierarchy during the three six months ended March 31, 2024 June 30, 2024.

The carrying value of cash and cash equivalents approximates fair value.

Long-term Debt

The estimated fair value of the company's long-term debt was $15.5 billion $15.3 billion and $13.4 billion as of March 31, 2024 June 30, 2024 and December 31, 2023, respectively. We calculated the fair value of long-term debt using Level 2 inputs, based on interest rates available for debt with terms and maturities similar to the company's existing debt arrangements. The current portion of long-term debt is recorded in Other current liabilities in the unaudited condensed consolidated statements of financial position.

Unsecured Senior Notes

In January 2024, the company issued $2.5 billion of unsecured senior notes for general corporate purposes, including debt repayment, share repurchases, and working capital, as follows:

- $500 million of 4.60% senior notes due 2029 (the "2029 Notes"),
- $850 million of 4.90% senior notes due 2034 (the "2034 Notes"), and
- $1.15 billion of 5.20% senior notes due 2054 (the "2054 Notes").

In February 2023, the company issued $2.0 billion of unsecured senior notes for general corporate purposes, including debt repayment, share repurchases, and working capital, as follows:

- $1.0 billion of 4.70% senior notes due 2033 (the "2033 Notes") and
- $1.0 billion of 4.95% senior notes due 2053 (the "2053 Notes").

We refer to the 2029 Notes, 2033 Notes, 2034 Notes, 2053 Notes and 2054 Notes together, as the "notes." Interest on the notes is payable semi-annually in arrears. The notes are generally subject to redemption, in whole or in part, at the company's discretion at any time, or from time to time, prior to maturity at a redemption price equal to the greater of 100% of the principal amount of the notes to be redeemed or an applicable "make-whole" amount, plus accrued and unpaid interest.

6. INVESTIGATIONS, CLAIMS AND LITIGATION

For over 25 years, the company has worked closely with the United States Navy, the United States Environmental Protection Agency, the New York State Department of Environmental Conservation, the New York State Department of Health and other federal, state and local governmental authorities, to address environmental conditions allegedly resulting from historic operations at the former United States Navy and Grumman facilities in Bethpage, New York. We have incurred, and expect to continue to incur, as included in Note 7, substantial remediation costs related to these Bethpage environmental conditions, including potential costs relating to unanticipated developments such as new discoveries of potential contaminants. It is also possible that applicable remediation standards and other requirements to which we are subject may continue to change, and that our costs may increase materially. In 2022, we resolved several disputes and regulatory proceedings concerning the scope and allocation of remediation responsibilities and costs related to this site and we continue remediation consistent with agreements through which those disputes were resolved. The company continues to be involved in related other remediation-related disputes, none of which are material individually or in the aggregate. We are also a party to various individual lawsuits and a putative class action in the Eastern District of New York alleging personal injury and property damage related to the legacy Bethpage environmental conditions. The court has stayed the filed individual lawsuits, pending its decision on class certification. certification, which the court will undertake if an ongoing mediation between the parties is unsuccessful. We are also a party, and may become a party, to other lawsuits brought by or against insurance carriers, and by other individual plaintiffs and/or putative classes, as well as other parties. We cannot at this time predict or reasonably estimate the potential cumulative outcomes or ranges of possible liability of these Bethpage lawsuits.

The company received from the U.S. Department of Justice (DOJ) a criminal subpoena on December 9, 2022, and a civil investigative demand (CID) on February 2, 2023, both seeking information regarding financial and cost accounting and controls that appears focused on the interest rate assumptions the company used to determine our CAS U.S. Government Cost Accounting Standards (CAS) pension expense, which we discuss in Note 7 below. The company is engaging with the government and responding to the requests. We cannot at this point predict the outcome of these matters.

The company is a party to various other investigations, lawsuits, arbitration, claims, enforcement actions and other legal proceedings, including government investigations and claims, that arise in the ordinary course of our business. The nature of legal proceedings is such that we cannot assure the outcome of any particular matter. However, based on information available to the company to date, the company does not believe that the outcome of any of these other matters pending against the company is likely to have a material adverse effect on the company's unaudited condensed consolidated financial position as of March 31, 2024 June 30, 2024, or its annual results of operations and/or cash flows.

7. COMMITMENTS AND CONTINGENCIES

U.S. Government Cost Claims and Contingencies

From time to time, the company is advised of claims by the U.S. government concerning certain potential disallowed costs, plus, at times, penalties and interest. When such findings are presented, the company and U.S. government representatives engage in discussions to enable the company to evaluate the merits of these claims, as well as to assess the amounts being claimed. Where appropriate, provisions are made to reflect the company's estimated exposure for such potential disallowed costs. Such provisions are reviewed periodically using the most recent information available. The company believes it has adequately reserved for disputed amounts that are probable and reasonably estimable, and that the outcome of any such matters would not have a material adverse effect on its unaudited condensed consolidated financial position as of March 31, 2024 June 30, 2024, or its annual results of operations and/or cash flows.

In 2019, the Defense Contract Management Agency (DCMA) raised questions about an interest rate assumption used by the company to determine our CAS pension expense. On June 1, 2020, DCMA provided written notice that the assumptions the company used during the period 2013-2019 were potentially noncompliant with CAS. We submitted a formal response on July 31, 2020, which we believed demonstrates the appropriateness of the assumptions used. On November 24, 2020, DCMA replied to the company's response, disagreeing with our position and requesting additional input, which we provided on February 22, 2021. We subsequently continued to exchange correspondence and engage with DCMA on this matter, including responding to requests for and providing additional information. On February 15, 2024, DCMA sent to the company a Contracting Officer's determination of noncompliance with CAS, which is an interim, non-final determination, and the parties are engaged in ongoing discussions. As noted in Note 6 above, the company received from the DOJ a criminal subpoena on December 9, 2022 and a CID on February 2, 2023, both seeking information that appears related to the interest rate assumptions

at issue in our discussions with DCMA. The company is engaging with the government and responding to the requests. We cannot at this point predict the outcome of these matters. The sensitivity to changes in interest rate assumptions makes it reasonably possible the outcome of the DCMA matter could have a material adverse effect on our financial position, results of operations and/or cash flows, although we are not currently able to estimate a range of any potential loss.

Environmental Matters

The table below summarizes the amount accrued for environmental remediation costs, management's estimate of the amount of reasonably possible future costs in excess of accrued costs and the deferred costs expected to be recoverable through overhead charges on U.S. government contracts as of March 31, 2024 June 30, 2024 and December 31, 2023:

$ in millions	*$ in millions*	Accrued Costs(1)(2)	Reasonably Possible Future Costs in Excess of Accrued Costs(2)	Deferred Costs(3)	*$ in millions*	Accrued Costs(1)(2)	Reasonably Possible Future Costs in Excess of Accrued Costs(2)	Deferred Costs(3)
March 31, 2024								
June 30, 2024								
December 31, 2023								

(1) As of March 31, 2024 June 30, 2024, $226 million $223 million is recorded in Other current liabilities and $361 million $351 million is recorded in Other non-current liabilities.

(2) Estimated remediation costs are not discounted to present value. The reasonably possible future costs in excess of accrued costs do not take into consideration amounts expected to be recoverable through overhead charges on U.S. government contracts.

(3) As of March 31, 2024 June 30, 2024, $208 million $212 million is deferred in Prepaid expenses and other current assets and $312 million $323 million is deferred in Other non-current assets. These amounts reflect a $26 million increase during the second quarter of 2024 in our estimated recovery of certain environmental remediation costs and are evaluated for recoverability on a routine basis.

Although management cannot predict whether (i) new information gained as our environmental remediation projects progress, (ii) changes in remediation standards or other requirements to which we are subject, or (iii) other changes in facts and circumstances will materially affect the estimated liability accrued, we do not anticipate that future remediation expenditures associated with our currently identified projects will have a material adverse effect on the company's unaudited condensed consolidated financial position as of March 31, 2024 June 30, 2024, or its annual results of operations and/or cash flows.

Financial Arrangements

In the ordinary course of business, the company uses standby letters of credit and guarantees issued by commercial banks and surety bonds issued principally by insurance companies to guarantee the performance on certain obligations. At March 31, 2024 June 30, 2024, there were $363 million $365 million of stand-by letters of credit and guarantees and $263 million $272 million of surety bonds outstanding.

Commercial Paper

The company maintains a commercial paper program that serves as a source of short-term financing with capacity to issue unsecured commercial paper notes up to $2.5 billion. At March 31, 2024 June 30, 2024, there were no commercial paper borrowings outstanding.

Credit Facilities

The company maintains a five-year senior unsecured credit facility in an aggregate principal amount of $2.5 billion (the "2022 Credit Agreement") that matures in August 2027 and is intended to support the company's commercial paper program and other general corporate purposes. Commercial paper borrowings reduce the amount available for

borrowing under the 2022 Credit Agreement. At March 31, 2024 June 30, 2024, there were no borrowings outstanding under this facility.

The 2022 Credit Agreement contains generally customary terms and conditions, including covenants restricting the company's ability to sell all or substantially all of its assets, merge or consolidate with another entity or undertake other fundamental changes and incur liens. The company also cannot permit the ratio of its debt to capitalization (as set forth in the credit agreement) to exceed 65 percent.

At March 31, 2024 June 30, 2024, the company was in compliance with all covenants under its credit agreements.

8. RETIREMENT BENEFITS

The cost to the company of its pension and other postretirement benefit (OPB) plans is shown in the following table:

		Three Months Ended March 31				Three Months Ended June 30			Six Months Ended June 30					
		Pension Benefits		Pension Benefits			OPB		Pension Benefits		OPB	Pension Benefits		OPB
$ in millions	*$ in millions*	**2024**	2023	**2024**	2023	*$ in millions*	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
Components of net periodic benefit cost (benefit)														
Service cost														
Service cost														
Service cost														
Interest cost														
Expected return on plan assets														
Net periodic benefit cost (benefit)														

Employer Contributions

The company sponsors defined benefit pension and OPB plans, as well as defined contribution plans. We fund our defined benefit pension plans annually in a manner consistent with the Employee Retirement Income Security Act of 1974, as amended by the Pension Protection Act of 2006.

Contributions made by the company to its retirement plans are as follows:

		Three Months Ended March 31		Three Months Ended June 30			Six Months Ended June 30	
$ in millions	*$ in millions*	**2024**	2023	*$ in millions*	**2024**	2023	**2024**	2023
Defined benefit pension plans								
OPB plans								
Defined contribution plans								

9. STOCK COMPENSATION PLANS AND OTHER COMPENSATION ARRANGEMENTS

Stock Awards

The following table presents the number of restricted stock rights (RSRs) and restricted performance stock rights (RPSRs) granted to employees under the company's long-term incentive stock plan and the grant date aggregate fair value of those stock awards for the periods presented:

	Three Months Ended March 31				Six Months Ended June 30			
in millions	*in millions*	**2024**		2023	*in millions*	**2024**		2023
RSRs granted								
RPSRs granted								
Grant date aggregate fair value								

RSRs typically vest on the third anniversary of the grant date, while RPSRs generally vest and pay out based on the achievement of certain performance metrics and market conditions over a three-year period.

-13-

NORTHROP GRUMMAN CORPORATION

Cash Awards

The following table presents the minimum and maximum aggregate payout amounts related to cash units (CUs) and cash performance units (CPUs) granted to employees in the periods presented:

	Three Months Ended March 31				Six Months Ended June 30			
$ in millions	*$ in millions*	**2024**		2023	*$ in millions*	**2024**		2023
Minimum aggregate payout amount								
Maximum aggregate payout amount								

CUs typically vest and settle in cash on the third anniversary of the grant date, while CPUs generally vest and pay out in cash based on the achievement of certain performance metrics over a three-year period.

-14-

NORTHROP GRUMMAN CORPORATION

10. SEGMENT INFORMATION

The following table presents sales and operating income by segment:

	Three Months Ended March 31									
	Three Months Ended March 31									
	Three Months Ended March 31									
					Three Months Ended June 30			Six Months Ended June 30		
$ in millions	*$ in millions*	**2024**		2023	*$ in millions*	**2024**	2023		**2024**	2023
Sales										
Aeronautics Systems										
Aeronautics Systems										
Aeronautics Systems										
Defense Systems										
Mission Systems										
Space Systems										
Intersegment eliminations										
Total sales										
Operating income										
Aeronautics Systems										
Aeronautics Systems										
Aeronautics Systems										

Defense Systems	
Mission Systems	
Space Systems	
Intersegment eliminations	
Total segment operating income	
FAS/CAS operating adjustment	
Unallocated corporate expense	
Total operating income	
Other (expense) income	
Interest expense	
Interest expense	
Interest expense	
Non-operating FAS pension benefit	
Other, net	
Earnings before income taxes	

FAS/CAS Operating Adjustment

For financial statement purposes, we account for our employee pension plans in accordance with FAS. However, the cost of these plans is charged to our contracts in accordance with applicable Federal Acquisition Regulation (FAR) and U.S. Government Cost Accounting Standards (CAS) CAS requirements. The FAS/CAS operating adjustment reflects the difference between CAS pension expense included as cost in segment operating income and the service cost component of FAS expense included in total operating income.

Unallocated Corporate Expense

Unallocated corporate expense includes the portion of corporate costs not considered allowable or allocable under the applicable FAR and CAS requirements, and therefore not allocated to the segments, such as changes in deferred state income taxes and a portion of management and administration, legal, environmental, compensation, retiree

benefits, advertising and other corporate unallowable costs. Unallocated corporate expense also includes costs not considered part of management's evaluation of segment operating performance, such as amortization of purchased intangible assets and the additional depreciation expense related to the step-up in fair value of property, plant and equipment acquired through business combinations, as well as certain compensation and other costs.

Disaggregation of Revenue

Sales by Customer Type

Sales by Customer Type

Sales by Customer Type	Three Months Ended March 31				Three Months Ended June 30				Six Months Ended June 30	
	2024				**2024**		2023		**2024**	
$ in millions	**$**	**%(3)**	$	%(3)	**$**	**%(3)**	$	%(3)	**$**	**%(3)**
Aeronautics Systems										
U.S. government(1)										
U.S. government(1)										
U.S. government(1)	**$ 2,525**	**85 %**	$ 2,108	84 %	**$ 2,536**	**86 %**	$ 2,215	86 %	**$ 5,061**	**85 %**
International(2)	**381**	**13 %**	331	13 %	**363**	**12 %**	308	12 %	**744**	**13 %**

Other customers	Other customers	4	—	— %	11	—	— %	Other customers	5	—	— %	8	—	— %	9	—	— %	
Intersegment sales	Intersegment sales	59	2	2 %	65	3	3 %	Intersegment sales	59	2	2 %	64	2	2 %	118	2	2 %	
Aeronautics Systems sales	Aeronautics Systems sales	**2,969**	**100**	**100 %**	2,515	100	100 %	Aeronautics Systems sales	**2,963**	**100**	**100 %**	2,595	100	100 %	**5,932**	**100**	**100 %**	
Defense Systems																		
U.S. government(1)																		
U.S. government(1)																		
U.S. government(1)		**930**	**66**	**66 %**	803	59	59 %		**932**	**62**	**62 %**	848	60	60 %	**1,862**	**64**	**64 %**	
International(2)	International(2)	**262**	**19**	**19 %**	388	28	28 %	International(2)	**339**	**22**	**22 %**	357	25	25 %	**601**	**21**	**21 %**	
Other customers	Other customers	**21**	**1**	**1 %**	16	1	1 %	Other customers	**19**	**1**	**1 %**	20	1	1 %	**40**	**1**	**1 %**	
Intersegment sales	Intersegment sales	**199**	**14**	**14 %**	169	12	12 %	Intersegment sales	**223**	**15**	**15 %**	195	14	14 %	**422**	**14**	**14 %**	
Defense Systems sales	Defense Systems sales	**1,412**	**100**	**100 %**	1,376	100	100 %	Defense Systems sales	**1,513**	**100**	**100 %**	1,420	100	100 %	**2,925**	**100**	**100 %**	
Mission Systems																		
U.S. government(1)																		
U.S. government(1)																		
U.S. government(1)		**1,912**	**72**	**72 %**	1,935	75	75 %		**2,028**	**73**	**73 %**	1,877	71	71 %	**3,940**	**72**	**72 %**	
International(2)	International(2)	**454**	**17**	**17 %**	376	15	15 %	International(2)	**427**	**15**	**15 %**	454	17	17 %	**881**	**16**	**16 %**	
Other customers	Other customers	**16**	**1**	**1 %**	15	1	1 %	Other customers	**21**	**1**	**1 %**	27	1	1 %	**37**	**1**	**1 %**	
Intersegment sales	Intersegment sales	**277**	**10**	**10 %**	237	9	9 %	Intersegment sales	**297**	**11**	**11 %**	283	11	11 %	**574**	**11**	**11 %**	
Mission Systems sales	Mission Systems sales	**2,659**	**100**	**100 %**	2,563	100	100 %	Mission Systems sales	**2,773**	**100**	**100 %**	2,641	100	100 %	**5,432**	**100**	**100 %**	
Space Systems																		
U.S. government(1)																		
U.S. government(1)																		
U.S. government(1)		**3,477**	**95**	**95 %**	3,166	95	95 %		**3,392**	**95**	**95 %**	3,314	95	95 %	**6,869**	**95**	**95 %**	
International(2)	International(2)	**65**	**2**	**2 %**	71	2	2 %	International(2)	**56**	**2**	**2 %**	83	2	2 %	**121**	**2**	**2 %**	
Other customers	Other customers	**86**	**2**	**2 %**	81	2	2 %	Other customers	**100**	**2**	**2 %**	65	2	2 %	**186**	**2**	**2 %**	
Intersegment sales	Intersegment sales	**27**	**1**	**1 %**	32	1	1 %	Intersegment sales	**25**	**1**	**1 %**	26	1	1 %	**52**	**1**	**1 %**	
Space Systems sales	Space Systems sales	**3,655**	**100**	**100 %**	3,350	100	100 %	Space Systems sales	**3,573**	**100**	**100 %**	3,488	100	100 %	**7,228**	**100**	**100 %**	
Total																		
U.S. government(1)																		
U.S. government(1)																		
U.S. government(1)		**8,844**	**87**	**87 %**	8,012	86	86 %		**8,888**	**87**	**87 %**	8,254	86	86 %	**17,732**	**87**	**87 %**	1
International(2)	International(2)	**1,162**	**12**	**12 %**	1,166	13	13 %	International(2)	**1,185**	**12**	**12 %**	1,202	13	13 %	**2,347**	**12**	**12 %**	
Other customers	Other customers	**127**	**1**	**1 %**	123	1	1 %	Other customers	**145**	**1**	**1 %**	120	1	1 %	**272**	**1**	**1 %**	
Total Sales	**Total Sales**	**$10,133**	**100**	**100 %**	$9,301	100	100 %	**Total Sales**	**$10,218**	**100**	**100 %**	$9,576	100	100 %	**$20,351**	**100**	**100 %**	

(1) Sales to the U.S. government include sales from contracts for which we are the prime contractor, as well as those for which we are a subcontractor and the ultimate customer is the U.S. government. Each of the company's segments derives substantial revenue from the U.S. government.

(2) International sales include sales from contracts for which we are the prime contractor, as well as those for which we are a subcontractor and the ultimate customer is an international customer. These sales include foreign military sales contracted through the U.S. government.

(3) Percentages calculated based on total segment sales.

-15- -16-

NORTHROP GRUMMAN CORPORATION

Sales by Contract Type	Three Months Ended March 31				Three Months Ended June 30				Six Months Ended June 30			
	2024		2023		**2024**		2023		**2024**		2023	
$ in millions	**$**	**%(1)**	$	%(1)	**$**	**%(1)**	$	%(1)	**$**	**%(1)**	$	%(1)
Aeronautics Systems												
Cost-type	**$1,313**	**45 45 %**	$1,231	50 50 %	**$ 1,381**	**48 48 %**	$ 1,319	52 52 %	**$2,694**	**46 46 %**	$2,550	51 51 %
Fixed-price	**1,597**	**55 55 %**	1,219	50 50 %	**1,523**	**52 52 %**	1,212	48 48 %	**3,120**	**54 54 %**	2,431	49 49 %
Intersegment sales												
Aeronautics Systems sales												
Defense Systems												
Cost-type	**360**	**30 30 %**	423	35 35 %	**353**	**27 27 %**	404	33 33 %	**713**	**28 28 %**	827	34 34 %
Fixed-price	**853**	**70 70 %**	784	65 65 %	**937**	**73 73 %**	821	67 67 %	**1,790**	**72 72 %**	1,605	66 66 %
Intersegment sales												
Defense Systems sales												
Mission Systems												
Cost-type												

Cost-type		1,067	45	45 %	961	41	41 %		1,107	45	45 %	957	41	41 %	2,174	45	45 %	1,918	41 41 %
Fixed-price	Fixed-price	1,315	55	55 %	1,365	59	59 %	Fixed-price	1,369	55	55 %	1,401	59	59 %	2,684	55	55 %	2,766	59 59 %
Intersegment sales																			
Mission Systems sales																			
Mission Systems sales																			
Mission Systems sales																			
Space Systems																			
Space Systems																			
Space Systems																			
Cost-type																			
Cost-type																			
Cost-type		2,457	68	68 %	2,446	74	74 %		2,452	69	69 %	2,572	74	74 %	4,909	68	68 %	5,018	74 74 %
Fixed-price	Fixed-price	1,171	32	32 %	872	26	26 %	Fixed-price	1,096	31	31 %	890	26	26 %	2,267	32	32 %	1,762	26 26 %
Intersegment sales																			
Space Systems sales																			
Space Systems sales																			
Space Systems sales																			
Total																			
Total																			
Total																			
Cost-type																			
Cost-type																			
Cost-type		5,197	51	51 %	5,061	54	54 %		5,293	52	52 %	5,252	55	55 %	10,490	52	52 %	10,313	55 55 %
Fixed-price	Fixed-price	4,936	49	49 %	4,240	46	46 %	Fixed-price	4,925	48	48 %	4,324	45	45 %	9,861	48	48 %	8,564	45 45 %
Total Sales																			

(1) Percentages calculated based on external customer sales.

NORTHROP GRUMMAN CORPORATION

Sales by Geographic Region																
Sales by Geographic Region																
Sales by Geographic Region		Three Months Ended March 31					*Sales by Geographic Region*	Three Months Ended June 30					Six Months Ended June 30			
		2024					2024			2023			2024		2023	2024
$ in millions	*$ in millions*	$	%(2)	$	%(2)		*$ in millions*	$	%(2)	$	%(2)		$	%(2)	$	
Aeronautics Systems	**Aeronautics Systems**						**Aeronautics Systems**									
United States	United States	$2,529	87 87 %	$2,119	87	87 %	United States	$2,541	88 88 %	$2,223	88 88 %		$5,070	87 87 %	$4,342	87
Asia/Pacific	Asia/Pacific	149	5 5 %	147	6	6 %	Asia/Pacific	151	5 5 %	138	5 5 %		300	5 5 %	285	6

Europe	Europe	**225**	**8**	**8 %**	174	7	7 %	Europe	**204**	**7**	**7 %**	165	7	7 %	**429**	**8**	**8 %**	339	7	
All other(1)	All other(1)	**7**	**—**	**— %**	10	—	— %	All other(1)	**8**	**—**	**— %**	5	—	— %	**15**	**—**	**— %**	15	—	
Intersegment sales																				
Aeronautics Systems sales																				
Aeronautics Systems sales																				
Aeronautics Systems sales																				
Defense Systems																				
Defense Systems																				
Defense Systems																				
United States																				
United States																				
United States		**951**	**78**	**78 %**	819	67	67 %		**951**	**74**	**74 %**	868	71	71 %	**1,902**	**76**	**76 %**	1,687	70	70 %
Asia/Pacific	Asia/Pacific	**71**	**6**	**6 %**	117	10	10 %	Asia/Pacific	**93**	**7**	**7 %**	114	9	9 %	**164**	**7**	**7 %**	231	9	
Europe	Europe	**154**	**13**	**13 %**	128	11	11 %	Europe	**203**	**16**	**16 %**	132	11	11 %	**357**	**14**	**14 %**	260	11	
All other(1)	All other(1)	**37**	**3**	**3 %**	143	12	12 %	All other(1)	**43**	**3**	**3 %**	111	9	9 %	**80**	**3**	**3 %**	254	10	
Intersegment sales																				
Defense Systems sales																				
Defense Systems sales																				
Defense Systems sales																				
Mission Systems																				
Mission Systems																				
Mission Systems																				
United States																				
United States																				
United States		**1,928**	**81**	**81 %**	1,950	83	83 %		**2,049**	**83**	**83 %**	1,904	81	81 %	**3,977**	**82**	**82 %**	3,854	82	82 %
Asia/Pacific	Asia/Pacific	**126**	**5**	**5 %**	92	4	4 %	Asia/Pacific	**122**	**5**	**5 %**	120	5	5 %	**248**	**5**	**5 %**	212	5	
Europe	Europe	**255**	**11**	**11 %**	200	9	9 %	Europe	**226**	**9**	**9 %**	266	11	11 %	**481**	**10**	**10 %**	466	10	
All other(1)	All other(1)	**73**	**3**	**3 %**	84	4	4 %	All other(1)	**79**	**3**	**3 %**	68	3	3 %	**152**	**3**	**3 %**	152	3	
Intersegment sales																				
Mission Systems sales																				
Mission Systems sales																				
Mission Systems sales																				
Space Systems																				
Space Systems																				
Space Systems																				
United States																				
United States																				
United States		**3,563**	**98**	**98 %**	3,247	98	98 %		**3,492**	**98**	**98 %**	3,379	97	97 %	**7,055**	**98**	**98 %**	6,626	98	98 %
Asia/Pacific	Asia/Pacific	**13**	**1**	**1 %**	20	1	1 %	Asia/Pacific	**11**	**1**	**1 %**	25	1	1 %	**24**	**1**	**1 %**	45	1	
Europe	Europe	**42**	**1**	**1 %**	45	1	1 %	Europe	**34**	**1**	**1 %**	38	1	1 %	**76**	**1**	**1 %**	83	1	
All other(1)	All other(1)	**10**	**—**	**— %**	6	—	— %	All other(1)	**11**	**—**	**— %**	20	1	1 %	**21**	**—**	**— %**	26	—	
Intersegment sales																				
Space Systems sales																				
Space Systems sales																				
Space Systems sales																				
Total																				
Total																				

Total																						
United States																						
United States																						
United States		**8,971**	**88**	**88 %**	8,135	87	87 %	**9,033**	**88**	**88**	**%**	8,374	88	88	%	**18,004**	**88**	**88**	**%**	16,509	88	88 %
Asia/Pacific	Asia/Pacific	**359**	**4**	**4 %**	376	4	4 %	Asia/Pacific	**377**	**4**	**4 %**	397	4	4 %	**736**	**4**	**4 %**	773	4			
Europe	Europe	**676**	**7**	**7 %**	547	6	6 %	Europe	**667**	**7**	**7 %**	601	6	6 %	**1,343**	**7**	**7 %**	1,148	6			
All other(1)	All other(1)	**127**	**1**	**1 %**	243	3	3 %	All other(1)	**141**	**1**	**1 %**	204	2	2 %	**268**	**1**	**1 %**	447	2			
Total Sales																						

(1) All other is principally comprised of the Middle East.

(2) Percentages calculated based on external customer sales.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Northrop Grumman Corporation
Falls Church, Virginia

Results of Review of Interim Financial Information

We have reviewed the accompanying condensed consolidated statement of financial position of Northrop Grumman Corporation and subsidiaries (the “Company”) as of March 31, 2024 June 30, 2024, and the related condensed consolidated statements of earnings and comprehensive income cash flows, and changes in shareholders’ equity for the three-month and six-month periods ended March 31, 2024 June 30, 2024 and 2023, and of cash flows for the six-month periods ended June 30, 2024 and 2023 and the related notes (collectively referred to as the “interim financial information”). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statement of financial position of Northrop Grumman Corporation and subsidiaries as of December 31, 2023, and the related consolidated statements of earnings and comprehensive income, changes in shareholders’ equity, and cash flows for the year then ended (not presented herein); and in our report dated January 24, 2024, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated statement of financial position as of December 31, 2023, is fairly stated, in all material respects, in relation to the audited consolidated statement of financial position from which it has been derived.

Basis for Review Results

This interim financial information is the responsibility of the Company’s management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our reviews in accordance with the standards of the PCAOB. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ Deloitte & Touche LLP
McLean, Virginia
April July 24, 2024

NORTHROP GRUMMAN CORPORATION

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

OVERVIEW

Northrop Grumman Corporation (herein referred to as "Northrop Grumman," the "company," "we," "us," or "our") is a leading global aerospace and defense technology company. We deliver a broad range of products, services and solutions to United States (U.S.) and international customers, and principally to the U.S Department of Defense (DoD) and intelligence community. Our broad portfolio is aligned to support national security priorities and our solutions equip our customers with capabilities they need to connect, protect and advance humanity.

The company is a leading provider of space systems, advanced aircraft, missile defense, advanced weapons and long-range fires capabilities, mission systems, networking and communications, strategic deterrence systems, and breakthrough technologies, such as artificial intelligence, advanced computing and cyber. We are focused on competing and winning programs that enable continued growth, performing on our commitments and affordably delivering capability our customers need. With the investments we've made in advanced technologies, combined with our talented workforce and digital transformation capabilities, Northrop Grumman is well positioned to meet our customers' needs today and in the future.

The following discussion should be read along with the financial statements included in this Form 10-Q, as well as "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Liquidity and Capital Resources," "Quantitative and Qualitative Disclosures About Market Risks" and "Risk Factors" in our 2023 Annual Report on Form 10-K, which provides additional information on our business, the environment in which we operate and our operating results.

Global Security Environment

The U.S. and its allies continue to face a global security environment of heightened tensions and instability, threats from state and non-state actors, including in particular major global powers, as well as terrorist organizations, increasing nuclear tensions, diverse regional security concerns and political instability. The market for defense products, services and solutions globally is driven by these complex and evolving security challenges, considered in the broader context of political and socioeconomic circumstances and priorities. Our operations and financial performance, as well as demand for our products and services, are impacted by global events, including violence and unrest. The same is true for our suppliers and other business partners.

The conflict in Ukraine has increased global tensions and instability, highlighted threats and increased global demand, as well as further disrupted global supply chains. We continue to have not experienced, and do not anticipate experiencing, significant adverse financial impacts directly from the ongoing conflict. We have experienced, and, while difficult to predict, may continue to experience an increase in demand for certain of our goods and services directly and indirectly related to the conflict in Ukraine, either through direct sales or if the U.S. provides increased military assistance and support to Ukraine.

More recently, hostilities Hostilities in the Middle East have further heightened global tensions and instability. At this time, it is unknown whether hostilities in this region will escalate into an even larger conflict. We do not have a significant business presence in the region, and therefore do not anticipate significant adverse financial impacts directly from the current conflict.

More broadly, the ongoing conflicts in Ukraine and the Middle East and threats elsewhere, particularly in the Pacific region, have heightened tensions and highlighted security requirements globally, including in Europe, the Middle East and the Pacific region, as well as the U.S. These conflicts may result in increased demand for defense products and services from allies and partner nations, particularly in those areas. We are actively exploring evaluating both opportunities and risks associated with the broader global security environment.

We believe the current global security environment highlights the significant national security threats to the U.S. and its allies, and the need for strong deterrence and robust defense capabilities. We believe our capabilities, particularly in space, C4ISR, missile defense, battle management, advanced weapons, and survivable aircraft and mission systems should help our customers in the U.S. and globally defend against current and future threats and, as a result, continue to allow for long-term profitable business growth.

Global Economic Environment

Over the past several years, the global economic environment has experienced extraordinary challenges, including inflationary pressures; widespread delays and disruptions in supply chains; business slowdowns or shutdowns; workforce challenges and labor shortfalls; and market volatility. The macroeconomic factors have contributed, and we expect will continue to contribute, to increased costs, delays, disruptions and other performance challenges, as well as increased competing demands for limited resources to address such increased costs and other challenges, for our company, our suppliers and partners, and our customers.

our company, our suppliers and partners, and our customers. We continue to work hard to mitigate challenges caused by the macroeconomic environment on our business, including by taking steps to support our suppliers and small businesses and enhancing our workforce through extensive hiring, development and retention efforts. Direct financial impacts on business partners. Although certain pockets of our business related to were adversely affected by the broader macroeconomic environment have begun to subside; however, pockets during the second quarter of 2024, the overall financial impact on our business company has continued to be adversely affected by the macroeconomic environment during the first quarter of 2024. We cannot clearly predict how long these macroeconomic challenges will continue, how they will change over time, or what additional resources will be available, but we expect to see this challenging macroeconomic environment continue to adversely impact the global economy, our customers and suppliers, our industry and our company in 2024. subside.

In addition, increased interest rates, raising the cost of borrowing for governments, could further impact government spending priorities (in the U.S. and allied countries, in particular), including their demand for defense products. Economic tensions and changes in international trade policies, including higher tariffs on imported goods and materials and renegotiation of free trade agreements, could also further impact the global market for defense products, services and solutions.

U.S. Political, Budget and Regulatory Environment

The U.S. continues to face an uncertain and evolving political, budget and regulatory environment. In particular, it is difficult to predict the specific course of future defense budgets. Current and future requirements related to the conflicts in Ukraine and Israel, threats in the Pacific regions and other security priorities, as well as global inflation, the national debt, and other domestic priorities, among other things, in the U.S. and globally, will continue to impact our customers' budgets, spending and priorities, and our industry. The U.S. political environment, including the U.S. election cycle, may also impact defense budgets and priorities, issues related to the national debt, and government spending more broadly. We anticipate that issues related to budgetary priorities and defense spending levels, the debt ceiling, and the spending caps imposed by the Fiscal Responsibility Act of 2023 (FRA), particularly with respect to discretionary spending, will continue to be a subject of considerable debate, with a potentially significant impact on our programs and the company.

On March 11, 2024, the Administration released its budget request for FY 2025. The request included $895 billion for national security, $850 billion of which is for the DoD. Congress is evaluating the Administration's budget request as it drafts authorization and appropriations legislation for FY 2025. On March 23, 2024, the President signed into law the Further Consolidated Appropriations Act for FY 2024, which provides funding for government agencies, including $825 billion for the DoD, through September 30, 2024. On April 24, 2024, the President signed into law bills providing $95 billion in supplemental funding for Ukraine, Israel and Indo-Pacific, to include funding for the restock of U.S. munitions and additional capacity.

The political environment, federal budget, debt ceiling and regulatory environment, including potential tax reform, are expected to continue to be the subject of considerable debate, especially in light of the ongoing conflicts and heightened global tensions, the inflationary environment and political tensions. The results of those debates could have material impacts on defense spending broadly and the company's programs in particular. We anticipate that the broader macroeconomic environment, with ongoing inflationary pressures, pockets of labor challenges, and supply chain disruption, among other considerations, will continue to play a significant role in the outcome of these debates and, in turn, on our industry and company.

Ground-Based Strategic Deterrent ("GBSD" or "Sentinel") Program Nunn-McCurdy Breach Review

Due in part to the impact of macroeconomic factors, in January 2024 the customer provided congressional notification that the Sentinel program is currently under a Nunn-McCurdy breach review, which is required when total program cost estimates exceed certain defined thresholds. This notification, which has been driven primarily by increases in construction and procurement cost projections for the Production and Deployment phases, commenced the process to achieve recertification for continuance of the program and update its baseline cost estimates. We are currently executing under a cost-type contract for the Engineering and Manufacturing Development phase, and the Production and Deployment phases are yet to be priced and negotiated. We are continuing to partner with our customer to address this critical mission.

NORTHROP GRUMMAN CORPORATION

CONSOLIDATED OPERATING RESULTS

Selected financial highlights are presented in the table below:

		Three Months Ended March 31 / Three Months Ended March 31 / Three Months Ended March 31				%		Three Months Ended June 30				%	Six Months Ended June 30			%
$ in millions, except per share amounts	*$ in millions, except per share amounts*	**2024**		2023		**Change**	*$ in millions, except per share amounts*	**2024**		2023		**Change**	**2024**		2023	
Sales	Sales	**$10,133**	$	$9,301	**9**	**9 %**	Sales	**$ 10,218**	$	$9,576	**7**	**7 %**	**$ 20,351**	$	$18,8	
Operating costs and expenses	Operating costs and expenses	**9,062**	8,354	8,354	**8**	**8 %**	Operating costs and expenses	**9,128**	8,609	8,609	**6**	**6 %**	**18,190**		16,963	
Operating costs and expenses as a % of sales																
Operating income																
Operating income																
Operating income		**1,071**	947	947	**13**	**13 %**		**1,090**	967	967	**13**	**13 %**	**2,161**	1,914	1,9	
Operating margin rate																

Federal and foreign income tax expense													
Federal and foreign income tax expense													
Federal and foreign income tax expense	**187**	156	156	**20**	**20 %**	**206**	175	175	**18**	**18 %**	**393**	331	
Effective income tax rate													
Net earnings													
Net earnings													
Net earnings	**944**	842	842	**12**	**12 %**	**940**	812	812	**16**	**16 %**	**1,884**	1,654	1,
Diluted earnings per share Diluted earnings per share	**$ 6.32**	$	$ 5.50	**15**	**15 %**	Diluted earnings per share **$ 6.36**	$	$ 5.34	**19**	**19 %**	**$ 12.69**	$	$ 10

Sales

First Current Quarter

Second quarter 2024 sales increased $832 million $642 million, or 9 7 percent, due to higher sales at all four sectors, including 18 14 percent growth at Aeronautics Systems. First Second quarter 2024 sales reflect continued strong demand for our products and services.

Year to Date

Year to date 2024 sales increased $1.5 billion, or 8 percent, due to higher sales at all four sectors, including 16 percent growth at Aeronautics Systems.

See “Segment Operating Results” below for further information by segment and “Product and Service Analysis” for product and service detail. See Note 10 to the financial statements for information regarding the company’s sales by customer type, contract type and geographic region for each of our segments.

Operating Income and Margin Rate

First Current Quarter

Second quarter 2024 operating income increased $124 million $123 million, or 13 percent, primarily due to $49 million of higher segment operating income and operating $47 million of lower unallocated corporate expense. Operating margin rate increased to 10.6 10.7 percent from 10.1 percent primarily due to higher segment operating income lower unallocated corporate expense and a benefit associated with the FAS/CAS operating adjustment.

First Second quarter 2024 G&A general and administrative (G&A) costs as a percentage of sales decreased to 10.5 10.8 percent from 11.2 percent in the prior year period primarily due to higher sales. sales, which more than offset an increase in our investments for future business opportunities.

Year to Date

Year to date 2024 operating income increased $247 million, or 13 percent, due to $151 million of higher segment operating income, a $54 million increase in the FAS/CAS operating adjustment and $42 million of lower unallocated corporate expense. Operating margin rate increased to 10.6 percent from 10.1 percent primarily due to a benefit associated with the FAS/CAS operating adjustment and lower unallocated corporate expense.

Year to date 2024 G&A costs as a percentage of sales decreased to 10.6 percent from 11.2 percent in the prior year period primarily due to higher sales, which more than offset an increase in our investments for future business opportunities.

See “Segment Operating Results” below for further information by segment. For information regarding product and service operating costs and expenses, see “Product and Service Analysis” below.

Federal and Foreign Income Taxes

Current Quarter

The first second quarter 2024 ETR increased to 16.5 18.0 percent from 15.6 17.7 percent in the prior year period principally due to higher interest expense on unrecognized tax benefits.

Year to Date

The year to date 2024 ETR increased to 17.3 percent from 16.7 percent in the prior year period principally due to higher interest expense on unrecognized tax benefits.

See Note 4 to the financial statements for additional information.

Net Earnings

First Current Quarter

Second quarter 2024 net earnings increased $102 million $128 million, or 12 16 percent, primarily due to a 13 percentincrease in $123 million of higher operating income and a $36 million $34 million increase in the non-operating FAS pension benefit, partially offset by a higher effective tax rate.

Year to Date

Year to date 2024 net earnings increased $230 million, or 14 percent, primarily due to $247 million of higher operating income and a $70 million increase in the non-operating FAS pension benefit, partially offset by $24 million of higher interest expense and a higher effective tax rate.

Diluted Earnings Per Share

First Current Quarter

Second quarter 2024 diluted earnings per share increased 15 19 percent, reflecting higher a 16 percent increase in net earnings and a 3 percent reduction in weighted-average diluted shares outstanding.

Year to Date

Year to date 2024 diluted earnings per share increased 17 percent, reflecting a 14 percent increase in net earnings and a 3 percent reduction in weighted-average diluted shares outstanding.

SEGMENT OPERATING RESULTS

Basis of Presentation

The company is aligned in four operating sectors, which also comprise our reportable segments: Aeronautics Systems, Defense Systems, Mission Systems and Space Systems.

Subsequent Realignment - Effective July 1, 2024, the company realigned the Strategic Deterrent Systems (SDS) division, which includes the Sentinel program, from Space Systems to Defense Systems. The realignment is not reflected in the financial information contained in this report; it will be reflected in the company's operating results beginning in the third quarter of 2024.

Operating Performance Assessment and Reporting

This section discusses segment sales, operating income and operating margin rates. In evaluating segment operating performance, we look primarily at changes in sales and operating income. Where applicable, significant fluctuations in operating performance attributable to individual contracts or programs, or changes in a specific cost element across multiple contracts, are described in our analysis. Based on this approach and the nature of our operations, the

discussion of results of operations below first focuses on our four segments before distinguishing between products and services. Changes in sales are generally described in terms of volume, while changes in margin rates are generally described in terms of performance and/or contract mix. For purposes of this discussion, volume generally refers to increases or decreases in sales or cost from production/service activity levels and performance generally refers to non-volume related changes in profitability. Contract mix generally refers to changes in the ratio of contract type and/or lifecycle (e.g., cost-type, fixed-price, development, production, and/or sustainment).

We periodically record losses and restructure contract terms, conditions and pricing for certain programs. For additional information on the B-21, Sentinel and HALO programs, please see Note 1 to the financial statements.

Segment Operating Income and Margin Rate

Segment operating income, as reconciled in the table below, and segment operating margin rate (segment operating income divided by sales) are non-GAAP measures that reflect the combined operating income of our four segments less the operating income associated with intersegment sales. Segment operating income includes pension expense allocated to our sectors under FAR and CAS and excludes FAS pension service expense and unallocated corporate items (certain corporate-level expenses, which are not considered allowable or allocable under applicable FAR and CAS requirements, and costs not considered part of management's evaluation of segment operating performance). These non-GAAP measures may be useful to investors and other users of our financial statements as supplemental measures in evaluating the financial performance and operational trends of our sectors. These measures may not be defined and calculated by other companies in the same manner and should not be considered in isolation or as alternatives to operating results presented in accordance with GAAP.

Three Months Ended March 31	
Three Months Ended March 31	
Three Months Ended March 31	%

		Three Months Ended June 30			%				Six Months Ended June 30			%				
$ in millions	*$ in millions*	**2024**		2023	**Change**			*$ in millions*	**2024**		2023		**Change**		**2024**	20
Operating income	Operating income	**$1,071**	$	$ 947	**13**	**13**	**%**	Operating income	**$ 1,090**	$	$ 967	**13**	**13**	**%**	**$ 2,161**	$
Operating margin rate																
Reconciliation to segment operating income:																
Reconciliation to segment operating income:																
Reconciliation to segment operating income:																
CAS pension expense																
CAS pension expense																
CAS pension expense		**(66)**	(38)	(38)	**74**	**74**	**%**		**(65)**	(38)	(38)	**71**	**71**	**%**	**(131)**	(76)
FAS pension service expense	FAS pension service expense	**60**	59	59	**2**	**2**	**%**	FAS pension service expense	**59**	59	59	**—**	**—**	**%**	**119**	118
FAS/CAS operating adjustment	FAS/CAS operating adjustment	**(6)**	21	21	**NM**	**NM**		FAS/CAS operating adjustment	**(6)**	21	21	**NM**	**NM**		**(12)**	
Intangible asset amortization and PP&E step-up depreciation	Intangible asset amortization and PP&E step-up depreciation	**25**	30	30	**(17)**	**(17)**	**%**	Intangible asset amortization and PP&E step-up depreciation	**24**	31	31	**(23)**	**(23)**	**%**	**49**	61
Other unallocated corporate expense		**14**		4	**250**		**%**									
Other unallocated corporate (income) expense		**(7)**		33		**NM**			**7**		37		**(81)**	**%**		
Unallocated corporate expense	Unallocated corporate expense	**39**	34	34	**15**	**15**	**%**	Unallocated corporate expense	**17**	64	64	**(73)**	**(73)**	**%**	**56**	98
Segment operating income	Segment operating income	**$1,104**	$	$1,002	**10**	**10**	**%**	Segment operating income	**$ 1,101**	$	$1,052	**5**	**5**	**%**	**$ 2,205**	$
Segment operating margin rate																

First

Current Quarter
Second quarter 2024 segment operating income increased $102 million$49 million, or 105 percent, primarily due to higher sales. Segment operating margin rate increaseddecreased to 10.910.8 percent and reflects lower operating margin rates at Mission Systems and Aeronautics Systems, partially offset by higher operating margin rates at Aeronautics Systems, DefenseSpace Systems and Mission Systems, partially offset byDefense Systems.

Year to Date

Year to date 2024 segment operating income increased $151 million, or 7 percent, primarily due to higher sales. Segment operating margin rate was comparable to the prior year period and reflects a lower operating margin rate at Mission Systems and higher operating margin rates at Defense Systems and Space Systems.

FAS/CAS Operating Adjustment

First Second quarter 2024 and year to date 2024 FAS/CAS operating adjustment reflects higher CAS pension expense largely driven by plan asset returns in prior years and changes in certain CAS actuarial assumptions as of December 31, 2023.

Unallocated Corporate Expense

Current Quarter and Year to Date

The increase decrease in the second quarter and year to date 2024 unallocated corporate expense is primarily due to changes a $26 million increase in deferred state taxes largely related to our estimated recovery of certain environmental remediation costs and a loss recognized in the deferral prior year in connection with the divestiture of research credits under IRC Section 174. a small international subsidiary.

Net EAC Adjustments - We record changes in estimated contract earnings at completion (net EAC adjustments) using the cumulative catch-up method of accounting. Net EAC adjustments can have a significant effect on segment operating income; the income and margin rate.

The aggregate amounts favorable and unfavorable EAC adjustments are presented in the table below:

	Three Months Ended March 31	
$ in millions	**2024**	2023
Favorable EAC adjustments	**$ 362**	$ 326
Unfavorable EAC adjustments	**(268)**	(280)
Net EAC adjustments	**$ 94**	$ 46

NORTHROP GRUMMAN CORPORATION

	Three Months Ended June 30		Six Months Ended June 30	
$ in millions	**2024**	2023	**2024**	2023
Favorable EAC adjustments	**$ 360**	$ 324	**$ 722**	$ 650
Unfavorable EAC adjustments	**(322)**	(248)	**(590)**	(528)
Net EAC adjustments	**$ 38**	$ 76	**$ 132**	$ 122

Net EAC adjustments by segment are presented in the table below:

		Three Months Ended March 31						
		Three Months Ended March 31						
		Three Months Ended March 31						
			Three Months Ended June 30		Six Months Ended June 30			
$ in millions	*$ in millions*	**2024**	2023	*$ in millions*	**2024**	2023	**2024**	2023
Aeronautics Systems								
Defense Systems								
Mission Systems								
Space Systems								
Eliminations								
Net EAC adjustments								

For purposes of the discussion in the remainder of this Segment Operating Results section, references to operating income and operating margin rate reflect segment operating income and segment operating margin rate, respectively.

AERONAUTICS SYSTEMS

AERONAUTICS SYSTEMS

AERONAUTICS SYSTEMS		Three Months Ended March 31		%	**AERONAUTICS SYSTEMS** Three Months Ended June 30		%	Six Months Ended June 30		%
$ in millions	*$ in millions*	**2024**	2023	**Change**	*$ in millions* **2024**	2023	**Change**	**2024**	2023	**Cha**

Sales	Sales	**$2,969**	$	$2,515	**18**	**18 %**	Sales	**$ 2,963**	$	$2,595	**14**	**14 %**	**$ 5,932**	$	$ 5,110	**16**
Operating income	Operating income	**297**	237	237	**25**	**25 %**	Operating income	**295**	278	278	**6**	**6 %**	**592**	515	515	
Operating margin rate																

Sales

First quarter 2024 sales increased $454 million, or 18 percent, primarily due to higher volume on restricted programs, a $114 million increase on the F-35 program driven by higher volume on sustainment and production contracts, and higher volume on the E-2, Triton and Global Hawk programs. The increases on F-35 and restricted programs are due, in part, to material timing in the first quarter.

Operating Income

First quarter 2024 operating income increased $60 million, or 25 percent, due to higher sales and a higher operating margin rate. Operating margin rate increased to 10.0 percent from 9.4 percent principally due to higher net EAC adjustments largely driven by improved performance and cost efficiencies on certain production programs, including F-35 and F/A-18, which more than offset sales growth on a low margin restricted program.

DEFENSE SYSTEMS	Three Months Ended March 31		**%**
$ in millions	**2024**	2023	**Change**
Sales	**$ 1,412**	$ 1,376	**3 %**
Operating income	**177**	160	**11 %**
Operating margin rate	***12.5 %***	*11.6 %*	

Sales

First quarter 2024 sales increased $36 million, or 3 percent, primarily due to ramp-up on the Stand-in Attack Weapon (SiAW) program and higher volume on Guided Multiple Launch Rocket Systems (GMLRS) and certain military ammunition and cannon systems programs, partially offset by lower volume due to the completion of an international training program.

Operating Income

First quarter 2024 operating income increased $17 million, or 11 percent, due to a higher operating margin rate and higher sales. Operating margin rate increased to 12.5 percent from 11.6 percent principally due to improved performance driven by changes in contract mix and cost efficiencies. Current Quarter

MISSION SYSTEMS	Three Months Ended March 31		**%**
$ in millions	**2024**	2023	**Change**
Sales	**$ 2,659**	$ 2,563	**4 %**
Operating income	**378**	360	**5 %**
Operating margin rate	***14.2 %***	*14.0 %*	

Sales

First Second quarter 2024 sales increased $96 million $368 million, or 4 percent, 14 percent. This increase was primarily due to higher restricted sales, a $128 million increase on advanced microelectronics programs, partially offset F-35 sustainment and production work largely driven by lower sales the timing of materials, and higher volume on the Scalable Agile Beam Radar (SABR) Triton program.

Year to Date

Year to date 2024 sales increased $822 million, or 16 percent. This increase was primarily due to higher restricted sales, a $242 million increase on F-35 sustainment and production work largely driven by the timing of materials, and higher volume on the Triton, E-2 and Global Hawk programs.

Operating Income

First Current Quarter

Second quarter 2024 operating income increased $18 million, or 5 percent, due to higher sales and a higher operating margin rate. Operating margin rate increased to 14.2 percent from 14.0 percent, primarily due to sales growth on higher margin advanced microelectronics programs and a prior year loss related to an unconsolidated joint venture. These benefits were partially offset by lower net EAC adjustments on certain radar production programs.

SPACE SYSTEMS	Three Months Ended March 31		**%**
$ in millions	**2024**	2023	**Change**
Sales	**$ 3,655**	$ 3,350	**9 %**
Operating income	**332**	313	**6 %**
Operating margin rate	***9.1 %***	*9.3 %*	

Sales

First quarter 2024 sales increased $305 million, or 9 percent, primarily due to a $117 million increase on the Space Development Agency (SDA) Tranche 2 Transport Layer (T2TL) programs and higher volume on restricted programs, Commercial Resupply Services (CRS) missions, hypersonics programs and the Glide Phase Interceptor (GPI) program. These increases were partially offset by lower volume on the Ground-based Midcourse Defense (GMD) program.

Operating Income

First quarter 2024 operating income increased $19 million $17 million, or 6 percent, due to higher sales, partially offset by a lower operating margin rate. Operating margin rate decreased to 9.1 10.0 percent from 9.3 10.7 percent principally due to sales growth on a prior year benefit low margin restricted program and lower net EAC adjustments. The second quarter 2023 operating margin rate reflected particularly strong performance due, in part, to restricted work.

Year to Date

Year to date 2024 operating income increased $77 million, or 15 percent, primarily due to higher sales. Operating margin rate decreased to 10.0 percent from 10.1 percent principally due to sales growth on low margin restricted programs, partially offset by higher net EAC adjustments largely driven by improved performance and cost efficiencies on the F-35 and F/A-18 production programs.

DEFENSE SYSTEMS	Three Months Ended June 30		%	Six Months Ended June 30		%
$ in millions	**2024**	2023	**Change**	**2024**	2023	**Change**
Sales	**$ 1,513**	$ 1,420	**7 %**	**$ 2,925**	$ 2,796	**5 %**
Operating income	**204**	166	**23 %**	**381**	326	**17 %**
Operating margin rate	***13.5 %***	*11.7 %*		***13.0 %***	*11.7 %*	

Sales

Current Quarter

Second quarter 2024 sales increased $93 million, or 7 percent, primarily due to ramp-up on certain military ammunition programs, higher volume from the sale timing of materials and increased order quantities on the Guided Multiple Launch Rocket System (GMLRS), ramp-up on the Stand-in Attack Weapon (SiAW) program and higher volume on the Integrated Battle Command System (IBCS) program. These increases were partially offset by lower volume due to the completion of an international training program.

Year to Date

Year to date 2024 sales increased $129 million, or 5 percent, primarily due to ramp-up on certain military ammunition programs, higher volume from the timing of materials and increased order quantities on GMLRS, ramp-up on SiAW and higher volume on IBCS. These increases were partially offset by a license $149 million decrease due to the completion of an international training program.

Operating Income

Current Quarter

Second quarter 2024 operating income increased $38 million, or 23 percent, due to a customer, higher operating margin rate and higher sales. Operating margin rate increased to 13.5 percent from 11.7 percent principally due to higher net EAC adjustments driven by cost efficiencies and improved performance, as well as changes in contract mix.

Year to Date

Year to date 2024 operating income increased $55 million, or 17 percent, due to a higher operating margin rate and higher sales. Operating margin rate increased to 13.0 percent from 11.7 percent principally due to higher net EAC adjustments driven by cost efficiencies and improved performance, as well as changes in contract mix.

MISSION SYSTEMS	Three Months Ended June 30		%	Six Months Ended June 30		%
$ in millions	**2024**	2023	**Change**	**2024**	2023	**Change**
Sales	**$ 2,773**	$ 2,641	**5 %**	**$ 5,432**	$ 5,204	**4 %**
Operating income	**361**	401	**(10)%**	**739**	761	**(3)%**
Operating margin rate	***13.0 %***	*15.2 %*		***13.6 %***	*14.6 %*	

Sales

Current Quarter

Second quarter 2024 sales increased $132 million, or 5 percent, primarily due to higher volume on restricted advanced microelectronics programs, the timing of materials on marine systems programs, higher volume on the Surface Electronic Warfare Improvement Program (SEWIP) and ramp-up on full-rate production (FRP) awards on the Ground/Air Task Oriented Radar (G/ATOR) program. These increases were partially offset by lower sales on the F-35 program largely due to timing.

Year to Date

Year to date 2024 sales increased $228 million, or 4 percent, primarily due to higher volume on restricted advanced microelectronics programs, the timing of materials on marine systems programs and FRP ramp-up on G/ATOR. These increases were partially offset by lower sales on the Scalable Agile Beam Radar (SABR) and F-35 programs.

Operating Income

Current Quarter

Second quarter 2024 operating income decreased $40 million, or 10 percent, due to a lower operating margin rate, partially offset by higher sales. Operating margin rate decreased to 13.0 percent from 15.2 percent primarily due to lower net EAC adjustments on certain airborne radar programs due, in part, to production inefficiencies that have driven higher labor costs, as well as changes in contract mix toward more cost-type content.

Year to Date

Year to date 2024 operating income decreased $22 million, or 3 percent, due to a lower operating margin rate, partially offset by higher sales. Operating margin rate decreased to 13.6 percent from 14.6 percent, primarily due to lower net EAC adjustments on certain airborne radar production programs, partially offset by sales growth on higher margin advanced microelectronics programs.

SPACE SYSTEMS	Three Months Ended June 30				%	Six Months Ended June 30				%
$ in millions	**2024**		2023		**Change**	**2024**		2023		**Change**
Sales	**$**	**3,573**	$	3,488	**2 %**	**$**	**7,228**	$	6,838	**6 %**
Operating income		**324**		283	**14 %**		**656**		596	**10 %**
Operating margin rate		***9.1 %***		*8.1 %*			***9.1 %***		*8.7 %*	

Sales

Current Quarter

Second quarter 2024 sales increased $85 million, or 2 percent, primarily due to a $117 million increase on the Space Development Agency (SDA) Tranche 2 Transport Layer (T2TL) programs as they ramp, increased sales on the HALO program and higher materials volume on the GEM 63 program in support of Amazon's Project Kuiper. These increases were partially offset by lower restricted sales due to a termination for convenience in our restricted space business during the first quarter of 2024.

Year to Date

Year to date 2024 sales increased $390 million, or 6 percent, primarily due to a $234 million increase on the SDA T2TL programs as they ramp, increased sales on the HALO program, higher volume on hypersonics programs, and higher materials volume on the GEM 63 program in support of Amazon's Project Kuiper. These increases were partially offset by lower volume on the Ground-based Midcourse Defense (GMD) program.

Operating Income

Current Quarter

Second quarter 2024 operating income increased $41 million, or 14 percent, due to a higher operating margin rate and higher sales. Operating margin rate increased to 9.1 percent from 8.1 percent principally due to changes in contract mix and an improvement in net EAC adjustments. The prior year period included a $15 million write-down of commercial inventory.

Year to Date

Year to date 2024 operating income increased $60 million, or 10 percent, due to higher sales and a higher operating margin rate. Operating margin rate increased to 9.1 percent from 8.7 percent principally due to an improvement in net EAC adjustments largely driven by the prior year period including a $36 million unfavorable EAC adjustment on the HALO program.

PRODUCT AND SERVICE ANALYSIS

The following table presents product and service sales and operating costs and expenses by segment:

		Three Months Ended March 31											
		Three Months Ended March 31											
		Three Months Ended March 31											
		Three Months Ended June 30						Six Months Ended June 30					
$ in millions	*$ in millions*	**2024**		2023		*$ in millions*	**2024**	2023		**2024**		2023	
Segment Information:	**Segment Information:**	**Sales**	**Operating Costs and Expenses**	Sales	Operating Costs and Expenses	**Segment Information: Sales**	**Operating Costs and Expenses**	Sales	Operating Costs and Expenses	**Sales**	**Operating Costs and Expenses**	Sales	Expenses
Aeronautics Systems													
Product													
Product													

Product
Service
Intersegment eliminations
Total Aeronautics Systems
Defense Systems
Product
Product
Product
Service
Intersegment eliminations
Total Defense Systems
Mission Systems
Product
Product
Product
Service
Intersegment eliminations
Total Mission Systems
Space Systems
Product
Product
Product
Service
Intersegment eliminations
Total Space Systems
Segment Totals
Total Product
Total Product
Total Product
Total Service
Total Segment(1)

(1) A reconciliation of segment operating income to total operating income is included in "Segment Operating Results."

Product Sales and Costs

First Current Quarter

Second quarter 2024 product sales increased $831 million $635 million, or 9 percent, primarily due to an increase in product sales at all four sectors. The increase was primarily driven by higher volume on restricted programs, F-35 and Triton at Aeronautics Systems, higher volume on certain military ammunition programs, GMLRS, SiAW and IBCS at Defense Systems, sales growth on SDA T2TL and HALO at Space Systems, and higher restricted sales, partially offset by lower F-35 volume, at Mission Systems.

Second quarter 2024 product costs increased $593 million, or 9 percent, consistent with the higher product sales described above.

Year to Date

Year to date 2024 product sales increased $1.5 billion, or 11 10 percent, primarily due to an increase in product sales at all four sectors. The increase was principally driven by higher volume on restricted programs, F-35, E-2 and E-2 Triton at Aeronautics Systems, sales growth on SDA T2TL and restricted programs HALO at Space Systems, higher volume on the SiAW, certain military ammunition programs, GMLRS and GMLRS programs IBCS at Defense Systems, and higher restricted sales, partially offset by lower SABR and F-35 volume, at Mission Systems.

First quarter Year to date 2024 product costs increased $733 million $1.3 billion, or 11 10 percent, consistent with the higher product sales described above.

Service Sales and Costs

First Current Quarter

Second quarter 2024 service sales were comparable to the prior year period and reflect an increase in service sales at Aeronautics Systems driven by higher volume on restricted programs and the Global Hawk, program, partially offset by a decrease in service sales at Defense Systems principally due to the completion of an international training program.

First Second quarter 2024 service costs were comparable to the prior year period, consistent with the service sales described above.

Year to Date

Year to date 2024 service sales were comparable to the prior year period and reflect an increase in service sales at Aeronautics Systems driven by higher volume on restricted programs and Global Hawk, partially offset by a decrease in service sales at Defense Systems principally due to the completion of an international training program.

NORTHROP GRUMMAN CORPORATION Year to date 2024 service costs were comparable to the prior year period, consistent with the service sales described above.

BACKLOG

Backlog Second quarter and year to date 2024 net awards totaled $15.1 billion and $21.6 billion, respectively, and backlog consisted of the following as of March 31, 2024 June 30, 2024 and December 31, 2023:

$ in millions

$ in millions

$ in millions		Funded		Unfunded		Total Backlog		Total Backlog		% Change in 2024		Funded	Unfu
Aeronautics Systems	Aeronautics Systems	$ 9,212	$	$ 9,750	$	$18,962	$	$19,583	(3)	(3)%	Aeronautics Systems	$ 9,757	$
Defense Systems	Defense Systems	6,042	1,709	1,709	7,751	7,751	8,064	8,064	(4)	(4)%	Defense Systems	6,599	
Mission Systems	Mission Systems	10,838	4,898	4,898	15,736	15,736	16,108	16,108	(2)	(2)%	Mission Systems	11,048	
Space Systems	Space Systems	9,386	27,085	27,085	36,471	36,471	40,475	40,475	(10)	(10)%	Space Systems	11,035	3
Total backlog	Total backlog	$35,478	$	$ 43,442	$	$78,920	$	$84,230	(6)	(6)%	Total backlog	$38,439	$

In January During the first quarter of 2024, the company received reduced unfunded backlog by $1.6 billion related to a termination for convenience in our restricted Space space business. The

During the second quarter of 2024, the company reduced unfunded backlog by $1.6 billion during the first quarter of 2024 $0.7 billion related to a termination for convenience on the termination.

New Awards

First quarter 2024 net awards totaled $6.5 billion and backlog totaled $78.9 billion. Significant first quarter new awards include $3.1 billion for restricted programs (primarily Next Generation Interceptor (NGI) program at Aeronautics Systems, Space Systems, and Mission Systems). Systems.

LIQUIDITY AND CAPITAL RESOURCES

We are focused on the efficient conversion of operating income into cash to provide for the company's material cash requirements, including working capital needs, satisfaction of contractual commitments, funding of our pension and OPB plans, investment in our business through capital expenditures, and shareholder return through dividend payments and share repurchases.

At March 31, 2024 June 30, 2024, we had $3.1 billion $3.3 billion in cash and cash equivalents. We expect cash and cash equivalents and cash generated from operating activities, supplemented by borrowings under credit facilities, commercial paper and/or in the capital markets through our shelf registration with the SEC, if needed, to be sufficient to provide liquidity to the company in the short-term and long-term. The company has a five-year senior unsecured credit facility in an aggregate principal amount of $2.5 billion, and in April 2024, we renewed our one-year $500 million uncommitted credit facility. At March 31, 2024 June 30, 2024, there were no borrowings outstanding under these credit facilities. In January 2024, we issued $2.5 billion of unsecured senior notes for general corporate purposes, including debt repayment, share repurchases and working capital.

IRC Section 174

Beginning in 2022, the Tax Cuts and Jobs Act of 2017 ("TCJA") eliminated the option to deduct research and development expenditures in the current year and requires taxpayers to amortize them over five years pursuant to IRC Section 174. Our 2023 cash from operations were reduced by approximately $500 million for federal estimated tax payments we made related to Section 174. Congress is considering legislation that would defer the amortization requirement to later years, possibly with retroactive effect. In the meantime, we expect to continue to make additional federal tax payments based on the current Section 174 tax law, which we estimate will reduce our 2024 cash from operations by approximately $350 million. The impact of Section 174 on our cash from operations

depends on the amount of research and development expenditures incurred by the company and whether the IRS issues guidance on the provision which differs from our current interpretation, among other things.

Cash Flow Measures

In addition to our cash position, we consider various cash flow measures in capital deployment decision-making, including cash provided by operating activities and free cash flow, a non-GAAP measure described in more detail below.

Operating Cash Flow

The table below summarizes key components of cash used in provided by operating activities:

		Three Months Ended March 31	Three Months Ended March 31	Three Months Ended March 31 %										
		Six Months Ended June 30	Six Months Ended June 30	Six Months Ended June 30 %										
$ in millions	*$ in millions*	**2024**		2023		**Change**		*$ in millions*	**2024**		2023		**Change**	
Net earnings	Net earnings	**$ 944**	$	$ 842	**12**	**12**	**%**	Net earnings	**$ 1,884**	$	$1,654	**14**	**14**	**%**
Non-cash items(1)	Non-cash items(1)	**103**	36	36	**186**	**186**	**%**	Non-cash items(1)	**215**	91	91	**136**	**136**	**%**
Pension and OPB contributions	Pension and OPB contributions	**(36)**	(40)	(40)	**(10)**	**(10)**	**%**	Pension and OPB contributions	**(69)**	(75)	(75)	**(8)**	**(8)**	**%**
Changes in trade working capital	Changes in trade working capital	**(1,710)**	(1,525)	(1,525)	**12**	**12**	**%**	Changes in trade working capital	**(1,327)**	(1,504)	(1,504)	**(12)**	**(12)**	**%**
Other, net	Other, net	**(7)**	(15)	(15)	**(53)**	**(53)**	**%**	Other, net	**16**	51	51	**(69)**	**(69)**	**%**
Net cash used in operating activities		**$ (706)**		$ (702)		**(1)**	**%**							
Net cash provided by operating activities		**$ 719**		$ 217		**231**	**%**							

(1) Includes depreciation and amortization, non-cash lease expense, stock based compensation expense, deferred income taxes and net periodic pension and OPB income.

First quarter Year to date 2024 net cash used in provided by operating activities was comparable increased $502 million as compared with the prior year period. Higher same period in 2023 primarily due to higher net earnings were and improved trade working capital, largely driven by lower net federal tax payments, partially offset by changes in trade working capital. The net use of cash during the first quarter is consistent with the company's historical timing of operating billings and cash flows, which are generally more heavily weighted towards the second half of the year. collections.

Free Cash Flow

Free cash flow, as reconciled in the table below, is a non-GAAP measure defined as net cash provided by or used in operating activities less capital expenditures, and may not be defined and calculated by other companies in the same manner. We use free cash flow as a key factor in our planning for, and consideration of, acquisitions, the payment of dividends and stock repurchases. This non-GAAP measure may be useful to investors and other users of our financial statements as a supplemental measure of our cash performance, but should not be considered in isolation, as a measure of residual cash flow available for discretionary purposes, or as an alternative to operating cash flows presented in accordance with GAAP.

The table below reconciles net cash used in provided by operating activities to free cash flow:

		Three Months Ended March 31		Three Months Ended March 31		Three Months Ended March 31 %						
		Six Months Ended June 30		Six Months Ended June 30		Six Months Ended June 30 %						
$ in millions	*$ in millions*	**2024**		2023		**Change**	*$ in millions*	**2024**		2023		**Change**
Net cash used in operating activities		**$ (706)**		$ (702)		**(1) %**						
Net cash provided by operating activities		**$ 719**		$ 217		**231 %**						
Capital expenditures	Capital expenditures	**(270)**	(309)	(309)	**(13)**	**(13)** %	Capital expenditures	**(590)**	(613)	(613)	**(4)**	**(4)**%
Free cash flow	Free cash flow	**$ (976)**	$	$(1,011)	**3**	**3 %**	Free cash flow	**$ 129**	$	$(396)	**133**	**133 %**

First quarter Year to date 2024 free cash flow increased $35 million $525 million, or 3 133 percent, as compared with the same period in 2023 principally due to lower capital expenditures. higher net cash provided by operating activities.

Investing Cash Flow

First quarter Year to date 2024 net cash used in investing activities decreased $40 million $22 million, or 4 percent, as compared with the same period in 2023 principally due to lower capital expenditures largely driven by timing.

Financing Cash Flow

First quarter Year to date 2024 net cash provided by financing activities was comparable decreased $1.2 billion, or 97 percent, as compared with the prior year same period in 2023, primarily due to an $821 million increase in share repurchases and reflects a $768 million decrease in borrowings on commercial paper, partially offset by a $500 million increase in proceeds from long-term debt, partially offset by a $467 million increase in share repurchases. debt.

Credit Facilities, Commercial Paper and Financial Arrangements - See Note 7 to the financial statements for further information on our credit facilities, commercial paper and our use of standby letters of credit and guarantees.

Share Repurchases - See Note 2 to the financial statements for further information on our share repurchase programs.

Long-term Debt - See Note 5 to the financial statements for further information.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

There have been no material changes to our critical accounting policies and estimates from those discussed in our 2023 Annual Report on Form 10-K.

ACCOUNTING STANDARDS UPDATES

See Note 1 to our financial statements for further information on accounting standards updates.

FORWARD-LOOKING STATEMENTS AND PROJECTIONS

This Form 10-Q and the information we are incorporating by reference contain statements that constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as “will,” “expect,” “anticipate,” “intend,” “may,” “could,” “should,” “plan,” “project,” “forecast,” “believe,” “estimate,” “guidance,” “outlook,” “trends,” “goals” and similar expressions generally identify these forward-looking statements. Forward-looking statements include, among other things, statements relating to our future financial condition, results of operations and/or cash flows. Forward-looking statements are based upon assumptions, expectations, plans and projections that we believe to be reasonable when made, but which may change over time. These statements are not guarantees of future performance and inherently involve a wide range of risks and uncertainties that are difficult to predict. Specific risks that could cause actual results to differ materially from those expressed or implied in these forward-looking statements include, but are not limited to, those identified and discussed more fully in the section entitled “Risk Factors” in our 2023 Annual Report on Form 10-K and from time to time in our other filings with the SEC. These risks and uncertainties are amplified by the global macroeconomic, security and political environments, including inflationary pressures, labor and supply chain challenges, which have caused and will continue to cause significant challenges, instability and uncertainty. They include:

Industry and Economic Risks

- our dependence on the U.S. government for a substantial portion of our business
- significant delays or reductions in appropriations and/or for our programs, and U.S. government funding and program support more broadly, including as a result of a prolonged continuing resolution and/or government shutdown, and/or related to the global security environment or other global events
- significant delays or reductions in payments as a result of or related to a breach of the debt ceiling
- the use of estimates when accounting for our contracts and the effect of contract cost growth and our efforts to recover or offset such costs and/or changes in estimated contract costs and revenues, including as a result of inflationary pressures, labor shortages, supply chain challenges and/or other macroeconomic factors, and risks related to management’s judgments and assumptions in estimating and/or projecting contract revenue and performance which may be inaccurate
- continued pressures from macroeconomic trends, including on costs, schedules, performance and ability to meet expectations
- increased competition within our markets and bid protests

Legal and Regulatory Risks

- investigations, claims, disputes, enforcement actions, litigation (including criminal, civil and administrative) and/or other legal proceedings
- the improper conduct of employees, agents, subcontractors, suppliers, business partners or joint ventures in which we participate, including the impact on our reputation and our ability to do business
- changes in procurement and other laws, SEC, DoD and other rules and regulations, contract terms and practices applicable to our industry, findings by the U.S. government as to our compliance with such requirements, more aggressive enforcement of such requirements and changes in our customers’ business practices globally
- environmental matters, including climate change, unforeseen environmental costs and government and third party claims
- unanticipated changes in our tax provisions or exposure to additional tax liabilities

Business and Operational Risks

- cyber and other security threats or disruptions faced by us, our customers or our suppliers and other partners, and changes in related regulations
- our ability to attract and retain a qualified, talented and diverse workforce with the necessary security clearances to meet our performance obligations
- the performance and viability of our subcontractors and suppliers and the availability and pricing of raw materials and components, particularly with inflationary pressures, increased costs, shortages in labor and financial resources, supply chain disruptions, and extended material lead times
- impacts related to health epidemics and pandemics and similar outbreaks
- our exposure to additional risks as a result of our international business, including risks related to global security, geopolitical and economic factors, misconduct, suppliers, laws and regulations
- our ability to innovate, develop new products and technologies, progress and benefit from digital transformation and maintain technologies to meet the needs of our customers
- natural disasters
- products and services we provide related to hazardous and high risk operations, including the production and use of such products, which subject us to various environmental, regulatory, financial, reputational and other risks
- our ability appropriately to exploit and/or protect intellectual property rights

General and Other Risk Factors

- the adequacy and availability of, and ability to obtain, insurance coverage, customer indemnifications or other liability protections
- the future investment performance of plan assets, gains or losses associated with changes in valuation of marketable securities related to our non-qualified benefit plans, changes in actuarial assumptions associated with our pension and other postretirement benefit plans and legislative or other regulatory actions impacting our pension and postretirement benefit obligations
- changes in business conditions that could impact business investments and/or recorded goodwill or the value of other long-lived assets, and other potential future liabilities

We urge you to consider the limitations on, and risks associated with, forward-looking statements and not unduly rely on the accuracy of forward-looking statements. These forward-looking statements speak only as of the date this report is first filed or, in the case of any document incorporated by reference, the date of that document. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes to our market risks from those discussed in our 2023 Annual Report on Form 10-K.

Item 4. Controls and Procedures

DISCLOSURE CONTROLS AND PROCEDURES

Our principal executive officer (Chair, Chief Executive Officer and President) and principal financial officer (Corporate Vice President and Chief Financial Officer) have evaluated the company's disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Securities Exchange Act of 1934 (the Exchange Act)) as of March 31, 2024 June 30, 2024, and have concluded that these controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. These disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports that we file or submit is accumulated and communicated to management, including the principal executive officer and the principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

During the three months ended March 31, 2024 June 30, 2024, no changes occurred in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We have provided information about certain legal proceedings in which we are involved in Notes 6 and 7 to the financial statements.

We are a party to various investigations, lawsuits, arbitration, claims, enforcement actions and other legal proceedings, including government investigations and claims, that arise in the ordinary course of our business. These types of matters could result in administrative, civil or criminal fines, penalties or other sanctions (which terms include judgments or convictions and consent or other voluntary decrees or agreements); compensatory, treble or other damages; non-monetary relief actions; or other liabilities. Government regulations provide that certain allegations against a contractor may lead to suspension or debarment from future government contracts or suspension of export privileges for the company or one or more of its components. The nature of legal proceedings is such that we cannot assure the outcome of any particular matter. For additional information on pending matters, please see Notes 6 and 7 to the financial statements, and for further information on the risks we face from existing and future investigations, lawsuits, arbitration, claims, enforcement actions and other legal proceedings, please see "Risk Factors" in our 2023 Annual Report on Form 10-K.

Consistent with SEC Regulation S-K Item 103, we have elected to disclose those environmental proceedings with a governmental entity as a party where the company reasonably believes such proceeding would result in monetary sanctions, exclusive of interest and costs, of $1.0 million or more.

Item 1A. Risk Factors

For a discussion of our risk factors please see the section entitled "Risk Factors" in our 2023 Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The table below summarizes our repurchases of common stock during the three months ended March 31, 2024 June 30, 2024.

Period	Total Number of Shares Purchased	Average Price Paid per Share(1)(2)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of

Period	Total Number of Shares Purchased	Average Price Paid per Share(1)(2)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased under the Plans or Programs ($ in millions)
January 1, March 30, 2024 - January 26, 2024 April 26, 2024	116,315 118,798	$465.22 460.43	116,315 118,798	$ 3,571 2,391
January April 27, 2024 - February 23, 2024 May 24, 2024	1,971,110 821,306	NM(2)	1,971,110 821,306	2,505 2,177

February 24, May 25, 2024 - March 29, 2024 June 28, 2024	129,283 691,988	$462.44 437.31	129,283 691,988	2,446 1,874
Total	2,216,708 1,632,092	NM(2)	2,216,708 1,632,092	$ 2,446 1,874

(1) Excludes commissions paid and other costs of execution, including taxes.

(2) During the first quarter of 2024, the company entered into an accelerated share repurchase (ASR) agreement with Morgan Stanley, which was completed on May 1, 2024. Pursuant to repurchase $1.0 billion the terms of the company's ASR, a total of approximately 2.2 million shares of our common stock were repurchased with an average final purchase price of of $455.73 (1.8 million shares in January 2024 and received an initial delivery of 0.4 million shares representing 80 percent of the share repurchase agreement. in May 2024).

Share repurchases take place from time to time, subject to market conditions and management's discretion, in the open market or in privately negotiated transactions. The company retires its common stock upon repurchase and, in the periods presented, has not made any purchases of common stock other than in connection with these publicly announced repurchase programs.

See Note 2 to the financial statements for further information on our share repurchase programs.

Item 5. Other Information

Consistent with Item 408 of Regulation S-K, the following table reflects Rule 10b5-1 trading arrangements and non-Rule 10b5-1 trading arrangements (as defined in Item 408) entered into by any director or officer (as defined in Rule 16a-1(f) of the Exchange Act) during the quarter ended March 31, 2024 June 30, 2024.

Name (Title)	Type of Trading Arrangement	Date of Adoption	Expiration Date of Trading Arrangement	Aggregate Number of Securities to Be Purchased or Sold
Thomas H. Jones Mark A. Welsh III (Corporate Vice President and President, Aeronautics Systems)	Rule 10b5-1 Trading Arrangement	March 7, May 30, 2024	Until March 5, 2025 August 29, 2025 or such earlier date upon the completion of all trades under the plan (or the expiration of the orders relating to such trades without execution) or the occurrence of such other termination events as specified in the plan.	Sale of 4,167 397 shares of common stock Gift of 731 shares of common stock
Roshan S. Roeder (Corporate Vice President and President, Defense Systems)	Rule 10b5-1 Trading Arrangement	February 16, 2024	Until February 14, 2025 or such earlier date upon the completion of all trades under the plan (or the expiration of the orders relating to such trades without execution) or the occurrence of such other termination events as specified in the plan.	Sale of 799.58 shares of common stock
Kathryn G. Simpson (Corporate Vice President and General Counsel)	Rule 10b5-1 Trading Arrangement	March 5, 2024	Until March 5, 2025 or such earlier date upon the completion of all trades under the plan (or the expiration of the orders relating to such trades without execution) or the occurrence of such other termination events as specified in the plan.	Sale of 889 shares of common stock Sale of shares to be received upon payout of 2022 RPSRs and RSRs[(1)]

(1) The aggregate number of shares to be sold will depend, in part, on future company performance.

(Director)

NORTHROP GRUMMAN CORPORATION

Item 6. Exhibits

4.1 3.1	Twelfth Supplemental Indenture, dated as Restated Certificate of January 31, 2024, between Incorporation of Northrop Grumman Corporation, and The Bank of New York Mellon, as successor to JPMorgan Chase Bank, Trustee, to Indenture dated as of November 21, 2001May 15, 2024 (incorporated by reference to Exhibit 4.1 3.1 to Form 8-K filed January 31, 2024,May 16, 2024, File No. 001-16411) 001-16411)
4.2 +10.1	Form of 4.600% Senior Note due 2029 (included in Exhibit 4.1) (incorporated by reference to Exhibit 4.2 to Form 8-K filed January 31, 2024, File No. 001-16411)
4.3	Form of 4.900% Senior Note due 20 orthrop Grumman 2024 Long-Ter34 (included in Exhibit 4.1) m Incentive Stock Plan (incorporated by reference to Exhibit 4.3 10.1 to Form 8-K filed January 31, 2024, File No. 001-16411)
4.4	Form of 5.200% Senior Note due 2054 (included in Exhibit 4.1) (incorporated by reference to Exhibit 4.4 to Form 8-K filed January 31, 2024, May 16, 2024, File No. 001-16411)
*+10.1 10.2	202 N4 orthrop Grumman Corporation EquitRestricted Stock Rights y Grant Agreement Specifying Terms and Conditions Applicable to 2024 Restricted Stock Rights Granted Program for Non-Employee Directors under the 2011 Long-Term Northrop Grumman 2024 Long-Term Incentive Stock Plan
*+10.2	2024 Restricted , Amended and Performance Stock Rights Grant Agreement Specifying Terms and Conditions Applicable to 202 R4 estated Restricted Performance Stock Rights Granted under the 2011 Long-Term Incentive Stock Plan effective May 15, 2024
*+10.3	Northrop Grumman 2006 Annual Incentive Plan and Incentive Non-Employee Director Compensation Plan, as amended and restated Term Sheet, effective January 1, 2024 May 15, 2024
*15	Letter from Independent Registered Public Accounting Firm
*31.1	Certification of Kathy J. Warden pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
*31.2	Certification of David F. Keffer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
**32.1	Certification of Kathy J. Warden pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
**32.2	Certification of David F. Keffer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
*101	Northrop Grumman Corporation Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 June 30, 2024, formatted as inline XBRL (Extensible Business Reporting Language): (i) the Cover Page, (ii) Condensed Consolidated Statements of Earnings and Comprehensive Income, (iii) Condensed Consolidated Statements of Financial Position, (iv) Condensed Consolidated Statements of Cash Flows, (v) Condensed Consolidated Statements of Changes in Shareholders' Equity, and (vi) Notes to Condensed Consolidated Financial Statements. The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
*104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed with this report

** Furnished with this report

\+ Management contract or compensatory plan or arrangement

NORTHROP GRUMMAN CORPORATION

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NORTHROP GRUMMAN CORPORATION
(Registrant)

By:

/s/ Michael A. Hardesty

Michael A. Hardesty
Corporate Vice President, Controller and
Chief Accounting Officer
(Principal Accounting Officer)

Date: April 24, 2024 July 24, 2024

-33- -36-

Exhibit 10.1 10.2

NORTHROP GRUMMAN CORPORATION
EQUITY GRANT PROGRAM FOR NON-EMPLOYEE DIRECTORS
UNDER THE
NORTHROP GRUMMAN 2024 LONG-TERM INCENTIVE STOCK PLAN
Amended and Restated Effective as of May 15, 2024

2024 RESTRICTED STOCK RIGHTS GRANT AGREEMENT

1. Purpose

This 2024 Restricted Stock Rights(a) The purpose of the Northrop Grumman Corporation Equity Grant Agreement (“Agreement” Program for Non-Employee Directors (the “Program”) applies is to certain “Restricted Stock Rights” (“RSRs”) granted by promote the long-term growth and financial success of Northrop Grumman Corporation (the “Company”) by attracting and retaining non-employee directors of outstanding ability and assisting the Company in 2024 promoting a greater identity of interest between the Company’s non-employee directors and its stockholders.

(b) The Program is adopted and maintained under its 2011 the Company’s 2024 Long-Term Incentive Stock Plan. If you were granted an RSR award by Plan and any successor equity compensation plan of the Company in 2024, the date of grant of your RSR award (the “Grant Date”) and the number of RSRs applicable to your award are set forth in the letter from the Company announcing your RSR award (your “Grant Letter”) and are also reflected in the electronic stock (as each such plan award recordkeeping system (“Stock Plan System”) maintained by the Company or its designee. This Agreement applies only with respect to the 2024 RSR award, and you are subject to this Agreement upon accepting your grant. If you were granted an RSR award, you are referred to as the “Grantee” with respect to your award. Capitalized terms are generally defined in Section 12 below if not otherwise defined herein.

Each RSR represents a right to receive one share of the Company's Common Stock, or cash of equivalent value as provided herein, subject to vesting as provided herein. The number of RSRs subject to your award is subject to adjustment as provided herein. The RSR award is subject to all of the terms and conditions set forth in this Agreement, and is further subject to all of the terms and conditions of the Plan, as it may be amended from time to time, the "Equity Plan"). The Program sets forth terms and conditions approved by the Company's Board of Directors (the "Board") with respect to the compensation of Eligible Directors (as defined below). This amended and restated Program is effective as of May 15, 2024 (the "Effective Date"). The Program as in effect at the time that Stock Units are awarded hereunder constitutes the award agreement evidencing the terms and conditions of the awards applicable to such Stock Units. This amended and restated Program does not affect any stock units or other awards granted prior to the Effective Date and any rules adopted prior elections made by Eligible Directors with respect to Stock Units and compensation related to the 2024 Service Year (as defined below) and the 2024 calendar year shall remain in effect and be governed by the terms and conditions of the Program as previously in effect. Unless otherwise provided by the Board, no awards will be granted to Eligible Directors under the Equity Plan on or after the Effective Date other than as provided under this Program.

2. Term

The Program shall operate and shall remain in effect until terminated by action of the Board.

3. Program Operation

The Program and transactions hereunder in respect of Company equity securities are intended to be exempt from Section 16(b) of the Securities Exchange Act of 1934 (the "1934 Act") to the maximum extent possible under Rule 16b-3 promulgated thereunder. Except as specifically provided for herein, the Program requires no discretionary action by any administrative body with regard to any transaction under the Program. To the extent, if any, that any administrative or interpretive actions are required under the

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Program, such actions shall be undertaken by the Board or by the Compensation and Human Capital Committee of the Board (the "Compensation Committee").

4. Eligibility

Only directors of the Company who are not employees of the Company or any subsidiary of the Company ("Eligible Directors") shall participate in the Program.

5. Shares of Common Stock Subject to the Program

Shares of common stock of the Company ("Common Stock") that are paid in settlement of Stock Units awarded under the Program shall be applied to reduce the maximum number of shares of Common Stock remaining available for issuance under the Equity Plan then in effect and giving effect to any applicable fungible or premium share-counting rules of such plan.

6. Adjustments and Reorganizations

(a) Upon (or, as may be necessary to effect the adjustment, immediately prior to): any reclassification, recapitalization, stock split (including a stock split in the form of a stock dividend) or reverse stock split; any merger, combination, consolidation, or other reorganization; any spin-off, split-up, or similar extraordinary dividend distribution in respect of the Common Stock; or any exchange of shares of Common Stock or other securities of the Company, or any similar, unusual or extraordinary corporate transaction in respect of the Common Stock; then the Board or Compensation Committee shall equitably and proportionately adjust (1) the number and type of shares of Common Stock (or other securities) that thereafter may be made the subject of Stock Units, (2) the number, amount and type of shares of Common Stock (or other securities or property) subject to any outstanding Stock Units, and/or (3) the securities, cash or other property deliverable upon payment of any outstanding Stock Units, in each case to the extent necessary to preserve (but not increase) the level of incentives intended by this Program and the then-outstanding Stock Units. The Board or Compensation Committee may also prospectively make such similar appropriate adjustment in the calculation of Fair Market Value (as defined in Section 7) as it deems necessary to preserve (but not increase) Eligible Directors' rights under the Program.

(b) It is intended that, if possible, any adjustments contemplated by the preceding Section 6(a) be made in a manner that satisfies applicable legal, tax (including, without limitation and as applicable in the circumstances, Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A")) and accounting (so as to not trigger any charge to earnings with respect to such adjustment) requirements. Any good faith determination by the Board or Compensation Committee as to whether an adjustment is required in the circumstances pursuant to Section 6(a), and the extent and nature of any such rules are adjustment, shall be conclusive and binding on all persons.

2

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7. Fair Market Value

Fair Market Value for all purposes under the Program shall have the meaning ascribed to such term in effect from time the Equity Plan.

8. Annual Retainer; Grants of Stock Units

(a) The Board (or applicable committee thereof) shall establish what portion or amount, if any, of the annual retainer payable to time. If you do each Eligible Director for services as a director (the "Annual Retainer") will be paid in the form of shares of Common Stock or Stock Units (the "Stock Component") and what portion or amount of the Annual Retainer will be paid in cash (the "Cash Component"). The Stock Component shall be compensation for services rendered for each service year commencing with the Company's Annual Meeting of Shareholders and ending with the Company's next following Annual Meeting of Shareholders (the "Service Year"). The Cash Component shall be compensation for services rendered during the calendar year, paid on a quarterly basis.

(b) As of the close of business on the day of the Company's Annual Meeting of Shareholders, each Eligible Director's account under the Program automatically will be credited with a number of Stock Units equal to the Stock Component for that Service Year divided by the Fair Market Value of a share of Common Stock on that date (the "Automatic Stock Units"); provided that for calendar year 2024 only, the date on which the Automatic Stock Units calculation is based and the grant date of the Automatic Stock Units shall not formally accept your RSR award by entering into this Agreement be the day of the Company's Annual Meeting of Shareholders (May 15, 2024) but instead shall be the fourth business day following filing of the Form 10-Q for the quarter ended June 30, 2024, and also conditioned upon the filing of the Form S-8 with respect to the Equity Plan on or before that date. As used herein, a "Stock Unit" is a non-voting unit of measurement which is credited to a bookkeeping account and deemed for purposes of the Program to be equivalent in value to one outstanding share of Common Stock. The Stock Units shall be used solely as a device for the determination of any payment to eventually be made to the Eligible Director pursuant to Section 9. Automatic Stock Units will vest on the first anniversary of the date of the Company's Annual Meeting of Shareholders on which the Automatic Stock Units were granted (and will vest on May 15, 2025 with respect to the 2024 Automatic Stock Units), and, absent a valid election in accordance with Section 9(a), be payable on or within 30 days after the instructions and time limit set forth Eligible Director's Separation from Service. Should any individual experience a Separation from Service prior to the vesting date of his or her Automatic Stock Units, such individual shall vest in your Grant Letter, you will be deemed to have forfeited your RSR award.

1. **Vesting; Issuance a pro rata portion of Shares**.

Subject to Sections 2, 3, 4 and 6 below, one hundred percent (100%) of such Automatic Stock Units based on the number of RSRs (and calendar days that such individual served as a director during the Service Year for which such Automatic Stock Units were granted, which pro rata portion shall become payable on the same date(s) as otherwise would have applied with respect to such Automatic Stock Units (including after giving effect to any Dividend Equivalents (as defined below) election pursuant to Section 9(a) hereof).

2. **Early Termination of Award; Termination of Employment**.

2.1 *General*.The RSRs (and related Dividend Equivalents) subject to the award, to the extent not previously vested, shall terminate and become null and void if and when (a) the award terminates in connection with a Change in Control pursuant to Section 6 below, or (b) except as provided in Sections 2.6 and 2.7, and in Section 6, the Grantee ceases for any reason to be an employee of the Company or one of its subsidiaries.

2.2 *Leave of Absence*. Unless the Committee otherwise provides (at the time of the leave or otherwise), if the Grantee is granted a leave of absence by the Company, the Grantee (a) shall not be deemed to have incurred a termination of employment at the time such leave commences for purposes of the award, and (b) shall be deemed to be employed by the Company for the duration of such approved leave of absence for purposes of the award. A termination of employment shall be deemed to have occurred if the Grantee does not timely

(c) Absent a valid election in accordance with this Section 8(c), the Cash Component of the Annual Retainer earned for each calendar quarter, as well as any fees payable for service on Board committees, for service as lead independent director or for extraordinary services (the “Other Annual Retainers”) for such calendar quarter shall be payable to each Eligible Director as of the last day of each calendar quarter during the relevant year. For any Eligible Director who submits a valid election pursuant to this Section 8(c), all or any portion of the Cash Component and the Other Annual Retainers shall be payable in the form of a credit of Stock Units under the Program (collectively, the “Elective Stock Units”), which shall be credited as of the date that such amounts otherwise would have been payable in cash under the Program (each, a “Crediting Date”), subject to your award (subject the proviso in the next sentence. The number of Elective Stock Units to adjustment as be credited pursuant to such election on a Crediting Date shall be determined by dividing the portion of the Cash Component of the Annual Retainer and Other Annual Retainer that would have otherwise been paid in cash to the Eligible Director for the corresponding calendar quarter but for such an election by the Eligible Director, divided by the Fair Market Value of a share of Common Stock on that Crediting Date; provided in Section 6.1) that with respect to the second quarter of 2024 only, the date on which the Elective Stock Units calculation is based and the Crediting Date of the Elective Stock Units shall vest not be the last day of the second calendar quarter of 2024 but instead shall be the fourth business day following the filing of the Form 10-Q for the quarter ended June 30, 2024, and also conditioned upon the third anniversary filing of the Grant Date, provided Form S-8 with

return to active employment upon the expiration of such approved leave or if the Grantee commences a leave that is not approved by the Company.

2.3 *Salary Continuation*. Subject to Section 2.2 above, the term “employment” as used herein means active employment by the Company and salary continuation without active employment (other than a leave of absence approved by the Company that is covered by Section 2.2) will not, in and of itself, constitute “employment” for purposes hereof (in the case of salary continuation without active employment, the Grantee’s cessation of active employee status shall, subject to Section 2.2, be deemed to be a termination of “employment” for purposes hereof). Furthermore, salary continuation will not, in and of itself, constitute a leave of absence approved by the Company for purposes of the award.

respect to the Equity Plan on or before that if date. Any such election to receive Elective Stock Units in lieu of a cash payment under the third anniversary foregoing proviso must be made on a form and in a manner prescribed by Company management prior to the beginning of the Grant Date falls on calendar year to which such Cash Component or Other Annual Retainers relate. For the avoidance of doubt, any prior elections made with respect to the Cash Component of the Annual Retainer and Other Annual Retainer for the 2024 calendar year shall continue to apply for such compensation and this amendment and restatement of the Program shall not change any such elections.

(d) Should any individual become an Eligible Director after the beginning of the Service Year or after the beginning of the calendar year, such Eligible Director shall be entitled to a weekend pro rata Annual Retainer, with the amount of the Stock Component and the Cash Component proportionately reduced to reflect the number of calendar days that have elapsed between the beginning of the Service Year (with respect to the Stock Component) or holiday, then the award calendar year (with respect to the Cash Component), respectively, and the effective date of the individual's election as an Eligible Director. Such pro-rated Stock Component shall be credited as Automatic Stock Units as of the effective date of the individual's election as an Eligible Director and shall vest on the next business day. first anniversary of the date of the Company's immediately preceding Annual Meeting of Shareholders. The number of Automatic Stock Units so credited to the Eligible Director's account shall be equal to the pro-rated Stock Component divided by the Fair Market Value of a share of Common Stock on the effective date of the Eligible Director's election to the Board. Such pro-rated Cash Component shall be paid on the date

Component shall be paid on the date that the relevant Cash

4

Component would otherwise have been paid had the individual served as an Eligible Director during the entire calendar year.

1.1 9. Payment of RSRs Stock Units

(a) . Except as otherwise provided below, the Company All Stock Units shall pay an RSR subject to the award that vests ("Vested RSR") (and related Dividend Equivalents) within 60 days following the vesting of the RSR on the third anniversary of the Grant Date. The Company shall pay such Vested RSRs be paid in either an equivalent number of shares of Common Stock. All Stock or, in the discretion of the Committee, in cash or in a combination of shares of Common Stock and cash. In the event of a cash payment, the amount of the payment for each Vested RSR to be paid in cash will equal the Fair Market Value (as defined below) of a share of Common Stock as of the date that such RSR became vested.

1.2 ***Dividend Equivalents***. The Grantee shall be entitled to payment for Dividend Equivalents (if any) with respect to any Vested RSRs. For purposes of this Agreement, "Dividend Equivalents" means the aggregate amount of dividends paid by the Company on a number of shares of Common Stock equivalent to the number of Vested RSRs during the period from the Grant date until the date the Vested RSRs are paid (without interest or other adjustments to reflect the time value of money). Dividend Equivalents (if any) will be paid at the same time as the Vested RSRs to which they relate are paid. Dividend Equivalents will be paid in cash.

2.4 ***Sale or Spinoff of Subsidiary or Business Unit***. For purposes of the RSRs (and related Dividend Equivalents) subject to the award, a termination of employment of the Grantee shall be deemed to have occurred if the Grantee is employed by a subsidiary or business unit and that subsidiary or business unit is sold, spun off, or otherwise divested, the Grantee does not otherwise continue to be employed by the Company or one of its subsidiaries after such event, and the divested entity or business (or its successor or a parent company) does not assume the award in connection with such transaction. In the event of such a termination of employment, the termination shall be deemed to be an Early Retirement unless the Grantee was otherwise eligible at the time of termination for Normal Retirement (in which case, the termination shall be considered a Normal Retirement) treated as provided for in Section 2.7 (subject to Section 6).

2.5 ***Continuance of Employment Required***. Except as expressly provided in Section 2.6, Section 2.7 and in Section 6, the vesting of the RSRs (and related Dividend Equivalents) subject to the award requires continued employment through the third anniversary of the Grant Date as a condition to the vesting of any portion of the award. Employment for only a portion of the vesting period, even if a substantial portion, will not entitle the Grantee to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a termination of employment. Nothing contained in this Agreement, the Stock Plan System, or the Plan constitutes an employment commitment by the Company or any subsidiary, affects the Grantee's status (if the Grantee is otherwise an at-will employee) as an employee at will who is subject to termination without cause, confers upon the Grantee any right to continue in the employ of the Company or any subsidiary, or interferes in any way with the right of the Company or of any subsidiary to terminate such employment at any time.

2.6 ***Death or Disability***. If the Grantee dies or incurs a Disability while employed by the Company or a subsidiary and such death or Disability occurs more than six months after the Grant Date, the outstanding and

on the number of days the Grantee was employed by the Company or a subsidiary in the period commencing with the Grant Date through and including the date on which the Grantee is last employed by the Company or a subsidiary, over the number of calendar days in the period commencing with the Grant Date through and including the third anniversary of the Grant Date. Any remaining unvested RSRs (and related Dividend Equivalents), after giving effect to the foregoing acceleration of vesting, shall terminate immediately upon the Grantee's Early Retirement. If the Grantee ceases to be employed by the Company or one of its subsidiaries due to the Grantee's Normal Retirement and such Normal Retirement occurs more than six months after the Grant Date, the RSRs (and related Dividend Equivalents) subject to the award shall vest in full.

Subject to the following provisions of this paragraph, RSRs (and related Dividend Equivalents) vesting under this Section shall be paid within 60 days following the Grantee's Separation from Service. However, (B) in the case of a Governmental Service Retirement by Automatic Stock Units, upon the Grantee, Automatic Stock Units' vesting date. Notwithstanding the foregoing, no Automatic Stock Units shall be paid before the date they otherwise vest pursuant to Section 8. Any election to receive payment of the vested RSRs (and related Dividend Equivalents) will Stock Units upon an event other than Separation from Service must be made on a form and in a manner prescribed by Company management by no later than December 31st of the calendar year before the start of the relevant Service Year (that is, before the start of the calendar year in which the Eligible Director performs the services giving rise to Stock Units). Notwithstanding the foregoing, an individual who first becomes an Eligible Director on or after January 1 of a calendar year shall be permitted to make an irrevocable election to receive payment of Automatic Stock Units upon an event other than Separation from Service provided that such election is made within 10 30 days after the Grantee's Early or Normal Retirement. date the individual after the Grant Date, the outstanding and previously unvested RSRs (and related Dividend Equivalents) subject to the award shall vest as of the date of the Grantee's death or Disability, as applicable. RSRs (and related Dividend Equivalents) vesting under this Section Units shall be paid on or within 60 30 days following after the Eligible Director's Separation from Service; provided, however, that an Eligible Director may make an irrevocable election in advance to have all or any portion of any Stock Units paid (A) upon the earlier of (a) Grantee's death (i) the Eligible Director's Separation from Service or (b) Grantee's Disability. In (ii) a calendar year specified by the event of Eligible Director in his or her election (which year may be no earlier than the Grantee's death prior to year after the delivery of shares or other payment with respect to any vested RSRs (and related Dividend Equivalents), the Grantee's Successor shall be entitled to any payments relevant year to which the Grantee would have been entitled under this Agreement with respect to such vested and unpaid RSRs (and related Dividend Equivalents).

2.7 *Termination of Employment Due to Retirement*. If deferred Annual Retainer or Other Annual Retainers, as the Grantee ceases to case may be, employed by the Company relate), or one of its subsidiaries due to the Grantee's Early Retirement and such Early Retirement occurs more than six months after the Grant Date, the RSRs (and related Dividend Equivalents) subject to the award shall vest on a prorated basis. Such prorating of RSRs (and related Dividend Equivalents) shall be determined based

becomes an Eligible Director and such election relates only to Automatic Stock Units attributable to services performed after the election. If the Grantee Eligible Director makes such an election to receive payment upon an event that is earlier than Separation from Service and payment is triggered (1) by the occurrence of the specified calendar year, the applicable Stock Units will generally be paid in January of such calendar year, and shall in all cases be paid prior to the end of such calendar year, or (2) upon vesting or Separation from Service, the applicable Stock Units shall be paid on or within 30 days of such event. For the avoidance of doubt, any prior elections made with respect to the Annual Retainer for the 2024 Service Year and the 2024 calendar year shall continue to apply for such Annual Retainer and this amendment and restatement of the Program shall not change any such elections.

(b) Notwithstanding the foregoing Section 9(a), if an Eligible Director is a Key Employee as of the date of the Grantee's his Separation from Service, any payment triggered by the Grantee Eligible Director's Separation from Service which constitutes nonqualified deferred compensation subject to Section 409A shall not be entitled to payment made on the first day of the seventh month following the date of his or her vested RSRs (and related Dividend Equivalents) pursuant to this Section until Separation from Service (or, if earlier, the earlier date of (and his or her death). Such payment shall be made upon or promptly after, subject to adjustment as provided in Section 6 and shall be in all events within thirty (30) days after, complete satisfaction of such payment. For the first to occur of) (a) the date which is six (6) months and one day after the Grantee's Separation from Service, or (b) the date avoidance of the Grantee's death. The provisions of the preceding sentence doubt, an Eligible Director shall only apply if, and to the extent, required to avoid the imputation of any tax, penalty or interest pursuant to Section 409A of the Code.

In determining the Grantee's eligibility for Early or Normal Retirement, service is measured by dividing (a) the number of days the Grantee was employed by the Company or a subsidiary in the period commencing with his or her last date of hire by the Company or a subsidiary through and including the date on which the Grantee is last employed by the Company or a subsidiary, by (b) 365. If the Grantee ceased continue to be employed by the Company or a subsidiary and was later rehired by the Company or a subsidiary, the Grantee's service prior eligible to the break in service shall be disregarded in determining service for such purposes; provided that, if the Grantee's employment with the Company or a subsidiary had terminated due to the Grantee's Early Retirement, Normal Retirement, or by the Company or a subsidiary receive additional credits of Stock Units as part of a reduction in force (in each case, other than a termination by the Company or a subsidiary for Cause) and, within the two-year period following such termination of employment (the "break in service") the Grantee was subsequently rehired by the Company or a subsidiary, then the Grantee's period of service with the Company or a subsidiary prior to and ending with the break in service will be included in determining service for such purposes. In the event the Grantee is employed by a business that is acquired by the Company or a subsidiary, the Company shall have discretion to determine whether the Grantee's service prior to the

dividend

acquisition will be included in determining service for such purposes.

3. **Non-Transferability and Other Restrictions**.

3.1 ***Non-Transferability***. The award, as well as the RSRs (and related Dividend Equivalents) subject to the award, are non-transferable and shall not be subject in any manner to sale, transfer, anticipation, alienation, assignment, pledge, encumbrance or charge. The foregoing transfer restrictions shall not apply to transfers to the Company. Notwithstanding the foregoing, the Company may honor any transfer required equivalents pursuant to the terms Section 12 during any period of a court order in a divorce or similar domestic relations matter to the extent that such transfer does not adversely affect the Company's ability to register the offer and sale time payment of the underlying shares on a Form S-8 Registration Statement and such transfer Eligible Director's Stock Units is otherwise in compliance with all applicable legal, regulatory and listing requirements.

3.2 ***Forfeiture or Recoupment of Awards***. If, prior to payment or issuance of shares with respect to the award, Grantee's employment is terminated for Cause (or Grantee has engaged in misconduct that could have resulted in Grantee's termination of employment for Cause if Grantee had remained an employee), the Company may reduce or eliminate any payments or issuances of shares with respect to the award. You agree to be bound by and fully comply with the Company's Policy regarding the Recoupment of Certain Incentive Compensation Payments filed as Exhibit 97 to the Company's 10-K for the year ended December 31, 2023 and as in effect from time to time ("Recoupment Policy."). Any payments or issuances of shares with respect to the award are subject to recoupment pursuant to the Recoupment Policy , as well as any recoupment or similar provisions of applicable law, and the Grantee shall promptly make any reimbursement requested by the Board or Committee pursuant to such policy or applicable law with respect to the award. The Grantee agrees, by accepting the award, that the

spend substantial time at the corporate headquarters in Virginia, among other things, attending ELT and other leadership meetings, and managing operations and employees in Virginia. You occupy one of the most senior executive positions in the Company and have far-reaching access to highly confidential, valuable and sensitive information, customer, vendor and employee relationships, intellectual property, strategic and tactical plans, and financial information and plans. The Company has a legitimate business interest in restricting your ability to compete in the specific manner set forth below. The Company has provided you this grant, subject to this Agreement and as consideration for the restrictive covenants set forth in this Section 4; provided that the provisions of Sections 4.2 and 4.3 in this Agreement and prior grant agreements shall not apply where not permitted by applicable law.

4.2 ***Non-Competition***. For a period of twelve (12) months from the date of the termination of Grantee's employment for any reason (other than a Reduction-in-Force as determined at the Company's sole discretion) ("Termination"), you will not, directly or indirectly, oversee, control, participate in, or support the design, operation, research, manufacture, marketing, sale, or distribution of "Competitive Products and Services". For the purpose of this section, "Competitive Products and Services" shall mean products or services that compete for resources with, or are an alternative or potential alternative to, the products sold or services provided by Northrop Grumman, including without limitation products and services in the areas of autonomous systems, cyber, C4ISR, space, strike, sensors, electronics, and logistics and modernization.

4.3 ***Non-Solicitation of Customers***. For a period of eighteen (18) months from your Termination, you shall not, directly or indirectly, solicit any customer, supplier, or teammate of Northrop Grumman with whom you engaged, or about whom you received confidential, sensitive, or proprietary information, in the course of your employment with Northrop Grumman, for purposes of providing products or services in competition with Northrop Grumman. In the case of a governmental, regulatory or

Company and its affiliates may deduct from any amounts it may owe the Grantee from time to time (such as wages or other compensation) to the extent of any amounts the Grantee is required to reimburse the Company pursuant to such policy or applicable law with respect to the award.

4. **Post-Employment Conduct**.

4.1 ***Executive Leadership Team Contribution.*** You acknowledge and agree that as a member of the Executive Leadership Team ("ELT"), you are involved in managing the global operations of the Company, incorporated in Delaware and headquartered in Virginia. You are involved in the most sensitive and proprietary matters affecting the Company, its subsidiaries, predecessors, and/or affiliates (collectively, "Northrop Grumman"), including from a technical, strategic and financial perspective, and are widely exposed to confidential, sensitive and proprietary information concerning Northrop Grumman's global operations, at the headquarters and each of the operating sectors, including in the areas of autonomous systems, cyber, C4ISR, space, strike, sensors, electronics, and logistics and modernization. Your job responsibilities require that you have a primary office location in Virginia and/or you

administrative agency, commission, department or other governmental authority, the customer is determined by reference to the specific program offices or activities for which Northrop Grumman provides goods or services.

4.4 ***Non-Solicitation of Employees***. For a period of twenty-four (24) months from your Termination, you shall not, directly or indirectly, solicit or offer to hire, any person who was, within a period of six months prior to your Termination, employed by Northrop Grumman, with whom you worked or about whom you received information in the course of your employment with Northrop Grumman.

4.5 ***Non-Disparagement.*** You will not issue or communicate any statement, whether verbal or written, or take any other action that disparages or may be interpreted to disparage the Company, its products, services, officers, directors, or employees; provided that the foregoing shall not apply to any truthful statements made in connection with a legal process, including

government investigation, or as otherwise provided by law.

4.6 ***Exceptions.*** You may request an exception to the covenants in Sections 4.2, 4.3, or 4.4 by making a written request to the Company's Chief Human Resources Officer, with such exceptions being considered at the sole discretion of the Company and communicated in writing to you.

4.7 ***Reasonableness.*** You agree that the restrictions set forth in Sections 4.2, 4.3, and 4.4 are (i) reasonable and necessary in all respects, including duration, territory and scope of activity, in order to protect the Company's legitimate business interests, (ii) that the parties have attempted to limit your right to compete only to the extent necessary to protect the Company's legitimate business

6. **Adjustments; Change in Control**.

6.1. ***Adjustments***. The RSRs, Dividend Equivalents, and the shares subject to the award are subject to adjustment upon the occurrence of events such as stock splits, stock dividends and other changes in capitalization in accordance with Section 6(a) of the Plan.

6.2. ***Possible Acceleration on Change in Control***. Notwithstanding the provisions of Section 2 hereof, and further subject to the Company's ability to terminate the award as provided in Section 6.3 below, the outstanding and previously unvested RSRs (and related Dividend Equivalents) subject to the award shall become fully vested as of the date of the Grantee's termination of to protect the Company's legitimate business interests, and (iii) that you will be able to earn a livelihood without violating the restrictions in this section. It is the intent of the parties that the provisions of this section shall be enforced to the fullest extent permissible under applicable law. However, if any portion of Sections 4.2, 4.3, or 4.4 is deemed unenforceable, the parties agree that a court or arbitrator may revise the portion deemed unenforceable to the maximum extent possible to achieve the objective of the parties, and the remainder of the section shall remain in full force and affect.

4.8 ***Remedies***. If you violate any provision in Section 4.2, 4.3, 4.4 and/or 4.5 of this section, the Company shall have the right to terminate without payment to you any unvested and/or unpaid RSRs (and associated Dividend Equivalents) and require that you immediately deliver to the Company an amount in cash equal to the aggregate Fair Market Value, determined as of the vesting and/or payment date of all RSRs already received, including any Dividend Equivalents, within one year prior to the breach. Further, you acknowledge and agree that a breach of any of the provisions of this section will result in immediate, irreparable, and continuing damage to the Company for which there is no adequate remedy at law, and the Company will be entitled to injunctive relief, a decree of specific performance, and other relief as may be proper, including monetary damages, to the maximum extent available.

5. Compliance with Laws; No Stockholder Rights Prior to Issuance.

The Company's obligation to make any payments or issue any shares with respect to the award is subject to full compliance with all then applicable requirements of law, the Securities and Exchange Commission, or other regulatory agencies having jurisdiction over the Company and its shares, and of any exchange upon which stock of the Company may be listed. The Grantee shall not have the rights and privileges of a stockholder, including without limitation the right to vote or receive dividends (except as expressly provided in this Agreement with respect to Dividend Equivalents), with respect to any shares which may be issued in respect of the RSRs until the date appearing on the certificate(s) for such shares (or, in the case of shares entered in book entry form, the date that the shares are actually recorded in such form for the benefit of the Grantee), if such shares become deliverable.

employment if the termination occurs either within the Protected Period corresponding to a Change in Control of the Company or within twenty-four (24) calendar months following the date of a Change in Control of the Company, the Grantee's employment by the Company and its subsidiaries is involuntarily terminated by the Company and its subsidiaries for reasons other than Cause or by the Grantee for Good Reason.

Notwithstanding anything else contained herein to the contrary, the termination of the Grantee's employment (or other events giving rise to Good Reason) shall not entitle the Grantee to any accelerated vesting delayed pursuant to this Section 6.2 if there is objective evidence that, as of the commencement of the Protected Period, the Grantee had specifically been identified by the Company as an employee whose employment would be terminated as part of a corporate restructuring or downsizing program that commenced prior to the Protected Period and such termination of employment was expected at that time to occur within six (6) months.

Payment of any RSRs (and related Dividend Equivalents) that vest under this Section will be made at the time provided for in Section 2.7 as though the termination of the Grantee's employment was due to a Normal Retirement. 9(b).

6.3. (c) Automatic Acceleration; Early Termination. If the Company undergoes a Change in Control triggered by clause (iii) or (iv) of the definition thereof and the Company is not the surviving entity and the successor to the Company (if any) (or a Parent thereof) does not agree in writing prior to the occurrence of the Change in Control to continue and assume the award following the Change in Control, or if for any other reason the award would not continue after the Change in Control, then upon the Change in Control the outstanding and previously unvested RSRs (and related Dividend Equivalents) subject to the award shall vest fully and completely. Unless the Committee expressly provides otherwise in the circumstances, no acceleration of vesting of the award shall occur pursuant to this Section 6.3 in connection with a Change in Control if either (a) the Company is the surviving entity, or (b) the successor to the Company (if any) (or a Parent thereof) agrees in writing prior to the Change in Control to assume the award. The Committee may make adjustments pursuant to Section 6(a) of the Plan and/or deem an acceleration of vesting of the award pursuant to this Section 6.3 to occur sufficiently prior to an event if necessary or deemed

appropriate to permit the Grantee to realize the benefits intended to be conveyed with respect to the shares underlying the RSRs (and related Dividend Equivalents); provided, however, that, the Committee may reinstate the original terms of the award if the related event does not actually occur.

Payment of any RSRs (and related Dividend Equivalents) that vest under this Section 6.3 will be made within 60 days of the third anniversary of the Grant Date unless, prior to such date: (i) the Grantee dies or has a Disability, in which case such payment will be made within 60 days of the Grantee's death or Disability, as the case may be, or (ii) the Grantee has a Separation from Service, in which case such payment will be made at the time provided for in Section 2.7 as though the termination of the Grantee's employment was due to a Normal Retirement.

7. <u>Tax Matters</u>.

7.1. ***Tax Withholding***.The Company or the subsidiary which employs the Grantee shall be entitled to require, as a condition of making any payments or issuing any shares upon vesting of the RSRs (and related Dividend Equivalents), that the Grantee or other person entitled to such shares or other payment pay the minimum sums required to be withheld by federal, state, local or other applicable tax law with respect to such vesting or payment. Alternatively, the Company or such subsidiary, in its discretion, may make such provisions for the withholding of taxes as it deems appropriate (including, without limitation, withholding the taxes due from compensation otherwise payable to the Grantee or reducing the number of shares otherwise deliverable with respect to the award (valued at their then Fair Market Value) by the amount necessary to satisfy such statutory minimum withholding obligations).

7.2. ***Transfer Taxes***. The Company will pay all federal and state transfer taxes, if any, and other fees and expenses in connection with the issuance of shares in connection with the vesting of the RSRs.

7.3. ***Compliance with Code***. The Committee shall administer and construe the

acceleration provided in Section 6.2 or 6.3, as applicable, shall be either (a) provided to you in full, or (b) provided to you to such lesser extent that would result in no portion of the payments so accelerated being subject to the Excise Tax, whichever of the foregoing amounts, when taking into account applicable federal, state, local and foreign income and employment taxes, the Excise Tax, and any other applicable taxes, results in the receipt by you, on an after-tax basis, of the greatest amount of benefits, notwithstanding that all or some portion of such benefits may be subject to the Excise Tax. All determinations required to be made under this Section 7.5 shall be made by a registered public accounting firm selected by the Company, which shall provide supporting calculations both to the Company and you no later than the date of the applicable Change in Control. In the event that the Payments are to be reduced pursuant to this Section 7.5, such Payments shall be reduced such that the reduction of compensation to be provided to the Executive as a result of this Section 7.5 is minimized. In applying this principle, the reduction shall be made in a manner consistent with the requirements of Section 409A and where two economically equivalent amounts are subject to reduction but payable at different times, such amounts shall be reduced on a pro rata basis but not below zero.

8. <u>Choice of Law; Venue; Arbitration</u>.

This Agreement shall be governed by the laws of the State of Delaware. You agree to be bound by and fully comply with Northrop Grumman Manual USHR 2-32, Arbitration and Mediation ("USHR 2-32"). Any cause of action or claim arising out of or related to the terms and conditions applicable to this grant will be determined through final and binding arbitration, in accordance with USHR 2-32, provided that the prevailing party in the arbitration shall be entitled to receive from the losing party reasonably incurred attorneys' fees and costs. You and the Company agree that any arbitration hearing and related proceedings shall be convened and conducted in Falls Church, VA. If you or the Company believes they require immediate relief to enforce or challenge this Agreement, before arbitration is commenced or concluded, either party may seek

Committee shall administer and construe the award in a manner designed to comply with the Code and to avoid adverse tax consequences under Code Section 409A.

7.4. ***Unfunded Arrangement***. The right of the Grantee to receive payment under the award shall be an unsecured contractual claim against the Company. As such, neither the Grantee nor any Successor shall have any rights in or against any specific assets of the Company based on the award. Awards shall at all times be considered entirely unfunded for tax purposes.

***7.5 Code Section 280G*.** Notwithstanding any other provision of this Agreement to the contrary, in the event that any amounts payable to you as a result of Section 6.2 or 6.3 hereof, either alone or together with amounts payable pursuant to any other plan, program or arrangement (a) constitute "parachute payments" within the meaning of Section 280G of the Code, and (b) but for this Section 7.5 would be subject to the excise tax imposed by Section 4999 of the Code or any comparable successor provisions (the "Excise Tax"), then the vesting

injunctive or other provisional equitable relief from a state or federal court in the Commonwealth of Virginia. All court actions or proceedings arising under this Agreement shall be heard in a state or federal court in the Commonwealth of Virginia. The Company and you hereby agree to the jurisdiction of the state and federal courts in the Commonwealth of Virginia and waive any right to object to such actions on grounds of venue, jurisdiction or convenience.

9. Committee Authority.

The Committee has the discretionary authority to determine any questions as to the date when the Grantee's employment terminated and the cause of such termination and to interpret any provision of this Agreement, the Grant Letter, the Stock Plan System, the Plan, and any other applicable rules. Any action taken by, or inaction of, the Committee relating to or pursuant to this Agreement, the Grant Letter, the Stock Plan System, the Plan, or any other applicable rules shall be

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within the absolute discretion of the Committee and shall be conclusive and binding on all persons.

10. Plan; Amendment.

The RSRs (and related Dividend Equivalents) subject to the award are governed by, and the Grantee's rights are subject to, all of the terms and conditions of the Plan and any other rules adopted by the Committee, as the foregoing may be amended from time to time. The Grantee shall have no rights with respect to any amendment of this Agreement or the Plan unless such amendment is in writing and signed by a duly authorized officer of the Company. In the event of a conflict between the provisions of the Grant Letter and/or the Stock Plan System and the provisions of this Agreement and/or the Plan, the provisions of this Agreement and/or the Plan, as applicable, shall control.

11. Required Holding Period.

The holding requirements of this Section 11 shall apply to any Grantee who is an elected or appointed officer of the Company on the

"**Cause**" means the occurrence of either or both of the following: Code. The Affiliated Companies include Northrop Grumman Corporation and its 80%-owned subsidiaries and may include other entities as well.

(i) The Grantee's conviction for committing an act of fraud, embezzlement, theft, or other act constituting a felony (other than traffic related offenses, as a result of vicarious liability, or as a result of good faith actions as an officer of the Company); or

(ii) Willful misconduct by the Grantee that causes financial or reputational harm to the Company. However, no act, or failure to act, on the Grantee's part shall be considered "willful" unless done, or omitted or appointed officer of the Company on the date Vested RSRs are paid (or, if earlier, on the date the Grantee's employment by the Company and its subsidiaries terminates for any reason). Any Grantee subject to this Section 11 shall not be permitted to sell, transfer, anticipate, alienate, assign, pledge, encumber or charge the number of shares equal to 50% of the total payout of Vested RSRs(net of taxes withheld) until the earlier of (A) the third anniversary of the date such shares of Common Stock are paid to the Grantee, (B) the date the Grantee's employment by the Company and its subsidiaries terminates due to the Grantee's death or Disability, (C) the occurrence of a Change in Control that results in termination and payment under Section 6.2 or 6.3 above, or (D) with respected to Grantee's entering a U.S. federal government position only, the latest of (i) the date the Grantee's employment with the Company terminates, or (ii) the date the Grantee formally accepts the government position in writing, or (iii) the date the government confirms the Grantee (for positions requiring nomination and confirmation). For purposes of this Section 11, the total payout of Vested RSRs shall be determined on a net basis after taking into account any shares otherwise deliverable with respect to the award that the Company withholds to satisfy tax obligations pursuant to Section 7.1. If Grantee is paid less than 50% of the total payout of Vested RSRs (net of taxes) in shares, then all of the shares received will be subject to the holding period requirements in this Section 11. Any shares of Common Stock received in respect of shares that are covered by the holding period requirements of this Section 11 (such as shares received in respect of a stock split or stock dividend) shall be subject to the same holding period requirements as the shares to which they relate.

12. Definitions.

Whenever used in this Agreement, Program, the following terms shall have the meanings set forth below indicated below:

Affiliated Company. The Company and when any other entity related to the meaning is intended, Company under the initial letter rules of section 414 of the word is capitalized:

"**Board**" means the Board of Directors of the Company.

to be done, by the Grantee not in good faith and without reasonable belief that his or her action or omission was in the best interest of the Company.

"**Change in Control**" is used as defined in the Plan.

"**Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Committee**" means the Company's Compensation and Human Capital Committee or any successor committee appointed by the Board to administer the Plan.

"**Common Stock**" means the Company's common stock.

"**Disability**" means, with respect to a Grantee, that the Grantee: (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve months; or (ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Grantee's employer; all construed and interpreted consistent with the definition of "Disability" set forth in Code Section 409A(a)(2)(C).

"**Early Retirement**" means that the Grantee's employment terminates in any of the following circumstances, and other than a termination of employment that constitutes a Normal Retirement or occurs in connection with a termination by the Company or a subsidiary for Cause:

(i) a termination of employment after the Grantee has attained age 55 with at least 10 years of service.

(ii) a termination of employment by the Company or a subsidiary as part of a reduction in force and, at the reduction in force and, at the time of such termination, the Grantee has attained age 53 with at least 10 years of service.

(iii) a termination of employment by the Company or a subsidiary as part of a reduction in force and, at

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the time of such termination, the sum of the Grantee’s age and years of service is at least 75.

“**Fair Market Value**” is used as defined in the Plan; provided, however, the Committee in determining such Fair Market Value for purposes of the award may utilize such other exchange, market, or listing as it deems appropriate.

“**Good Reason**” means, without the Grantee’s express written consent, the occurrence of any one or more of the following:

(i) A material and substantial reduction in the nature or status of the Grantee’s authorities or responsibilities (when such authorities and/or responsibilities are viewed in the aggregate) from their level in effect on the day immediately prior to the start of the Protected Period, other than (A) an inadvertent act that is remedied by the Company promptly after receipt of notice thereof given by the Grantee, and/or (B) changes in the nature or status of the Grantee’s authorities or responsibilities that, in the aggregate, would generally be viewed by a nationally-recognized executive placement firm as resulting in the Grantee having not materially and substantially

compensation plans (excluding stock-based incentive compensation plans), employee benefit or retirement plans, or policies, practices, or arrangements in which the Grantee participates immediately prior to the start of the Protected Period; provided, however, that a reduction in the aggregate value shall not be deemed to be “Good Reason” if the reduced value remains substantially consistent with the average level of other employees who have positions commensurate with the position held by the Grantee immediately prior to the start of the Protected Period.

(iv) A material reduction in the Grantee’s aggregate level of participation in the Company’s stock-based incentive compensation plans from the level in effect immediately prior to the start of the Protected Period; provided, however, that a reduction in the aggregate level of participation shall not be deemed to be “Good Reason” if the reduced level of participation remains substantially consistent with the average level of participation of other employees who have positions commensurate with the position held by the Grantee materially and substantially fewer authorities and responsibilities (taking into consideration the Company's industry) when compared to the authorities and responsibilities applicable to the position held by the Grantee immediately prior to the start of the Protected Period. The Company may retain a nationally-recognized executive placement firm for purposes of making the determination required by the preceding sentence and the written opinion of the firm thus selected shall be conclusive as to this issue.

In addition, if the Grantee is a vice president, the Grantee's loss of vice-president status will constitute "Good Reason"; provided that the loss of the title of "vice president" will not, in and of itself, constitute Good Reason if the Grantee's lack of a vice president title is generally consistent with the manner in which the title of vice president is used within the Grantee's business unit or if the loss of the title is the result of a promotion to a higher level office. For the purposes of the preceding sentence, the Grantee's lack of a vice-president title will only be considered generally consistent with the manner in which such title is used if most persons in the business unit with authorities, duties, and responsibilities comparable to those of the Grantee immediately prior to the commencement of the Protected Period do not have the title of vice-president.

(ii) A material reduction by the Company in the Grantee's annualized rate of base salary as in effect at the start of the Protected Period, or as the same shall be increased from time to time.

immediately prior to the start of the Protected Period.

(v) The Grantee is informed by the Company that his or her principal place of employment for the Company will be relocated to a location that is greater than fifty (50) miles away from the Grantee's principal place of employment for the Company at the start of the corresponding Protected Period; provided that, if the Company communicates an intended effective date for such relocation, in no event shall Good Reason exist pursuant to this clause (v) more than ninety (90) days before such intended effective date.

The Grantee's right to terminate employment for Good Reason shall not be affected by the Grantee's incapacity due to physical or mental illness. The Grantee's continued employment shall not constitute a consent to, or a waiver of rights with respect to, any circumstances constituting Good Reason herein.

"**Governmental Service Retirement**" means an Early or Normal Retirement by the Grantee where the Grantee accepts a position in the federal government or a state or local government and an accelerated distribution under the award is permitted under Code Section 409A based on such government employment and related ethics rules.

"Key Employee" means. A director or an employee treated as a "specified employee" under Code section 409A(a)(2)(B)(i) of the Company or an Affiliated Company (i.e., a key employee (as defined in Code section 416(i) without regard to paragraph (5) thereof)) if the Company's or an Affiliated Company's stock is publicly traded on an established securities market or otherwise. The Company shall determine in accordance with a uniform Company policy which participants are Key Employees as of each December 31 in accordance

(iii) A material reduction in the aggregate value of the Grantee’s level of participation in any of the Company’s short and/or long-term incentive

with IRS regulations or other guidance under Section 409A. Such determination shall be effective for the

twelve (12) month period commencing on April 1 of the following year.

“**Normal Retirement**” means that the Grantee terminates employment after attaining age 65 with at least 10 years of service (other than in connection with a termination by the Company or a subsidiary for Cause). In the case of a Grantee who is an officer of the Company subject to the Company’s mandatory retirement at age 65 policy and who, at the applicable time, is not otherwise eligible for Normal Retirement as defined in the preceding sentence, “Normal Retirement” as to that Grantee means that the Grantee’s employment is terminated pursuant to such mandatory retirement policy (regardless of the Grantee’s years of service and other than in connection with a termination by the Company or a subsidiary for Cause).

“**Parent**” is used as defined in the Plan.

“**Plan**” means the Northrop Grumman 2011 Long-Term Incentive Stock Plan, as it may be amended form time to time.

The “**Protected Period**” corresponding to a Change in Control of the Company shall be a period of time determined in accordance with the following:

(i) If the Change in Control is triggered by a tender offer for shares of the Company’s stock or by the offeror’s acquisition of shares pursuant to such a tender offer, the Protected Period shall commence on the date of the initial tender offer and shall continue through and including the date of the Change in Control; provided that in no case will the Protected Period commence earlier than the date that is six (6) months prior to the Change in Control.

(ii) If the Change in Control is triggered by a merger, consolidation, or reorganization of the Company with or involving any other corporation, the Protected Period shall commence on the date that serious and substantial discussions first take place to effect the merger, consolidation, or reorganization and shall continue through and including the date of the Change in Control; provided that in no case will the Protected Period commence earlier than the date that is six (6) months prior to the Change in Control.

(iii) In the case of any Change in Control not described in clause (i) or (ii) above, the Protected Period shall commence on the date that is six (6) months prior to the Change in Control and shall continue through and including the date of the Change in Control.

"Separation from Service" means when the Grantee dies, retires, or otherwise has a termination of employment with the Company and its subsidiaries that constitutes a . A "separation from service" within the meaning of United States Treasury Regulation Section 1.409A-1(h)(1), without regard 409A.

(d) Section 6 of the Equity Plan (addressing certain change in control events) shall apply to the optional alternative definitions available thereunder. Stock Units; provided that no modification to the timing of payment of the Stock Units shall be made unless such modification complies with Section 409A, including the requirements of Treas. Reg. Section 1.409A-3(i)(4)

Treas. Reg. Section 1.409A-3(j)(4)(ix) (“plan terminations and liquidations”), or any successor provision thereto, and such modification would not result in any tax, penalty or interest under Section 409A.

10. Elective Deferrals

“(a) Successor” means Eligible Directors shall be provided with the person acquiring opportunity to elect to defer all or a Grantee’s rights to a grant under portion of their Eligible Compensation, at the Plan by will or time and in the form and manner set forth below. To be effective, any deferral election must be filed by the laws deadline established by Company management, which shall be no later than December 31st of descent the calendar year before the calendar year in which the services giving rise to the Eligible Compensation to be deferred will be performed. An individual who becomes an Eligible Director on or distribution. after January 1 of a calendar year shall not be eligible to defer any portion of Eligible Compensation during that calendar year. Deferral election forms shall be in such form, and shall be filed and revoked in such manner as Company management shall from time to time determine. In addition, the Board may establish such minimum deferral amounts, specified percentages of Eligible Compensation that may be deferred, and similar requirements and limitations, as it may determine to be appropriate for convenience of administration of the Program.

6

7

Exhibit 10.2

NORTHROP GRUMMAN CORPORATION

(b)

2024 RESTRICTED PERFORMANCE STOCK RIGHTS GRANT AGREEMENT

The Board shall cause Company management to establish and maintain an Elective Deferral Account for each Eligible Director who elects to defer Eligible

Compensation earned on or after January 1, 2015, pursuant to Section 10(a) above. On the last day of each calendar quarter, the Elective Deferral Account of each person who is an Eligible Director as of such date shall be credited with his or her Elective Deferral Amount (if any) for such calendar quarter.

This 2024 Restricted Performance(c) Company management shall from time to time establish one or more bookkeeping investment funds (each, an "Investment Fund") based upon such criteria as it may from time to time determine. Company management shall establish procedures to permit Eligible Directors to make Investment Elections from time to time indicating in which of the available Investment Funds their Elective Deferral Accounts shall be deemed invested. Company management shall cause Eligible Director’s Elective Deferral Account to be adjusted upwards or downwards, at such intervals as it may from time to time determine, to reflect the net investment return (whether positive or negative) of the particular Investment Fund(s) elected; *provided*, that no Elective Deferral Account may at any time have a balance less than zero.

(d) For purposes of this Program, the following terms shall have the meanings indicated below:

Elective Deferral Account. A bookkeeping account for an Eligible Director representing the Eligible Compensation that the Eligible Director has elected to defer under Section 10(a) of

10(a) of the Program, as adjusted to reflect earnings, losses, contributions and distributions in accordance with Section 10(c) and Section 11 of the Program.

Elective Deferral Amount. An amount of Eligible Compensation that an Eligible Director elects to defer under and in accordance with Section 10(a) of the Program.

Eligible Compensation. With respect to any calendar quarter, the portion of an Eligible Director's Cash Component and Other Annual Retainers payable for such quarter, less any portion of such amount for such quarter which the Eligible Director elects to receive in the form of Elective Stock Rights Grant Agreement ("Agreement") applies Units in accordance with Section 8(c).

Investment Election. An election by an Eligible Director to certain "Restricted Performance Stock Rights" ("RPSRs") granted have Elective Deferral Amounts invested in an Investment Fund. Investment Elections shall be made on a form and in the manner prescribed by Northrop Grumman Corporation (the "Company") Company management.

11. Payment of Elective Deferrals

(a) The balance of an Eligible Director's Elective Deferral Account shall be paid in 2024 a single distribution within 30 days following such Eligible Director's Separation

from Service, unless: (i) the Eligible Director has elected an alternative time of payment under its 2011 Long-Term Incentive Stock Plan. If you were granted an RPSR award Section 11(b) or (ii) a later date is required by Section 11(e).

(b) In lieu of the Company in 2024, the

2024, the date default time of grant of your RPSR award and the target number of RPSRs applicable to your award are payment set forth in Section 11(a), an Eligible Director may elect to receive a distribution of all or a portion of his Elective Deferral Account at the letter earlier of Separation from the Company announcing your RPSR award (your “Grant Letter”) and are also reflected in the electronic stock plan award recordkeeping system (“Stock Plan System”) maintained Service or a calendar year specified by the Eligible Director. Any such election must be made in accordance with the procedures set forth in Section 11(d). A distribution scheduled to be made due to the Eligible Director’s Separation from Service shall be made within 30 days of such Separation from Service. A distribution scheduled to be made in a specified calendar year shall be made no later than December 31st of such calendar year.

(c) All distributions from an Eligible Director's Elective Deferral Account shall be made in cash.

(d) Company or its designee. This Agreement management shall establish rules and procedures for an Eligible Director to file a distribution election form on which such Eligible Director may make a distribution election, subject to the following requirements and restrictions:

(1) A distribution election form must be filed by the deadline established by Company management, which shall be no later than December 31st of the calendar year before the calendar

year in which the Eligible Director will perform the services giving rise to the Annual Retainer (or Other Annual Retainer, if applicable) to be deferred;

(2) A distribution election applies only with respect to deferrals for the 2024 RPSR award, calendar year for which the distribution election form is filed. If an Eligible Director wishes to make a distribution election for amounts deferred in subsequent calendar years, a new distribution election form must be filed for each calendar

year by the deadline described in Section 11(d)(1), above; and you are

(3) A distribution election is irrevocable once the distribution election form is filed.

In addition, Company management may establish rules for designating a beneficiary, and such other rules, limitations and conditions as Company management determines to be appropriate, subject to this Agreement upon accepting your grant. the requirements and restrictions set forth above.

(e) If you were granted an RPSR award, you are referred to as Eligible Director is a “specified employee” (as determined by the “Grantee” Company in accordance with respect to your award.

Capitalized terms are generally defined in Section 12 below if not otherwise defined herein.

Each RPSR represents a right to receive one share 409A(a)(2)(B) of the Company's Code and Treas. Reg. § 1.409A-1(i)), any amount that becomes payable under this Section 11 as a result of the Eligible Director's Separation from Service shall be paid on the later of (a) the payment date prescribed by this Section 11, and (b) the first day of the seventh month that begins after the Eligible Director's Separation from Service.

8

(f) If an Eligible Director dies before the balance of his Elective Deferral Account is fully distributed, the remaining balance of the Eligible Director's Elective Deferral Account shall be distributed (in the form such balance would have been paid to such Eligible Director) to his beneficiary within 90 days after the Eligible Director's death.

(g) Section 6 of the Equity Plan (addressing certain change in control events) shall apply to Elective Deferral Accounts; provided that no modification to the timing of payment shall be made unless the requirements of Treas. Reg. Section 1.409A-3(j)(4)(ix) ("plan terminations and liquidations"), or any successor provision thereto, are satisfied and such modification would not result in any tax, penalty or interest under Section 409A.

12. Dividend Equivalents

No later than sixty (60) days following each date that the Company pays an ordinary cash dividend on its outstanding Common Stock (if any ordinary cash dividends are paid), for which the related record date occurs on or cash of equivalent value as provided herein subject to vesting as provided herein. The performance period applicable to your award is January 1, 2024 to December 31, 2026 (the “Performance Period”). The target number of RPSRs subject to your award is subject to adjustment as provided herein. The RPSR award is subject after the Effective Date and prior to all of the terms and conditions set forth in this Agreement, and is further subject to all of the terms and conditions of the Plan, as it may be amended from time to time, and any rules adopted by the Committee, as such rules are in effect from time to time. If you do not formally accept your RPSR award, by entering into this Agreement in accordance with accordance with the instructions and time limit set forth in your Grant Letter, you will be deemed to have forfeited your RPSR award.

1. **Vesting and Payment of RPSRs** The RPSRs are subject to the vesting and payment provisions established by the Committee with respect to the Performance Period. RPSRs (and any Dividend Equivalents (as defined below)) that vest based on such provisions will be Eligible Director's Stock Units being paid as provided below.

Common Stock and cash. In the event of a cash payment, such record date, multiplied by (ii) the amount of payment for each Vested RPSR to be the ordinary cash dividend paid in cash will equal by the Fair Market Value (as defined below) of Company on a share of Common Stock, divided by (iii) the Fair Market Value

1.1. ***Performance-***

Based Vesting of RPSRs. Subject to Sections 2, 3, 4 and 6 below, the RPSRs subject to the award shall vest and become nonforfeitable based on the performance methodology and goals established by the Committee for the Performance Period. At the conclusion of the Performance Period, the Committee shall determine whether and the extent to which the performance goals have been achieved. The percentage of target RPSRs subject to the award (if any) that

value of a share of the Common Stock as of such record date. Any Stock Units credited pursuant to the date foregoing provisions of this Section 12 shall be subject to the Committee determines same payment and other terms and conditions as the extent original Stock Units to which the applicable RPSR performance criteria have been achieved. Vested RPSRs will be paid within 60 days of the vesting date, but in no event any) that have vested for the Performance Period (the “Earnout Percentage”) shall be determined by the Committee based on the methodology and goals as established by the Committee, and its determination of the Earnout Percentage shall be conclusive and binding. Any RPSRs (and related Dividend Equivalents) subject to the award that are not vested as of the conclusion of the Performance Period after giving effect to the Committee determination under this Section 1.1 shall become

later than March 15 of the year following the last day of the Performance Period. they relate.

1.3. 13. Dividend Equivalents Restrictions on Transfer. The Grantee Stock Units shall be entitled to payment for Dividend Equivalents (if any) with respect to any Vested RPSRs nontransferable and any RPSRs that vest shall not be assignable, alienable, saleable or otherwise transferable by an Eligible Director other than by will or the laws of descent and become terminate and become null and void as of the last day of the Performance Period.

1.2. ***Payment of RPSRs***. The number of RPSRs payable at the conclusion of the Performance Period ("Vested RPSRs") shall be determined by multiplying the Earnout Percentage by the target number of RPSRs subject to the award. The Vested RPSRs and any RPSRs that vest and become payable pursuant to Section 2 or 6 may 9, the Eligible

payable distribution or pursuant to Section 2 or 6. For purposes of this Agreement, "Dividend Equivalents" means the aggregate amount of dividends paid a qualified domestic relations order. An Eligible Director may designate, on a form provided by the Company, on a beneficiary or beneficiaries to receive any distributions under the Program, including distributions of Elective Deferral Accounts, upon the death of the Eligible Director.

14. Issuance of Certificates

(a) On

Eligible Director's Stock Unit account shall be paid out in either an equivalent credited with additional Stock Units equal to (i) the number of shares outstanding and unpaid Stock Units credited to such account as of Common Stock, or, in the discretion of the Committee, in cash or in a combination of shares of

each payment date described in Section 9, the Company shall deliver to the Eligible Director a number of shares of Common Stock (either by delivering one or more certificates for such shares or by entering such shares in book entry form, as determined by the Company in its discretion) equivalent to the number of Vested RPSRs (or Stock Units which are payable under the number of

RPSRs that vest and become payable pursuant Program with respect to Section 2 or 6) during such payment date.

(b) Whenever under the period from the beginning terms of the Performance Period until Program a fractional share would be required to be issued, the date the Vested RPSRs (or the RPSRs that vest and become payable pursuant to Section 2 or 6) are paid, without interest or other adjustments to reflect the time value of money. For these purposes, any Vested RPSRs or RPSRs that vest and become payable pursuant to Section 2 or 6 in excess of the target number of RPSRs subject fractional share shall be rounded up to the award shall be considered to have been granted at the beginning of the Performance Period. Dividend Equivalents (if any) will be paid at the same time as the Vested

RPSRs (or the RPSRs that vest and become payable pursuant to Section 2 or 6) to which they relate are paid. Dividend Equivalents will be paid in cash. next full share.

2. Early Termination of Award; Termination of Employment.

ELT (2024 RPSR Agreement)1

9

2.1 (c) General.

The RPSRs (and related Dividend Equivalents) subject to the award shall terminate and become null and void prior to the conclusion of the Performance Period if and when (a) the award terminates in connection with a Change in Control pursuant to Section 6 below, or (b) except as provided below in this Section 2 and in Section 6, the Grantee ceases for any reason to be an employee of the Company or one of its subsidiaries.

2.2 ***Termination of Employment Due to Retirement, Death or Disability***. The number of RPSRs (and related Dividend Equivalents) subject to the award shall vest on a prorated basis as provided herein if the Grantee’s employment by the Company and its subsidiaries terminates due to the Grantee’s Early Retirement, death, or Disability and, in each case, only if the Grantee has completed at least six (6) consecutive calendar months of employment with the Company or a subsidiary during the three-year Performance Period. Such prorating of RPSRs (and related Dividend Equivalents) shall be based on the number of calendar days the Grantee was actually employed by the Company or one of its subsidiaries over the number of calendar days in thePerformance Period (the number of prorated RPSRs, the “Prorated RPSRs”). If the Grantee ceases to be employed by the Company or one of its subsidiaries due to the Grantee’s Normal Retirement and such Normal Retirement occurs more than six (6) months after the Grant Date, the RPSRs

RPSRs will vest as if the employee had remained an employee for the full Performance Period.Any RPSRs (and related Dividend Equivalents) subject to the award that do not vest in accordance with this Section 2.2 upon a termination of the Grantee’s employment due to Early Retirement or Normal Retirement (collectively “Retirement”), death or Disability shall terminate immediately upon such termination of employment.

Death or Disability. In the case of death or

Disability (a) the Earnout Percentage of the Grantee’s Prorated RPSRs (and related Dividend Equivalents) will be deemed to be 100% (target), regardless of actual performance, and (b) payment of the Prorated RPSRs (and related Dividend Equivalents) that vest pursuant to this Section 2.2 will be made within 60 days of the Grantee’s death or Disability, but in no event later than March 15 of the year following the date of the death or Disability.

Retirement in General. Subject

to the following provisions of this Section 2.2, in the case of Retirement, the Earnout Percentage will be used to calculate the Grantee's Vested RPSRs, and payment of the Vested RPSRs (and related Dividend Equivalents) will be made in accordance with Section 1.2 above.

In determining the Grantee's eligibility for Retirement, service is measured by dividing (a) the number of days the Grantee was employed by the Company or a subsidiary

subsidiary in the period commencing with his or her last date of hire by the Company or a subsidiary through and including the date on which the Grantee is last employed by the Company or a subsidiary, by (b) 365. If the Grantee ceased to be employed by the Company or a subsidiary and was later

rehired by the Company or a subsidiary, the Grantee's service prior to the break in service shall be disregarded in determining service for such purposes;

provided that, if the Grantee's employment with the Company or a subsidiary had terminated due to the Grantee's Retirement, or by the Company or a subsidiary as part of a reduction in force (in each case, other than a termination by the Company or a subsidiary for Cause) and, within the two-year period following such termination of employment (the "break in service") the Grantee was subsequently rehired by the Company or a subsidiary, then the Grantee's

Grantee's period of service with the Company or a subsidiary prior to and ending with the break in service will be included in determining service for such purposes. In the event the Grantee is employed by a business that is acquired by the Company or a subsidiary, the Company shall have discretion to determine whether the Grantee's service prior to the acquisition will be included in determining service for such purposes.

Retirement Due to

Government Service. In the case of a Governmental Service Retirement by the Grantee (a) the Performance Period used to calculate the Grantee's Vested RPSRs will be deemed to have ended as of the most recent date that performance has been measured by the Company with respect to the RPSRs prior to the Grantee's Retirement (but in no event shall such date be more than one year before the Grantee's Retirement), (b) the Earnout Percentage of the Grantee's Prorated

Prorated RPSRs (and related Dividend Equivalents) will be determined based on actual performance for that short Performance Period, and (c) payment of the Prorated RPSRs that become Vested RPSRs (and Dividend Equivalents thereon) will be made within 20 days after Retirement.

2.3 ***Other Terminations of Employment***.Subject to Section 6.2, all RPSRs (and related Dividend Equivalents) subject to the award shall terminate immediately upon a termination of the

Grantee's employment: (a) for any reason other than due to the Grantee's Retirement, death or Disability; or (b) for Retirement, death or Disability, if the six-month employment requirement under Section 2.2 above is not satisfied.

2.4 ***Leave of Absence***. Unless the Committee otherwise provides (at the time of the leave or otherwise), if the Grantee is granted a leave of absence by the Company, the Grantee (a) shall not be deemed to have incurred a termination of employment at the time such leave commences for purposes of the award, and (b) shall be deemed to be employed by the Company for the duration of such approved leave of absence for purposes of the award. A termination of employment shall be deemed to have occurred if the Grantee does not timely return to active employment upon the expiration of such approved leave or if the Grantee commences a leave that is not approved by the Company.

2.5

Salary Continuation. Subject to Section 2.4 above, the term “employment” as used herein means active employment by the Company and salary continuation without active employment (other than a leave of absence approved by the Company that is covered by Section 2.4) will not, in and of itself,

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constitute “employme for purposes hereof (in the case of salary continuatio without active

domestic relations matter to the extent that such transfer does not adversely affect the employmer the Grantee's cessation of active employee status shall, subject to Section 2.4, be deemed to be a termination of "employme for purposes hereof). Furthermor salary continuatio will not, in and of itself, constitute a leave of absence approved by the Company for purposes of the award.

2.6 ***Sale or Spinoff of Subsidiar or Business Unit***. For purposes of the RPSRs (and related Dividend Equivalents subject to the award, a termination

Company's ability to register the offer and sale of the underlying shares on a Form S-8 Registration Statement and such transfer is otherwise in compliance with all applicable legal, regulatory and listing requirements.

3.2 ***Forfeiture or Recoupment of Awards***. If, prior to payment or issuance of shares with respect to the award, Grantee's employment is terminated for Cause (or Grantee has engaged in misconduct that could have

or employment of the Grantee shall be deemed to have occurred if the Grantee is employed by a subsidiary or business unit and that subsidiary or business unit is sold, spun off, or otherwise divested, the Grantee does not otherwise continue to be employed by the Company or one of its subsidiaries after such event, and the divested entity or business (or its successor or a parent company) does not assume the award in connection with such	resulted in Grantee's termination of employment for Cause if Grantee had remained an employee), the Company may reduce or eliminate any payments or issuances of shares with respect to the award. You agree to be bound by and fully comply with the Company's Policy Regarding the Recoupment of Certain Incentive Compensation Payments filed as Exhibit 97 to the Company's 10-K for the year ended December 31, 2023 and as in effect from time to time

transaction. In the event of such a termination of employment, the termination shall be deemed to be a Retirement treated as provided for in Section 2.2 (subject to Section 6).

2.7 ***Continuance of Employment Required***. Except as expressly provided in Section 2.2, Section 2.4 and in Section 6, the vesting of the RPSRs (and related Dividend Equivalents) subject to the award requires continued employment through the last day of

(“Recoupment Policy”). Any payments or issuances of shares with respect to the award are subject to recoupment pursuant to the Recoupment Policy as well as any recoupment or similar provisions of applicable law, and the Grantee shall promptly make any reimbursement requested by the Board or Committee pursuant to such policy or applicable law with respect to the award. The Grantee agrees, by accepting the award, that the Company and its affiliates day of the Performance Period as a condition to the vesting of any portion of the award. Employment for only a portion of the Performance Period, even if a substantial portion, will not entitle the Grantee to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a termination of employment. Nothing contained in this Agreement, the Grant Letter, the Stock Plan System, or the Plan constitutes an employment commitment

may deduct from any amounts it may owe the Grantee from time to time (such as wages or other compensation) to the extent of any amounts the Grantee is required to reimburse the Company pursuant to such policy or applicable law with respect to the award.

4. **<u>Post-Employment Conduct</u>**.

4.1 ***Executive Leadership Team Contribution***. You acknowledge and agree that as a member of the Executive Leadership Team ("ELT"), you are involved in by the Company or any subsidiary, affects the Grantee’s status (if the Grantee is otherwise an at-willemployee), as an employee at will who is subject to termination without cause, confers upon the Grantee any right to continue in the employ of the Company or any subsidiary, or interferes in any way with the right of the Company or of any subsidiary to terminate such employment at any time.

2.8 ***Death***. In the event of the Grantee’s death subsequent

managing the global operations of the Company, incorporated in Delaware and headquartered in Virginia. You are involved in the most sensitive and proprietary matters affecting the Company, its subsidiaries, predecessors, and/or affiliates (collectively, “Northrop Grumman”), including from a technical, strategic and financial perspective, and are widely exposed to confidential, sensitive and proprietary information concerning Northrop Grumman’s global operations, at the headquarters and each of the to the vesting of RPSRs but prior to the delivery of shares or other payment with respect to such RPSRs (and related Dividend Equivalents), the Grantee's Successor shall be entitled to any payments to which the Grantee would have been entitled under this Agreement with respect to such RPSRs.

3. <u>Non-Transferability and Other Restrictions</u>.

3.1 *Non-Transferability*. The award, as well as the RPSRs (and related Dividend Equivalents) subject to

of the operating sectors, including in the areas of autonomous systems, cyber, C4ISR, space, strike, sensors, electronics, and logistics and modernization. Your job responsibilities require that you have a primary office location in Virginia and/or you spend substantial time at the corporate headquarters in Virginia, among other things, attending ELT and other leadership meetings, and/ managing operations and employees in Virginia. You occupy one of the most

the award, are non-transferabl and shall not be subject in any manner to sale, transfer, anticipatior alienation, assignmen pledge, encumbrar or charge. The foregoing transfer restrictions shall not apply to transfers to the Company. Notwithsta the foregoing, the Company may honor any transfer required pursuant to the terms of a court order in a divorce or similar	senior executive positions in the Company and have far-reaching access to highly confidential, valuable and sensitive information, customer, vendor and employee relationships, intellectual property, strategic and tactical plans, and financial information and plans. The Company has a legitimate business interest in restricting your ability to compete in the specific manner set forth below. The Company has provided you this grant, subject to this Agreement

and as consideration for the

3

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restrictive covenants set forth in this Section 4; provided that the provisions of Sections 4.2 and 4.3 in this Agreement and prior grant agreements shall not apply where not permitted by applicable law.

4.2 ***Non-Competition***. For a period of twelve (12) months from the date of the termination of Grantee's employment for any reason (other than a

reasonable and necessary in all respects, including duration, territory and scope of activity, in order to protect the Company's legitimate business interests, (ii) that the parties have attempted to limit your right to compete only to the extent necessary to protect the Company's legitimate business interests, and (iii) that you will be able to earn a livelihood without violating the

Reduction-in-Force as determined at the Company's sole discretion) ("Termination"), you will not, directly or indirectly, oversee, control, participate in, or support the design, operation, research, manufacture, marketing, sale, or distribution of "Competitive Products and Services". For the purpose of this section, "Competitive Products and Services" shall mean products or services that compete for resources with or are an alternative or potential alternative to, the products

the restrictions in this section. It is the intent of the parties that the provisions of this section shall be enforced to the fullest extent permissible under applicable law. However, if any portion of Section 4.2, 4.3, or 4.4 is deemed unenforceable, the parties agree that a court or arbitrator may revise the portion deemed unenforceable to the maximum extent possible to achieve the objective of the parties, and the remainder of the section shall remain in products sold or services provided by Northrop Grumman, including without limitation products and services in the areas of autonomous systems, cyber, C4ISR, space, strike, sensors, electronics, and logistics and modernization.

4.3 ***Non-Solicitation of Customers***. For a period of eighteen (18) months from your Termination, you shall not, directly or indirectly, solicit any customer, supplier, or teammate of Northrop Grumman with whom you engaged,

full force and affect.

4.8 ***Remedies***. If you violate any provision in Section 4.2, 4.3, 4.4, and/or 4.5 of this section, the Company shall have the right to terminate without payment to you any unvested and/or unpaid RPSRs (and associated Dividend Equivalents) and require that you immediately deliver to the Company an amount in cash equal to the aggregate Fair Market Value, determined as of the vesting and/or

or about whom you received confidential, sensitive, or proprietary information, in the course of your employment with Northrop Grumman, for purposes of providing products or services in competition with Northrop Grumman. In the case of a governmental, regulatory or administrative agency, commission, department or other governmental authority, the customer is determined by reference to the specific program offices or activities for which Northrop Grumman provides goods or	payment date of all RPSRs already received, including any Dividend Equivalents, within one year prior to the breach. Further, you acknowledge and agree that a breach of any of the provisions of this section will result in immediate, irreparable, and continuing damage to the Company for which there is no adequate remedy at law, and the Company will be entitled to injunctive relief, a decree of specific performance, and other relief as may be proper, including

services.

4.4 ***Non-Solicitation of Employees.*** For a period of twenty-four (24) months from your Termination, you shall not, directly or indirectly, solicit or offer to hire, any person who was, within a period of six months prior to your Termination employed by Northrop Grumman, with whom you worked or about whom you received information in the course of your employment with Northrop Grumman.

4.5 ***Non-Disparagement.*** You will not issue

including monetary damages, to the maximum extent available.

5. <u>Compliance with Laws; No Stockholder Rights Prior to Issuance</u>.

The Company's obligation to make any payments or issue any shares with respect to the award is subject to full compliance with all then applicable requirements of law, the Securities and Exchange Commission, or other regulatory agencies having jurisdiction over the Company and its shares, and of any exchange upon not issue or communicate any statement, whether verbal or written, or take any other action that disparages or may be interpreted to disparage the Company, its products, services, officers, directors, or employees provided that the foregoing shall not apply to any truthful statements made in connection with a legal process, including government investigation or as otherwise provided by law.

4.6 ***Exceptions.*** You may request an exception to the covenants in

which stock of the Company may be listed. The Grantee shall not have the rights and privileges of a stockholder, including without limitation the right to vote or receive dividends (except as expressly provided in this Agreement with respect to Dividend Equivalents), with respect to any shares which may be issued in respect of the RPSRs until the date appearing on the certificate(s) for such shares (or, in the case of shares entered in book entry form, the

Sections 4.2, 4.3, or 4.4 by making a written request to the Company's Chief Human Resources Officer, with such exceptions being considered at the sole discretion of the Company and communicated in writing to you.

4.7 ***Reasonableness.*** You agree that the restrictions set forth in Sections 4.2, 4.3, and 4.4 are (i)

date that the shares are actually recorded in such form for the benefit of the Grantee), if such shares become deliverable.

6. **Adjustments; Change in Control**.

6.1 ***Adjustments***. The RPSRs, Dividend Equivalents, and the shares subject to the award are subject to adjustment upon the occurrence of events such as stock splits, stock dividends and other changes in capitalization in accordance with Section 6(a) of the Plan. In addition, for

RPSRs that do not use a relative total shareholder return metric as the applicable performance criterion, the applicable performance

4

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criteria and goals are subject to adjustment pursuant to Section 8 of the Plan. Any such adjustment or determinati not to make any adjustment shall be conclusive and binding.

6.2 *Possible Acceleration on Change in Control*. Notwithstanding the provisions

6.3 in connection with a Change in Control if either (a) the Company is the surviving entity, or (b) the successor to the Company (if any) (or a Parent thereof) agrees in writing prior to the Change in Control to assume the award. The Committee may

of Section 2 hereof, and further subject to the Company's ability to terminate the award as provided in Section 6.3 below, the Grantee shall be entitled to vesting of the award as provided below in the event of the Grantee's termination of employment if at the time of the termination the termination occurs either within the Protected Period corresponding to a Change in Control of the Company or within twenty-four (24) calendar months following the date	make adjustments pursuant to Section 6(a) of the Plan and/or deem an acceleration of vesting of the award pursuant to this Section 6.3 to occur sufficiently prior to an event if necessary or deemed appropriate to permit the Grantee to realize the benefits intended to be conveyed with respect to the shares underlying the award; provided, however, that, the Committee may reinstate the original terms of the award if the related event does not

of a Change in Control of the Company, and the Grantee's employment by the Company and its subsidiaries is involuntarily terminated by the Company and its subsidiaries for reasons other than Cause or by the Grantee for Good Reason. Notwithstanding anything else contained herein to the contrary, the termination of the Grantee's employment (or other events giving rise to Good Reason) shall not entitle the Grantee to any accelerated vesting pursuant to this Section	actually occur. In the event the Grantee is entitled to a payment in accordance with the foregoing provisions of this Section 6.3, then the Grantee will be eligible for payment of a number of RPSRs (and related Dividend Equivalents) determined in accordance with the following formula: (a) the Earnout Percentage determined in accordance with Section 1 but calculated based on performance for the portion of the three-year Performance Period ending

6.2 if there is objective evidence that, as of the commencement of the Protected Period, the Grantee had specifically been identified by the Company as an employee whose employment would be terminated as part of a corporate restructuring or downsizing program that commenced prior to the Protected Period and such termination of employment was expected at that time to occur within six (6) months. In the event the Grantee is entitled to payment	ending on the date of the Change in Control of the Company, multiplied by (b) the target number of RPSRs subject to the award. Payment of any amount due under this Section 6.3 will be made within 60 days of the Change of Control, but in no event later than March 15 of the year following the Change in Control. In the event the Grantee is employed by the Company or a subsidiary immediately prior to the Change in Control

in accordance with the foregoing provisions of this Section 6.2, then the Grantee will be eligible for payment of a number of RPSRs (and related Dividend Equivalents) determined in accordance with the following formula: (a) the Earnout Percentage determined in accordance with Section 1 but calculated based on performance for the portion of the three-year Performance Period ending on the last day of the month coinciding with or immediately preceding the date	and is entitled to payment in accordance with the foregoing provisions of this Section 6.3, then this Section 6.3 shall control as to the amount and timing of the payment of the award notwithstanding anything in Section 2.2 or 6.2 to the contrary. In the event of the Grantee's Retirement pursuant to Section 2.2 prior to a Change in Control described in the first paragraph of this Section 6.3 in which the award is to be terminated, the Earnout

of the termination of the Grantee's employment, multiplied by (b) the target number of RPSRs subject to the award. Payment of any amount due under this Section 6.2 will be made within 60 days of the date of the termination of Grantee's employment, but in no event later than March 15th of the year following the Grantee's termination of employment.

6.3 ***Automatic Acceleration; Early Termination***. If the Company undergoes a Change in Control triggered by clause

Percentage shall no longer be based on the portion of the Performance Period otherwise considered for purposes of Section 2.2 but shall instead be calculated based on performance for the portion of the three-year Performance Period ending on the date of the Change in Control of the Company.

7. <u>Tax Matters</u>.

7.1 ***Tax Withholding***. The Company or the subsidiary which employs the Grantee shall be entitled to require, as a condition of making

(iii) or (iv) of the definition thereof and the Company is not the surviving entity and the successor to the Company (if any) (or a Parent thereof) does not agree in writing prior to the occurrence of the Change in Control to continue and assume the award following the Change in Control, or if for any other reason the award would not continue after the Change in Control, then upon the Change in Control the Grantee shall be entitled	making any payments or issuing any shares upon vesting of the RPSRs and related Dividend Equivalents, that the Grantee or other person entitled to such shares or other payment pay the minimum sums required to be withheld by federal, state, local or other applicable tax law with respect to such vesting or payment. Alternatively, the Company or such subsidiary, in its discretion, may make such provisions for the withholding of taxes as it

to a payment of the RPSRs (and related Dividend Equivalents) as provided below and the award shall terminate. Unless the Committee expressly provides otherwise in the circumstances, no acceleration of vesting of the award shall occur pursuant to this Section

deems appropriate (including, without limitation, withholding the taxes due from compensation otherwise payable to the Grantee or reducing the number of shares otherwise deliverable with respect to the award (valued at their then Fair Market Value) by the amount necessary to satisfy such statutory minimum withholding obligations).

5

7.2 ***Transfer Taxes***. The Company will pay all federal and state transfer

prevailing party in the arbitration shall be entitled to receive from the losing transfer taxes, if any, and other fees and expenses in connection with the issuance of shares in connection with the vesting of the RPSRs.

7.3 ***Compliance*** This Agreement is designed to be exempt from Code Section 409A, and the Committee shall administer and construe the award in such a way as to be exempt from and to avoid adverse tax consequences under Code Section 409A.

7.4 ***Unfunded Arrangem*** The right of the Grantee

losing party reasonably incurred attorneys' fees and costs. You and the Company agree that any arbitration hearing and related proceedings shall be convened and conducted in Falls Church, VA. If you or the Company believes they require immediate relief to enforce or challenge this Agreement, before arbitration is commenced or concluded, either party may seek injunctive or other provisional equitable relief from a state or federal court in the Commonwealth of to receive payment under the award shall be an unsecured contractual claim against the Company. As such, neither the Grantee nor any Successor shall have any rights in or against any specific assets of the Company based on the award. Awards shall at all times be considered entirely unfunded for tax purposes.

7.5 ***Code Section 280G*****.** Notwithstanding any other provision of this Agreement to the contrary, in the event that any

Virginia. All court actions or proceedings arising under this Agreement shall be heard in a state or federal court in the Commonwealth of Virginia. The Company and you hereby agree to the jurisdiction of the state and federal courts in the Commonwealth of Virginia and waive any right to object to such actions on grounds of venue, jurisdiction or convenience.

9. **<u>Committee Authority</u>**.

The Committee has the discretionary authority to determine any amounts payable to you as a result of Section 6.2 or 6.3 hereof, either alone or together with amounts payable pursuant to any other plan, program or arrangement (a) constitute "parachute payments" within the meaning of Section 280G of the Code, and (b) but for this Section 7.5 would be subject to the excise tax imposed by Section 4999 of the Code or any comparable successor provisions (the "Excise Tax"), then the vesting acceleration

questions as to the date when the Grantee's employment terminated and the cause of such termination and to interpret any provision of this Agreement, the Grant Letter, the Stock Plan System, the Plan, and any other applicable rules. Any action taken by, or inaction of, the Committee relating to or pursuant to this Agreement, the Grant Letter, the Stock Plan System, the Plan, or any other applicable rules shall be within the absolute discretion of the Committee and shall provided in Section 6.2 or 6.3, as applicable, shall be either (a) provided to you in full, or (b) provided to you to such lesser extent that would result in no portion of the payments so accelerated being subject to the Excise Tax, whichever of the foregoing amounts, when taking into account applicable federal, state, local and foreign income and employment taxes, the Excise Tax, and any other applicable taxes, results in the receipt

be conclusive and binding on all persons.

10. **__Plan; Amendment__**.

The RPSRs (and related Dividend Equivalents) subject to the award are governed by, and the Grantee's rights are subject to, all of the terms and conditions of the Plan and any other rules adopted by the Committee, as the foregoing may be amended from time to time. The Grantee shall have no rights with respect to any amendment of this Agreement or the Plan unless such by you, on an after-tax basis, of the greatest amount of benefits, notwithstanding that all or some portion of such benefits may be subject to the Excise Tax. All determinations required to be made under this Section 7.5 shall be made by a registered public accounting firm selected by the Company, which shall provide supporting calculations both to the Company and you no later than the date of the applicable Change in Control. In the event that the

such amendment is in writing and signed by a duly authorized officer of the Company. In the event of a conflict between the provisions of the Grant Letter and/or the Stock Plan System and the provisions of this Agreement and/or the Plan, the provisions of this Agreement and/or the Plan, as applicable, shall control.

11. __Required Holding Period__.

The holding requirements of this Section 11 shall apply to any Grantee who is an elected or appointed that the Payments are to be reduced pursuant to this Section 7.5, such Payments shall be reduced such that the reduction of compensation to be provided to the Executive as a result of this Section 7.5 is minimized. In applying this principle, the reduction shall be made in a manner consistent with the requirements of Section 409A and where two economically equivalent amounts are subject to reduction but payable at different times, such amounts shall be

officer of the Company on the date any RPSRs are paid (or, if earlier, on the date the Grantee's employment by the Company and its subsidiaries terminates for any reason). Any Grantee subject to this Section 11 shall not be permitted to sell, transfer, anticipate, alienate, assign, pledge, encumber or charge the number of shares equal to 50% of the total payout of Vested RPSRs (net of taxes withheld) until the earlier of (A) the third anniversary of the date such reduced on a pro rata basis but not below zero.

8. **<u>Ch</u>** **<u>of Law;</u>** **<u>Venue;</u>** **<u>Arbitration</u>**

This Agreement shall be governed by the laws of the State of Delaware. You agree to be bound by and fully comply with Northrop Grumman Manual USHR 2-32, Arbitration and Mediation ("USHR 2-32"). Any cause of action or claim arising out of or related to the terms and conditions applicable to this grant will be determined through final and binding arbitration,

shares of Common Stock are paid to delivered under the Grantee, (B) the date the Grantee's employment by the Company and its subsidiaries terminates due to the Grantee's death or Disability, (C) the occurrence of a Change in Control that results in termination and payment under Section 6.2 or 6.3 above, or (D) with in accordance with USHR 2-32, provided that the

6

respected to Grantee's entering a U.S. federal government position only, the latest of (i) the date the Grantee's employment with the Company terminates, or (ii) the date the Grantee formally accepts the government position in writing, or (iii) the date the government confirms the Grantee (for positions requiring nomination and confirmation). Should the Grantee's

"**Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Committee**" means the Company's Compensation and Human Capital Committee or any successor committee appointed by the Board to administer the Plan.

"**Common Stock**" means the Company's common stock.

"**Disability**" means, with respect to a

employment by the Company and its subsidiaries terminate (regardless of the reason for such termination, but other than due to the Grantee's death or Disability or a Change in Control related termination under Section 6.2 or entering a U.S. federal government position), such holding period requirement shall not apply as to any shares acquired upon payment of RPSRs to the extent such payment is made more than one year after such termination of employment. (For	Grantee, that the Grantee: (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve months; or (ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve

purposes of clarity, in such circumstances the holding period requirement will apply as to any shares acquired upon payment of RPSRs within one year after such a termination of employment.)For purposes of this Section 11, the total payout of Vested RPSRs shall be determined on a net basis after taking into account any shares otherwise deliverable with respect to the award that the Company withholds to satisfy tax obligations pursuant to Section 7.1. If

months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Grantee's employer.

"**Early Retirement**" means that the Grantee's employment terminates in any of the following circumstances, and other than a termination of employment that constitutes a Normal Retirement or occurs in connection with a termination by the Company or a subsidiary for Cause:

(i) a termination of employment

7.1. If Grantee is paid less than 50% of the total payout of Vested RPSRs (net of taxes) in shares, then all of the shares received will be subject to the holding period requirements in this Section 11. Any shares of Common Stock received in respect of shares that are covered by the holding period requirements of this Section 11 (such as shares received in respect of a stock split or stock dividend) Program shall be subject to the same holding period requirements such stop-

after the Grantee has attained age 55 with at least 10 years of service.

(ii) a termination of employment by the Company or a subsidiary as part of a reduction in force and, at the time of such termination, the Grantee has attained age 53 with at least 10 years of service.

(iii) a termination of employment by the Company or a subsidiary as part of a reduction in force and, at the time of such termination, the sum of the Grantee's age and years of service is at least transfer orders and other restrictions as the shares to Company may deem advisable or legally necessary under any laws, statutes, rules, regulations and other legal requirements, including those of any stock exchange upon which they relate. the Common Stock is then listed and any applicable Federal, state or foreign securities law.

12

(d) Definitions.

When used in this Agreement the following terms shall have the meanings set forth below and, when the

at least 75.

“**Fair Market Value**” is used as defined in the Plan; provided, however, the Committee in determining such Fair Market Value for purposes of the award may utilize such other exchange, market, or listing as it deems appropriate.

“**Good Reason**” means, without the Grantee’s express written consent, the occurrence of any one or more of the following:

(i) A material and substantial reduction in the nature meaning is intended, the initial letter of the word is capitalized:

"**Board**" means the Board of Directors of the Company.

"**Cause**" means the occurrence of either or both of the following:

(i) The Grantee's conviction for committing an act of fraud, embezzlem theft, or other act constituting a felony (other than traffic related offenses, as a result of vicarious liability, or as a

or status of the Grantee's authorities or responsibilities (when such authorities and/or responsibilities are viewed in the aggregate) from their level in effect on the day immediately prior to the start of the Protected Period, other than (A) an inadvertent act that is remedied by the Company promptly after receipt of notice thereof given by the result of good faith actions as an officer of the Company); or

(ii) Willful misconduct by the Grantee that causes financial or reputational harm Anything to the Company. However, no act, or failure to act, on contrary herein notwithstanding, the Grantee's part shall be considered "willful" unless done, or omitted to be done, by the Grantee not in good

Grantee, and/or (B) changes in the nature or status of the Grantee's authorities or responsibilities that, in the aggregate, would generally be viewed by a nationally-recognized executive placement firm as resulting in the faith and without reasonable belief that his or her action or omission was in the best interest of the Company.

“**Change in Control**” is used as defined in the Plan.

7

Grantee having not materially and substantial fewer authorities and responsibil (taking into considerati the Company’s industry) when compared to

participation of other employees who have positions commensurate with thes position held by the Grantee immediately prior to the

the authorities and responsibil applicable to the position held by the Grantee immediately prior to the start of the Protected Period. The Company may retain a nationally-recognized executive placement firm for purposes of making the determination required by the preceding sentence and the written opinion of the firm thus selected shall be conclusive as to this

start of the Protected Period.

(v) The Grantee is informed by the Company that his or her principal place of employment for the Company will be relocated to a location that is greater than fifty (50) miles away from the Grantee's principal place of employment for the Company at the start of the corresponding Protected Period; provided this issue.

In addition, if the Grantee is a vice president, the Grantee's loss of vice-president status will constitute "Good Reason"; provided that the loss of the title of "vice president" will not, in and of itself, constitute Good Reason if the Grantee's lack of a vice president title is generally consistent with the manner in

that, if the Company communicates an intended effective date for such relocation, in no event shall Good Reason exist pursuant to this clause (v) more than ninety (90) days before such intended effective date.

The Grantee's right to terminate employment for Good Reason shall not be affected by the Grantee's incapacity due to physical or mental illness. The Grantee's continued employment shall not in which the title of vice president is used within the Grantee's business unit or if the loss of the title is the result of a promotion to a higher level office. For the purposes of the preceding sentence, the Grantee's lack of a vice president title will only be considered generally consistent with the manner in

constitute a consent to, or a waiver of rights with respect to, any circumstances constituting Good Reason herein.

“**Governmental Service Retirement**” means a Retirement by the Grantee where the Grantee accepts a position in the federal government or a state or local government and an accelerated distribution under the award is permitted under Code Section 409A based on such government employment and related ethics rules.

“Normal Retirement” means that the Grantee which such title is used if most persons in the business unit with authorities, duties, and responsibilities comparable to those of the Grantee immediately prior to the commencement of the Protected Period do not have the title of vice president.

(ii) A material reduction by the Company in the Grantee's annual rate of base salary as in

terminates employment after attaining age 65 with at least 10 years of service (other than in connection with a termination by the Company or a subsidiary for Cause). In the case of a Grantee who is an officer of the Company subject to the Company's mandatory retirement at age 65 policy and who, at the applicable time, is not otherwise eligible for Normal Retirement as defined in the preceding sentence, "NormalRetirement" as to that Grantee means that the Grantee's employment is in effe[ct] on the first to occ[ur] of the star[t] of the Per[formance] Peri[od] or the star[t] of the Pro[tect]ed Peri[od] or as the same shal[l] be incr[e]ased from time to time.

(iii) A mat[erial] redu[ction] in the agg[reg]ate valu[e] of the Gra[ntee's] leve[l] of part[ic]ipation in any of the Com[pa]ny's shor[t] and/[or] long term ince[ntive] com[pensa]tion

is terminated pursuant to such mandatory retirement policy (regardless of the Grantee's years of service and other than in connection with a termination by the Company or a subsidiary for Cause).

"**Parent**" is used as defined in the Plan.

"**Plan**" means the Northrop Grumman 2011 Long-Term Incentive Stock Plan, as it may be amended form time to time.

The "**Protected Period**" corresponding to a Change in Control of the Company shall be a period of plans (excluding stock-based incentive compensation plans), employee benefit or retirement plans, or policies, practices, or arrangements in which the Grantee participates immediately prior to the start of the Protected Period provided; however, that a reduction in the aggregate value shall not be deemed to be “Good Reason” if the reduced value remains substantially consistent with the

time determined in accordance with the following:

(i) If the Change in Control is triggered by a tender offer for shares of the Company’s stock or by the offeror’s acquisition of shares pursuant to such a tender offer, the Protected Period shall commence on the date of the initial tender offer and shall continue through and including the

the average level of other employees who have positions commensurate with the position held by the Grantee immediately prior to the start of the Protected Period.

(iv) A material reduction in the Grantee's aggregate level of participation in the Company's stock-based incentive compensation plans from the level in effect immediately prior to the start of the Protected

date of the Change in Control; provided that in no case will the Protected Period commence earlier than the date that is six (6) months prior to the the Change in Control.

Protected Period; provided, however, that a reduction in the aggregate level of participation shall not be deemed to be “Good Reason” if the reduced level of participation remains substantially consistent with the average level of

8

(ii) If the Change in Control is triggered by a merger, consolidation, or reorganization

(iii) In the case of any Change in Control not described in clause (i) of the Company with or involving any other corporation the Protected Period shall commence on the date that serious and substantial discussions first take place to effect the merger, consolidation or reorganization and shall continue through and including the date of the Change in Control; provided that in no case will the Protected Period commence earlier than

or (ii) above, the Protected Period shall commence on the date that is six (6) months prior to the Change in Control and shall continue through and include the date of the Change in Control.

“**Successor**” means the person acquiring a Grantee’s rights to a grant under the Plan by will or by the laws of descent or distribution.

than the date that is six (6) months prior to the Change in Control.

9

1.

ELT (2024 RPSR Agreement)1

Exhibit 10.3

NORTHROP GRUMMAN 2006 ANNUAL INCENTIVE PLAN AND INCENTIVE COMPENSATION PLAN

As amended and restated effective January 1, 2024

SECTION I
PURPOSE

Northrop Grumman has an annual incentive program to promote the success of the Company and render its operations profitable to the maximum extent by providing incentives to key employees. Participating employees have varying degrees of impact on the overall success and performance of the Company. To facilitate the appropriate incentive level for each Participant, Northrop Grumman utilizes two incentive plans that use common financial and business performance criteria:

- The Incentive Compensation Plan (ICP)
- The Annual Incentive Plan (AIP)

SECTION II
DEFINITIONS

1. Company—Northrop Grumman Corporation and such of its subsidiaries as are consolidated in its consolidated financial statements.

2. Committee—The Compensation and Human Capital Committee (or its successor) of the Board of Directors of the Company.

3. Incentive Compensation—Awards payable under these plans.

4. Participant—An employee of the Company granted or eligible to receive Incentive Compensation award under one of these Plans.

5. Performance Criteria—The performance criteria is a weighted combination of various financial and non-financial factors approved by the Committee for the Performance Year.

6. Performance Year—The year with respect to which an award of Incentive Compensation is calculated and paid.

7. Plans—Collectively, the Incentive Compensation Plan (ICP) and/or the Annual Incentive

Plan (AIP).

8. Plan Year—The fiscal year of Northrop Grumman Corporation.

Exhibit 10.3

SECTION III
PARTICIPATION

Employees may be eligible for incentive compensation under one of the Northrop Grumman incentive plans as described below.

1. Incentive Compensation Plan (ICP):

a. Employees eligible to receive incentive compensation under the ICP are elected corporate officers of the rank of vice president and above and the presidents of those consolidated subsidiaries that the

Committee determines to be significant in the overall corporate operations.

b. Directors, as such, shall not participate in the ICP, but the fact that an elected corporate officer or subsidiary president is also a director of the Company shall not prevent participation.

2. Annual Incentive Plan (AIP):

a. Employees eligible to receive incentive compensation awards under the AIP are appointed vice presidents, senior management, middle management and individual key contributors (employees normally in a position that customarily perform quasi-management or team leadership duties). In addition, employees may be eligible to participate in the AIP if they have specific individual goals that directly contribute to the attainment of their respective business unit's operating goals or if employees are considered "high performing" and are in a position to make measurable and significant contributions to the success of the Company.

b. At the

b. At the beginning of, or prior to, a performance year, the Company's CEO approves the number of participants eligible for participation in the AIP. Participants are then selected by their management based on an assessment of their position relative to other candidates, their performance, and their potential impact on achievement of business unit and the Company goals.

c. Participation in the AIP during any performance year does not imply nor guarantee participation in the AIP in future years.

3. Non-Duplication of Awards

A participant may not receive an incentive compensation award under more than one of the above plans for the performance year. The exception to this is in the event that an individual is a participant in a particular plan for a portion of the performance year and then is selected to participate in one of the other plans for the remainder of that performance year. In this event, an individual may receive pro-rated awards based on the time that they participated in each plan.

4. Death, Disability, or Retirement

A participant may be eligible to receive a pro-rated incentive compensation award in the event of the employee’s death, disability, or retirement. In the case of a deceased participant, such incentive compensation award will be paid to the participant’s estate.

5. Employment Status

Except as provided in Section III 4 (see above), in order to be eligible to receive a payment from these plans, a participant must be an active employee of the Company as of December 31 of the plan year, unless an exception is approved in writing by the Company's chief human resources officer.

<u>Exhibit 10.3</u>

SECTION IV
GOAL SETTING AND PERFORMANCE CRITERIA

Goal setting and performance planning are essential elements of plan administration. This requires establishing performance criteria, such as annual goals, goal weights, and performance measures. The Committee approves the annual business and financial goals for the Company, as described below, in writing within the first 90 days of a Performance Year, at a time when it is substantially uncertain whether the Participant will earn any amount of Incentive Compensation.

1. Corporation Goals

For each performance year, until

otherwise determined by the Committee, financial and non-financial objectives will be established by the Committee.

2. Financial Measures

    a. The CEO's recommended goals are reviewed and amended as appropriate, and established by the Committee. Measures may include, but are not limited to: cash management, cash flow, return on investment, debt reduction, revenue growth, net earnings, and return on equity.

    b. The Committee

approves a performance threshold, a target level and a maximum performance level for each of the financial measures for the performance year.

3. Supplemental Goals

Supplemental goals may be either qualitative or quantitative such as, but not limited to: customer satisfaction, contract acquisition, delivery schedule, cycle-time improvement, productivity, quality, workforce diversity, and environmental management. The CEO recommends the supplemental goals based on sector goals contained in Annual Operating Plans and corporate office goals office goals established prior to the beginning of each year. Supplemental goals have stated milestones and weights. The CEO's recommended supplemental goals are reviewed and amended as appropriate, and established by the Committee.

4. Individual Goals

Each year participants develop individual goals that support achievement of the Company's business plan and the specific goals established by the Committee in the three aforementioned corporation goals. Individual goals are prepared, approved and documented. The employee's manager reviews these goals with each participant to ensure they are aggressive, coordinated and focused on attainment of Company business objectives.

SECTION V
PERFORMANCE DETERMINATION

At the end of the performance year, the CEO evaluates the performance of each of the operating units and that of the overall Company against the financial and business goals established at the beginning of the performance year and submits an assessment to the Committee.

The CEO's final evaluation of performance (the "unit performance factor" or "UPF") is stated numerically and is a performance multiplier for individual incentive targets. The UPF will vary from 0.0 to a maximum as approved by the Committee.

Exhibit 10.3

The Committee, in its discretion, after taking into account its appraisal of the overall performance of the Company in the attainment of such predetermined financial and non-financial objectives, may either increase or decrease the company UPF for these plans.

SECTION VI
INCENTIVE COMPENSATION APPROPRIATIONS

1. The amount appropriated for the plans for a performance year is based on the CEO's determination of the UPF (as approved or modified by the Committee) and applied to the individual incentive targets of participants. These performance-adjusted targets are aggregated into the "Appropriated Incentive Compensation" for the performance year.

2. In no event shall

2. In no event shall incentive compensation payable to participants for a performance year exceed the appropriated incentive compensation for the plans as approved by the Committee.

3. Any appropriated incentive compensation for a performance year, which is not actually distributed to the participants as awards for such year, cannot be transferred to the following performance year.

SECTION VII
INCENTIVE COMPENSATION AWARDS

1. Individual Award Factors

a. Target award percentage—is established annually and is a percentage of annual aggregate salary that reflects the varying impact of participant's positions on business results. Generally, vice presidents will have higher target award percentages than senior middle managers and so forth.

b. Individual performance —prior to the submission of recommended incentive compensation awards, each participant will be evaluated by the participant's management in relation to achievement of predetermined individual goals and relative contribution during the performance year compared to other participants to the success or profit of the Company. This assessment of performance (the “individual performance factor” or “IPF”) is stated numerically and is a performance multiplier for individual incentive targets. The IPF may range from 0 to 1.5.

c. Both the IPF and the UPF are multipliers for the individual participant’s target award percentage to determine that participant’s incentive compensation award.

2. ICP Awards:

The

The Committee shall review the CEO’s recommendations and make the final determination of each individual ICP participant’s incentive compensation award for the performance year (except with respect to the CEO’s incentive compensation award, on which the Committee will make a recommendation to the Board for final determination).

3. AIP Awards:

    a. Prior to the payment of any incentive compensation awards for a performance year, the CEO, or their delegate, may in their discretion, adjust or reduce to zero recommended amounts of incentive compensation awards to all or any of the participants.

Exhibit 10.3

b. The CEO or the CEO’s delegate shall determine the amount of any adjustment in a participant’s incentive compensation award on the basis of such factors as the CEO deems relevant, and shall not be required to establish issue any allocation shares of Common Stock under the Program if, in the opinion of legal counsel, the issuance and delivery of such shares would constitute a violation by the Eligible Director or weighting component with respect to the factors Company of any applicable law or regulation of any governmental authority, including, without limitation, Federal and state securities laws, or the CEO considers. regulations of any stock exchange on which the Company's securities may then be listed.

15. Program Amendment

SECTION VIII

ADMINISTRATION OF THE PLANS

1. ICP: The Committee shall be responsible for Board may suspend or terminate the administration Program or any portion of the Plan. Program. The Committee shall:

a. Interpret Board may also amend the ICP, make any rules and regulations relating Program if deemed to that plan, determine which consolidated subsidiaries are significant for be in the purpose of the first paragraph of SECTION III, and determine factual questions arising in connection with the ICP for, after such investigation or hearing as the Committee may deem appropriate.

b. As soon as feasible after the close of each performance year and prior to the payment of any incentive compensation for such performance year, review the performance of each participant and determine the amount of each participant’s individual incentive compensation award, if any, with respect to that performance year.

c. Have discretion in determining incentive compensation awards under the ICP, except that in making awards the Committee may, in its discretion, request and consider the recommendations of the CEO and others whom it may designate, and further except with respect to the CEO's incentive compensation awards for which the Committee will make a recommendation to the Board and the Board will have discretion in determining the CEO's incentive compensation awards under the ICP.

d. Any decisions made by the Committee under the provisions of this SECTION VIII, as well as any interpretations of the ICP by the Committee, shall be conclusive and binding on all parties concerned.

2. AIP: The CEO shall be responsible for the administration of this plan. The CEO shall:

a. Interpret the AIP, make any rules and regulations

regulations relating to the plan, and determine factual questions arising in connection with the AIP.

b. As soon as feasible after the close of each performance year and prior to the payment of any incentive compensation for such performance year, review the recommended awards of selected participants, as determined by the CEO, to determine if the award is appropriate with respect to that performance year, making any adjustments as the CEO deems necessary and approving each such award.

c. Review and approve the total incentive compensation award expenditure of each sector and the Company overall.

d. Any decisions made by the CEO under the provisions of this Section VIII, as well as any interpretation of the AIP by the CEO, shall be conclusive and binding on all parties concerned.

Exhibit 10.3

SECTION IX
METHOD OF PAYMENT OF INCENTIVE COMPENSATION TO INDIVIDUALS

1. ICP Payments

a. The amount of incentive compensation award determined for each participant with respect to a given performance year shall be paid in cash or in common stock of the Company (“Northrop Grumman common stock”) or partly in cash and partly in in Northrop Grumman common stock, as the Committee may determine. Subject to any applicable deferred compensation election to the contrary, payment of the Incentive Compensation award with respect to a given Performance Year shall be made in a lump sum payment between February 15 and March 15 of the year following such Performance Year.

b. The Committee may impose such conditions, including forfeitures and restrictions, as the Committee believes will best serve the interests of the Company and its stockholders; provided, however, that (a) no such amendment may impair any Eligible Director's right regarding any outstanding grants or Stock Units, Elective Deferral Accounts, or other right to receive shares or cash payments under the purposes of Program without his or her consent, and (b) no such amendment may cause the ICP. Program not to comply with Rule 16b-3, or any successor rule, under the 1934 Act.

16. Unfunded Program

c. In making awards of Northrop Grumman common stock, the Committee The Program shall first determine all incentive compensation awards in terms of dollars. The total dollar amount of all incentive compensation awards for a particular year be unfunded and shall not exceed create (or be construed to create) a trust or a separate fund or funds. The Program shall not establish any fiduciary relationship between the appropriated incentive compensation for that performance year Company and any Eligible Director or other person. To the extent any person holds any rights by virtue of an award granted under the ICP. After fixing the total amount of each Participant's incentive compensation award in terms of dollars, then if some or all of the award is to be paid in Northrop Grumman common stock, the dollar amount of the incentive compensation award so to be paid shall be converted into shares of Northrop Grumman common stock by using the fair market value of Program, such stock on the date of the award. "Fair market value" shall be the closing price of such stock on the New York Stock Exchange on the date of the award, or, if no sales of such stock occurred on that date, then on the last preceding date on which such sales occurred.

d. If an incentive compensation award is paid in in Northrop Grumman common stock, the number of shares shall be appropriately adjusted for any stock splits, stock dividends, re-capitalization or other relevant changes in capitalization effective after the date of award and prior to the date as of which the participant becomes the record owner of the shares received in payment of the award. All such adjustments thereafter shall accrue to the participant as the record owner of the shares.

e. Northrop Grumman common stock issued in payment of incentive compensation awards may, at the option of the Board of Directors, be either originally issued shares or treasury shares.

f. Distribution of awards shall be governed by the terms and conditions applicable to such awards, as rights (unless otherwise determined by the Committee or its delegate. An award, the payment of which is to be deferred pursuant to the terms of an employment agreement, Board) shall be paid as provided by no greater than the terms of such agreement. Awards or portions thereof deferred pursuant to the Northrop Grumman Deferred Compensation Plan, the Northrop Grumman Savings Excess Plan, or any other deferred compensation plan or deferral arrangement shall be be paid as provided in such plan or arrangement.

g. The Company shall have the right to deduct from all payments under the ICP any federal, state, or local taxes required by law to be withheld with respect to such payments.

h. No participant or any other party claiming an interest in amounts earned under the ICP shall have any interests whatsoever in any specific asset of the Company. To the extent that any party acquires a right to receive payments under the ICP, such right shall be equivalent to that rights of an unsecured general creditor of the Company. Awards payable under

17. Future Rights

Neither the plan Program, nor the granting of Common Stock nor any other action taken pursuant to the Program, shall constitute or be evidence of any agreement or understanding, express or implied, that the Company will retain an Eligible Director for any period of time, or at any particular at any particular rate of compensation. Nothing in this Program shall in any way limit or affect the right of the Board or the stockholders of the Company to remove any Eligible Director or otherwise terminate his or her service as a director of the Company.

Exhibit 10.3

18. Governing Law

payable in shares or from the general assets of Northrop Grumman, The Program and no special or separate reserve, fund or deposit shall be made to assure payment of such awards.

i. The Committee shall have the right to interpret the provisions of this SECTION IX, to determine questions arising under it or in connection with its administration, all rights and to issue regulations and take actions implementing its provisions.

2. AIP Payments

   a. The amount of incentive compensation award determined for each participant with respect to a given performance year shall be paid in cash between February 15 and March 15 of the year following that performance year.

   b. The Company shall have the

right to deduct from all payments under this plan any federal, state, or local taxes required by law to be withheld with respect to such payments.

c. No participant or any other party claiming an interest in amounts earned obligations under the AIP shall have any interest whatsoever in any specific asset of the Company. To the extent that any party acquires a right to receive

receive payments under the plan, such right shall be equivalent to that of an unsecured general creditor of the Company. Awards payable under the AIP shall be payable in shares or from the general assets of Northrop Grumman, and no special or separate reserve, fund or deposit shall be made to assure payment of such awards.

SECTION X AMENDMENT OR TERMINATION OF PLANS

The Committee shall have the right to terminate or amend these plans at any time and to discontinue further appropriations to the plans.

Without limiting the generality of the preceding paragraph, the Committee reserves the right to adjust performance measures, the applicable performance goals and performance results with respect to either or both of the plans to the extent the Committee determines such adjustment is reasonably necessary or advisable to preserve the intended incentives and benefits under the plans to reflect (1) any change in capitalization, any corporate transaction (such as a reorganization, combination, separation, merger, acquisition, or any combination of the foregoing), or any complete or partial liquidation, (2) any change in accounting policies or practices, or (3) the effects of any special charges to earnings, or (4) any other similar special circumstances.

SECTION XI
EFFECTIVE DATE

These plans were first effective for performance years commencing with 2006, were amended and restated effective for performance years commencing with and following 2008, were again amended and restated effective for performance years commencing with and following 2022, were again amended and restated effective January 1, 2024, and shall stay in effect until amended, modified or terminated by the Committee. The provisions of these plans shall supersede and replace those of prior plan documents, including but not limited to the 2002 Incentive Compensation

Plan for Section 162(m) Officers.

Exhibit 10.3

SECTION XII
RECOUPMENT

Any payment of an incentive compensation award is subject to recoupment pursuant to the Company's Policy Regarding the Recoupment of Certain Incentive Compensation Payments (July 1, 2023) or any clawback or recoupment policy that the Company adopts, as in effect from time to time, and the participant shall promptly make any reimbursement requested by the Board of Directors of the Company or the Committee pursuant to such policy with respect to any incentive compensation award payments. Further, the participant agrees, by accepting an incentive compensation award, that the Company and its affiliates may deduct from any amounts it may owe the participant from time to time (such as wages or other compensation) to the extent of any amounts the participant is required to reimburse the Company pursuant to such policy with respect to the award.

SECTION XIII
MISCELLANEOUS

1. Participation in any plan shall not constitute an agreement of the participant to remain in the employ of and to render services to the Company, or of the Company to continue to employ such participant, and the Company may terminate the employment of a

participant at any time with or without cause.

2. In the event any provision of the plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the plans, and the plans shall be construed and enforced as if the illegal or invalid provision had not been included.

3. All costs of implementing and administering the plans shall be borne by the Company.

4. All obligations of the Company under the plans shall be binding upon and inure to the benefit

of any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

5. The plans and any agreements hereunder, Program shall be governed by, and construed in accordance with, the laws of the state State of Delaware. Delaware and applicable Federal law.

19. Successors and Assigns

6. The Program shall be binding on all successors and

assigns of an Eligible Director, including, without limitation, the estate of such Eligible Director and the executor, administrator or trustee of such estate, or any receiver or trustee in bankruptcy or representative of the Eligible Director's creditors.

20. Rights as a Stockholder

The Eligible Director in whose name any shares of Common Stock have been issued pursuant to this Program shall have all of the rights of a participant stockholder with respect to such shares, including the right to vote the Common Stock and receive dividends and other distributions made on the Common Stock (but for the avoidance of doubt, shall not have any rights of a stockholder prior to the issuance of such shares). Shares of Common Stock issued in respect of Stock Units credited under the

Program shall be fully paid and non-assessable.

21. Construction

The Program shall be construed and interpreted to comply with, and avoid any tax or penalty or interest under, Section 409A. Notwithstanding Section 15 above, the Company reserves the right to amend the Program and any outstanding grants or deferrals under the Program to the extent it reasonably determines is consistent with and necessary in order to preserve the intended tax consequences of the Stock Units and amounts deferred in Elective Deferral Accounts, in light of Section 409A and any regulations or other person guidance promulgated thereunder. Notwithstanding the foregoing, the Company does not make any representations as to the potential tax treatment of any compensation or Stock Units granted under the Program under Section 409A or otherwise and the Company will not have any liability to any payment Eligible Director for adverse tax consequences or other benefits under either of the plans may not be assigned, transferred, pledged, or encumbered except by will or the laws of decent or distribution. penalty.

Neither

11

Exhibit 10.3

Fees and Expenses

(effective as of the plans constitutes a contract. Neither of the plans confers upon any person any right to receive a bonus or any other payment or benefit. There is no commitment or obligation on the part of Northrop Grumman (or any affiliate) to continue any bonus plan (similar to the plans or otherwise) in any otherwise) in any particular year. May 15, 2024)

Retainer:	Retainer fees are paid quarterly, at the end of each quarter. Fees are as follows:

Annual cash retainer:	$145,000
Additional retainer for:	
Lead Independent Director:	$50,000
Audit and Risk Committee:	$15,000
Audit and Risk Committee chair:	$25,000
Compensation and Human Capital Committee chair:	$25,000
Nominating and Governance Committee chair:	$25,000
Policy Committee chair:	$25,000

Equity Grant:	Directors are awarded an annual equity grant of $182,500 in deferred stock units (“Automatic Stock Units”), with such grant to be made as of the fourth business day following the filing of the Form 10-Q for the quarter ending June 30, 2024, and also conditioned upon the filing of the Form S-8 with respect to the Northrop Grumman 2024 Long-Term Incentive Stock Plan (the “Equity Plan”) on or before that date and in accordance with the Northrop Grumman Corporation Equity Program for Non-Employee Directors, as amended (the “Program”) under the Equity Plan. The Automatic Stock Units will vest on the one-year anniversary of the 2024 Annual Meeting of Shareholders. Directors may elect to have all or any portion of their Automatic Stock Units paid on (A) the earlier of (i) the beginning of a specified calendar year after the vesting date or (ii)

	their separation from service as a member of the Board or (B) the vesting date.
Deferral of Cash Retainer:	Directors may elect to defer payment of all or a portion of their cash retainer fees and any other committee retainer fees into a deferred stock unit account ("Elective Stock Units"). Elective Stock Units are awarded on a calendar quarterly basis. Directors may elect to have all or a portion of their Elective Stock Units paid on the earlier of (i) the beginning of a specified calendar year or (ii) their separation from service as a member of the Board.
Elective Deferral Program:	Directors may elect to defer to a later year all or a portion of their annual cash retainer and any other fees payable for their Board service into alternative investment options similar to the options available under Northrop Grumman's Savings Excess Plan.
Stock Ownership:	All directors are required to own Company stock in an amount equal to five times the annual cash retainer, with such ownership to be achieved within five years of the director's election to the Board. Deferred stock units and Company stock owned outright by the director will count towards this requirement.

NORTHROP GRUMMAN CORPORATION

EXHIBIT 15

LETTER FROM INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

April July 24, 2024

The Board of Directors and Shareholders of Northrop Grumman Corporation

Northrop Grumman Corporation
2980 Fairview Park Drive
Falls Church, Virginia 22042

We are aware that our report dated April 24, 2024 July 24, 2024, on our review of the interim financial information of Northrop Grumman Corporation and subsidiaries appearing in this Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 June 30, 2024, is incorporated by reference in Registration Statement Nos. 033-59815, 033-59853, 333-67266, 333-100179, 333-107734, 333-121104, 333-125120, 333-127317, 333-175798, and 333-273482 on Form S-8, 333-270497 on Form S-3, and 333-

264549 on Form S-4.

/s/ Deloitte & Touche LLP
McLean, Virginia

NORTHROP GRUMMAN CORPORATION

EXHIBIT 31.1

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Kathy J. Warden, certify that:

1. I have reviewed this report on Form 10-Q of Northrop Grumman Corporation ("company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which

such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over

control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period

period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated

the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the company's most recent fiscal quarter (the company’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the company’s internal control over financial reporting; and

5. The company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company’s auditors and the audit

the audit committee of the company's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 24, 2024 July 24, 2024

/s/ Kathy J. Warden

Kathy J. Warden

Chair, Chief Executive Officer and President

NORTHROP GRUMMAN CORPORATION

EXHIBIT 31.2

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David F. Keffer, certify that:

1. I have reviewed this report

on Form 10-Q of Northrop Grumman Corporation ("company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for,

the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the company's most recent fiscal quarter (the company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 24, 2024 July 24, 2024

/s/ David F. Keffer

David F. Keffer

Corporate Vice President and Chief Financial Officer

NORTHROP GRUMMAN CORPORATION

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Northrop Grumman Corporation (the “company”) on Form 10-Q for the period ended March 31, 2024 June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Kathy J. Warden, Chair, Chief Executive Officer and President of the company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully

complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the company.

Date: April 24, 2024 July 24, 2024

/s/ Kathy J. Warden

Kathy J. Warden

Chair, Chief Executive Officer and President

NORTHROP GRUMMAN CORPORATION

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Northrop Grumman Corporation (the "company") on Form 10-Q for the period ended March 31, 2024 June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David F. Keffer, Corporate Vice President and Chief Financial Officer of the company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section

13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the company.

Date: April 24, 2024 July 24, 2024

/s/ David F. Keffer

David F. Keffer

Corporate Vice President and Chief Financial Officer

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