

**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
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

(State or other jurisdiction of
incorporation or organization)

80-0640649

(I.R.S. Employer
Identification No.)

**2980 Fairview Park Drive
Falls Church, Virginia**

(Address of principal executive offices)

22042

(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, 147,989,969 shares of common stock were outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME
(Unaudited)

<i>\$ in millions, except per share amounts</i>	Three Months Ended March 31	
	2024	2023
Sales		
Product	\$ 8,102	\$ 7,271
Service	2,031	2,030
Total sales	10,133	9,301
Operating costs and expenses		
Product	6,411	5,727
Service	1,589	1,589
General and administrative expenses	1,062	1,038
Total operating costs and expenses	9,062	8,354
Operating income	1,071	947
Other (expense) income		
Interest expense	(146)	(129)
Non-operating FAS pension benefit	168	132
Other, net	38	48
Earnings before income taxes	1,131	998
Federal and foreign income tax expense	187	156
Net earnings	\$ 944	\$ 842
Basic earnings per share	\$ 6.34	\$ 5.52
Weighted-average common shares outstanding, in millions	148.9	152.6
Diluted earnings per share	\$ 6.32	\$ 5.50
Weighted-average diluted shares outstanding, in millions	149.3	153.2
Net earnings (from above)	\$ 944	\$ 842
Other comprehensive (loss) income, net of tax		
Change in cumulative translation adjustment	1	2
Change in other, net	(16)	—
Other comprehensive (loss) income, net of tax	(15)	2
Comprehensive income	\$ 929	\$ 844

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

NORTHROP GRUMMAN CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited)

\$ in millions, except par value

	March 31, 2024	December 31, 2023
Assets		
Cash and cash equivalents	\$ 3,061	\$ 3,109
Accounts receivable, net	1,832	1,454
Unbilled receivables, net	6,450	5,693
Inventoried costs, net	1,370	1,109
Prepaid expenses and other current assets	2,083	2,341
Total current assets	14,796	13,706
Property, plant and equipment, net of accumulated depreciation of \$8,149 for 2024 and \$7,964 for 2023	9,690	9,653
Operating lease right-of-use assets	1,763	1,818
Goodwill	17,515	17,517
Intangible assets, net	290	305
Deferred tax assets	1,123	1,020
Other non-current assets	2,641	2,525
Total assets	\$ 47,818	\$ 46,544
Liabilities		
Trade accounts payable	\$ 2,580	\$ 2,110
Accrued employee compensation	1,701	2,251
Advance payments and billings in excess of costs incurred	3,530	4,193
Other current liabilities	5,321	3,388
Total current liabilities	13,132	11,942
Long-term debt, net of current portion of \$1,582 for 2024 and \$70 for 2023	14,742	13,786
Pension and other postretirement benefit plan liabilities	1,250	1,290
Operating lease liabilities	1,830	1,892
Other non-current liabilities	2,641	2,839
Total liabilities	33,595	31,749
Commitments and contingencies (Note 7)		
Shareholders' equity		
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	148	150
Paid-in capital	—	—
Retained earnings	14,218	14,773
Accumulated other comprehensive loss	(143)	(128)
Total shareholders' equity	14,223	14,795
Total liabilities and shareholders' equity	\$ 47,818	\$ 46,544

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

NORTHROP GRUMMAN CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

<i>\$ in millions</i>	Three Months Ended March 31	
	2024	2023
Operating activities		
Net earnings	\$ 944	\$ 842
Adjustments to reconcile to net cash used in operating activities:		
Depreciation and amortization	299	298
Stock-based compensation	20	19
Deferred income taxes	(103)	(205)
Net periodic pension and OPB income	(113)	(76)
Pension and OPB contributions	(36)	(40)
Changes in assets and liabilities:		
Accounts receivable, net	(378)	(550)
Unbilled receivables, net	(757)	(232)
Inventoried costs, net	(262)	(137)
Prepaid expenses and other assets	49	(54)
Accounts payable and other liabilities	(581)	(1,128)
Income taxes payable, net	219	576
Other, net	(7)	(15)
Net cash used in operating activities	(706)	(702)
Investing activities		
Capital expenditures	(270)	(309)
Other, net	1	—
Net cash used in investing activities	(269)	(309)
Financing activities		
Net proceeds from issuance of long-term debt	2,495	1,995
Common stock repurchases	(1,190)	(723)
Cash dividends paid	(283)	(270)
Payments of employee taxes withheld from share-based awards	(55)	(47)
Other, net	(40)	(26)
Net cash provided by financing activities	927	929
Decrease in cash and cash equivalents	(48)	(82)
Cash and cash equivalents, beginning of year	3,109	2,577
Cash and cash equivalents, end of period	\$ 3,061	\$ 2,495

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)

<i>\$ in millions, except per share amounts</i>	Three Months Ended March 31	
	2024	2023
Common stock		
Beginning of period	\$ 150	\$ 153
Common stock repurchased	(2)	(1)
End of period	148	152
Paid-in capital		
Beginning of period	—	—
End of period	—	—
Retained earnings		
Beginning of period	14,773	15,312
Common stock repurchased	(1,186)	(726)
Net earnings	944	842
Dividends declared	(279)	(265)
Stock compensation	(34)	(28)
End of period	14,218	15,135
Accumulated other comprehensive loss		
Beginning of period	(128)	(153)
Other comprehensive (loss) income, net of tax	(15)	2
End of period	(143)	(151)
Total shareholders' equity	\$ 14,223	\$ 15,136
Cash dividends declared per share	\$ 1.87	\$ 1.73

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.

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

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

During the first 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 quarter 2024 results reflect our

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current best estimate of our cost to complete the LRIP options, 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 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, the remaining loss accrual is \$1.5 billion, of which \$994 million is included in Other current liabilities with the remainder included in Other non-current liabilities.

HALO Engineering Change Proposal

At the request of the National Aeronautics and Space Administration (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) 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 quarter of 2024, we again reviewed our estimated profitability on the HALO contract and made no significant changes. The company's first quarter 2024 results reflect our current best estimate 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.

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

<i>\$ in millions, except per share data</i>	Three Months Ended March 31	
	2024	2023
Revenue	\$ 74	\$ 62
Operating income	94	46
Net earnings ⁽¹⁾	74	36
Diluted earnings per share ⁽¹⁾	0.50	0.23

⁽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 three months ended March 31, 2024 or 2023.

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 was \$78.9 billion. Of our March 31, 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 2024, the company received a termination for convenience in our restricted Space business. The company reduced unfunded backlog by \$1.6 billion during the first quarter of 2024 related to the termination.

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

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recognized for the three months ended March 31, 2024 and 2023 that was included in the contract liability balances at the beginning of each year was \$1.9 billion and \$1.7 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 million and \$43 million as of March 31, 2024 and 2023, respectively.

Accumulated Other Comprehensive Loss

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

<i>\$ in millions</i>	March 31, 2024	December 31, 2023
Cumulative translation adjustment	\$ (137)	\$ (138)
Other, net	(6)	10
Total accumulated other comprehensive loss	\$ (143)	\$ (128)

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, 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.

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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 0.4 million shares and 0.6 million shares for the three months ended March 31, 2024 and 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, repurchases under the 2023 Repurchase Program totaled \$0.1 billion; \$2.4 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 a reduction to Retained earnings on the unaudited condensed consolidated statement of financial position. The final number of shares to be repurchased will be based on the company's daily volume-weighted average share price during the term of the agreement, less a discount. The ASR is expected to be completed in the second quarter of 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.

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

Repurchase Program Authorization Date	Amount Authorized (in millions)	Total Shares Retired (in millions)	Average Price Per Share ⁽¹⁾⁽²⁾	Date Completed	Shares Repurchased (in millions)	
					Three Months Ended March 31	
					2024	2023
January 25, 2021	\$ 3,000	7.0	\$ 431.05	April 2023	—	1.4
January 24, 2022	\$ 2,000	4.0	NM	February 2024	2.1	—
December 6, 2023	\$ 2,500	0.1	\$ 462.77		0.1	—

⁽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, 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 completed in February 2024; however, it includes the \$1.0 billion ASR for which the final delivery of shares is still outstanding. The final average share price for shares purchased under the 2022 Repurchase Program will be determined once the ASR has completed and all related shares have been delivered.

NORTHROP GRUMMAN CORPORATION**Dividends on Common Stock**

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

3. INVENTORIED COSTS, NET

Inventoried costs, net consist of the following:

<i>\$ in millions</i>	March 31, 2024	December 31, 2023
Contracts in process	\$ 862	\$ 647
Product inventory:		
Raw materials	357	338
Work in process	92	72
Finished goods	59	52
Total product inventory	508	462
Inventoried costs, net	\$ 1,370	\$ 1,109

4. INCOME TAXES

<i>\$ in millions</i>	Three Months Ended March 31	
	2024	2023
Federal and foreign income tax expense	\$ 187	\$ 156
<i>Effective income tax rate</i>	16.5 %	15.6 %

The company's first quarter 2024 effective tax rate (ETR) increased to 16.5 percent from 15.6 percent in the prior year period principally due to higher interest expense on unrecognized tax benefits. The first quarter 2024 ETR includes benefits of \$44 million for research credits and \$15 million for foreign derived intangible income (FDII), partially offset by \$21 million of interest expense on unrecognized tax benefits. The first quarter 2023 ETR included benefits of \$40 million for research credits and \$15 million for FDII, partially offset by \$13 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 as of March 31, 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, we have approximately \$2.1 billion in unrecognized tax benefits, including \$872 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 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 billion and \$964 million as of March 31, 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.

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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 quarter 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.

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:

<i>\$ in millions</i>	March 31, 2024				December 31, 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial Assets								
Marketable securities	\$ 320	\$ —	\$ 14	\$ 334	\$ 321	\$ 1	\$ 8	\$ 330
Marketable securities valued using NAV				9				9
Total marketable securities	320	—	14	343	321	1	8	339
Derivatives	—	2	—	2	—	5	—	5

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

The derivative fair values and related unrealized gains/losses at March 31, 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 months ended March 31, 2024.

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

Long-term Debt

The estimated fair value of long-term debt was \$15.5 billion and \$13.4 billion as of March 31, 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").

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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 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. 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 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, 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, or its annual results of operations and/or cash flows.

NORTHROP GRUMMAN CORPORATION

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 and December 31, 2023:

<i>\$ in millions</i>	Accrued Costs ⁽¹⁾⁽²⁾	Reasonably Possible Future Costs in Excess of Accrued Costs ⁽²⁾	Deferred Costs ⁽³⁾
March 31, 2024	\$ 587	\$ 381	\$ 520
December 31, 2023	584	387	518

⁽¹⁾ As of March 31, 2024, \$226 million is recorded in Other current liabilities and \$361 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, \$208 million is deferred in Prepaid expenses and other current assets and \$312 million is deferred in Other non-current assets. These amounts 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, 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, there were \$363 million of stand-by letters of credit and guarantees and \$263 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, 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

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borrowing under the 2022 Credit Agreement. At March 31, 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, 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:

<i>\$ in millions</i>	Three Months Ended March 31			
	Pension Benefits		OPB	
	2024	2023	2024	2023
Components of net periodic benefit cost (benefit)				
Service cost	\$ 60	\$ 59	\$ 1	\$ 1
Interest cost	381	392	15	17
Expected return on plan assets	(549)	(524)	(21)	(21)
Net periodic benefit cost (benefit)	\$ (108)	\$ (73)	\$ (5)	\$ (3)

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:

<i>\$ in millions</i>	Three Months Ended March 31	
	2024	2023
Defined benefit pension plans	\$ 25	\$ 29
OPB plans	11	11
Defined contribution plans	230	215

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:

<i>in millions</i>	Three Months Ended March 31	
	2024	2023
RSRs granted	0.1	0.1
RPSRs granted	0.2	0.1
Grant date aggregate fair value	\$ 104	\$ 100

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 over a three-year period.

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:

<i>\$ in millions</i>	Three Months Ended March 31	
	2024	2023
Minimum aggregate payout amount	\$ 35	\$ 34
Maximum aggregate payout amount	199	191

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.

10. SEGMENT INFORMATION

The following table presents sales and operating income by segment:

<i>\$ in millions</i>	Three Months Ended March 31	
	2024	2023
Sales		
Aeronautics Systems	\$ 2,969	\$ 2,515
Defense Systems	1,412	1,376
Mission Systems	2,659	2,563
Space Systems	3,655	3,350
Intersegment eliminations	(562)	(503)
Total sales	10,133	9,301
Operating income		
Aeronautics Systems	297	237
Defense Systems	177	160
Mission Systems	378	360
Space Systems	332	313
Intersegment eliminations	(80)	(68)
Total segment operating income	1,104	1,002
FAS/CAS operating adjustment	6	(21)
Unallocated corporate expense	(39)	(34)
Total operating income	\$ 1,071	\$ 947
Other (expense) income		
Interest expense	(146)	(129)
Non-operating FAS pension benefit	168	132
Other, net	38	48
Earnings before income taxes	\$ 1,131	\$ 998

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) 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

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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

<i>\$ in millions</i>	Three Months Ended March 31			
	2024		2023	
	\$	% ⁽³⁾	\$	% ⁽³⁾
Aeronautics Systems				
U.S. government ⁽¹⁾	\$ 2,525	85 %	\$ 2,108	84 %
International ⁽²⁾	381	13 %	331	13 %
Other customers	4	— %	11	— %
Intersegment sales	59	2 %	65	3 %
Aeronautics Systems sales	2,969	100 %	2,515	100 %
Defense Systems				
U.S. government ⁽¹⁾	930	66 %	803	59 %
International ⁽²⁾	262	19 %	388	28 %
Other customers	21	1 %	16	1 %
Intersegment sales	199	14 %	169	12 %
Defense Systems sales	1,412	100 %	1,376	100 %
Mission Systems				
U.S. government ⁽¹⁾	1,912	72 %	1,935	75 %
International ⁽²⁾	454	17 %	376	15 %
Other customers	16	1 %	15	1 %
Intersegment sales	277	10 %	237	9 %
Mission Systems sales	2,659	100 %	2,563	100 %
Space Systems				
U.S. government ⁽¹⁾	3,477	95 %	3,166	95 %
International ⁽²⁾	65	2 %	71	2 %
Other customers	86	2 %	81	2 %
Intersegment sales	27	1 %	32	1 %
Space Systems sales	3,655	100 %	3,350	100 %
Total				
U.S. government ⁽¹⁾	8,844	87 %	8,012	86 %
International ⁽²⁾	1,162	12 %	1,166	13 %
Other customers	127	1 %	123	1 %
Total Sales	\$ 10,133	100 %	\$ 9,301	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.

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Sales by Contract Type

<i>\$ in millions</i>	Three Months Ended March 31			
	2024		2023	
	\$	% ⁽¹⁾	\$	% ⁽¹⁾
Aeronautics Systems				
Cost-type	\$ 1,313	45 %	\$ 1,231	50 %
Fixed-price	1,597	55 %	1,219	50 %
Intersegment sales	59		65	
Aeronautics Systems sales	2,969		2,515	
Defense Systems				
Cost-type	360	30 %	423	35 %
Fixed-price	853	70 %	784	65 %
Intersegment sales	199		169	
Defense Systems sales	1,412		1,376	
Mission Systems				
Cost-type	1,067	45 %	961	41 %
Fixed-price	1,315	55 %	1,365	59 %
Intersegment sales	277		237	
Mission Systems sales	2,659		2,563	
Space Systems				
Cost-type	2,457	68 %	2,446	74 %
Fixed-price	1,171	32 %	872	26 %
Intersegment sales	27		32	
Space Systems sales	3,655		3,350	
Total				
Cost-type	5,197	51 %	5,061	54 %
Fixed-price	4,936	49 %	4,240	46 %
Total Sales	\$ 10,133		\$ 9,301	

⁽¹⁾ Percentages calculated based on external customer sales.

NORTHROP GRUMMAN CORPORATION
Sales by Geographic Region

<i>\$ in millions</i>	Three Months Ended March 31			
	2024		2023	
	\$	% ⁽²⁾	\$	% ⁽²⁾
Aeronautics Systems				
United States	\$ 2,529	87 %	\$ 2,119	87 %
Asia/Pacific	149	5 %	147	6 %
Europe	225	8 %	174	7 %
All other ⁽¹⁾	7	— %	10	— %
Intersegment sales	59		65	
Aeronautics Systems sales	2,969		2,515	
Defense Systems				
United States	951	78 %	819	67 %
Asia/Pacific	71	6 %	117	10 %
Europe	154	13 %	128	11 %
All other ⁽¹⁾	37	3 %	143	12 %
Intersegment sales	199		169	
Defense Systems sales	1,412		1,376	
Mission Systems				
United States	1,928	81 %	1,950	83 %
Asia/Pacific	126	5 %	92	4 %
Europe	255	11 %	200	9 %
All other ⁽¹⁾	73	3 %	84	4 %
Intersegment sales	277		237	
Mission Systems sales	2,659		2,563	
Space Systems				
United States	3,563	98 %	3,247	98 %
Asia/Pacific	13	1 %	20	1 %
Europe	42	1 %	45	1 %
All other ⁽¹⁾	10	— %	6	— %
Intersegment sales	27		32	
Space Systems sales	3,655		3,350	
Total				
United States	8,971	88 %	8,135	87 %
Asia/Pacific	359	4 %	376	4 %
Europe	676	7 %	547	6 %
All other ⁽¹⁾	127	1 %	243	3 %
Total Sales	\$ 10,133		\$ 9,301	

⁽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, and the related condensed consolidated statements of earnings and comprehensive income, cash flows, and changes in shareholders’ equity for the three-month periods ended March 31, 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 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 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 not anticipate 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 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 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.

NORTHROP GRUMMAN CORPORATION

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 our business related to the broader macroeconomic environment have begun to subside; however, pockets of our business 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.

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. 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 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:

<i>\$ in millions, except per share amounts</i>	Three Months Ended March 31		% Change
	2024	2023	
Sales	\$ 10,133	\$ 9,301	9 %
Operating costs and expenses	9,062	8,354	8 %
<i>Operating costs and expenses as a % of sales</i>	<i>89.4 %</i>	<i>89.8 %</i>	
Operating income	1,071	947	13 %
<i>Operating margin rate</i>	<i>10.6 %</i>	<i>10.2 %</i>	
Federal and foreign income tax expense	187	156	20 %
<i>Effective income tax rate</i>	<i>16.5 %</i>	<i>15.6 %</i>	
Net earnings	944	842	12 %
Diluted earnings per share	\$ 6.32	\$ 5.50	15 %

Sales

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

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 quarter 2024 operating income increased \$124 million, or 13 percent, and operating margin rate increased to 10.6 percent, primarily due to higher segment operating income and a benefit associated with the FAS/CAS operating adjustment.

First quarter 2024 G&A costs as a percentage of sales decreased to 10.5 percent from 11.2 percent in the prior year period primarily due to higher sales.

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

The first quarter 2024 ETR increased to 16.5 percent from 15.6 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 quarter 2024 net earnings increased \$102 million, or 12 percent, primarily due to a 13 percent increase in operating income and a \$36 million increase in the non-operating FAS pension benefit, partially offset by a higher effective tax rate.

Diluted Earnings Per Share

First quarter 2024 diluted earnings per share increased 15 percent, reflecting higher 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.

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

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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).

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.

<i>\$ in millions</i>	Three Months Ended March 31		% Change
	2024	2023	
Operating income	\$ 1,071	\$ 947	13 %
Operating margin rate	10.6 %	10.2 %	
Reconciliation to segment operating income:			
CAS pension expense	(66)	(38)	74 %
FAS pension service expense	60	59	2 %
FAS/CAS operating adjustment	(6)	21	NM
Intangible asset amortization and PP&E step-up depreciation	25	30	(17)%
Other unallocated corporate expense	14	4	250 %
Unallocated corporate expense	39	34	15 %
Segment operating income	\$ 1,104	\$ 1,002	10 %
Segment operating margin rate	10.9 %	10.8 %	

First quarter 2024 segment operating income increased \$102 million, or 10 percent, primarily due to higher sales. Segment operating margin rate increased to 10.9 percent and reflects higher operating margin rates at Aeronautics Systems, Defense Systems and Mission Systems, partially offset by a lower operating margin rate at Space Systems.

FAS/CAS Operating Adjustment

First quarter 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

The increase in unallocated corporate expense is primarily due to changes in deferred state taxes largely related to the deferral of research credits under IRC Section 174.

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 aggregate amounts are presented in the table below:

<i>\$ in millions</i>	Three Months Ended March 31	
	2024	2023
Favorable EAC adjustments	\$ 362	\$ 326
Unfavorable EAC adjustments	(268)	(280)
Net EAC adjustments	\$ 94	\$ 46

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

<i>\$ in millions</i>	Three Months Ended March 31	
	2024	2023
Aeronautics Systems	\$ 76	\$ (6)
Defense Systems	27	27
Mission Systems	16	57
Space Systems	(19)	(32)
Eliminations	(6)	—
Net EAC adjustments	\$ 94	\$ 46

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

<i>\$ in millions</i>	Three Months Ended March 31		% Change
	2024	2023	
Sales	\$ 2,969	\$ 2,515	18 %
Operating income	297	237	25 %
Operating margin rate	10.0 %	9.4 %	

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

<i>\$ in millions</i>	Three Months Ended March 31		% Change
	2024	2023	
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.

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MISSION SYSTEMS

<i>\$ in millions</i>	Three Months Ended March 31		% Change
	2024	2023	
Sales	\$ 2,659	\$ 2,563	4 %
Operating income	378	360	5 %
<i>Operating margin rate</i>	14.2 %	14.0 %	

Sales

First quarter 2024 sales increased \$96 million, or 4 percent, primarily due to higher restricted sales on advanced microelectronics programs, partially offset by lower sales on the Scalable Agile Beam Radar (SABR) program.

Operating Income

First 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

<i>\$ in millions</i>	Three Months Ended March 31		% Change
	2024	2023	
Sales	\$ 3,655	\$ 3,350	9 %
Operating income	332	313	6 %
<i>Operating margin rate</i>	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, or 6 percent, due to higher sales, partially offset by a lower operating margin rate. Operating margin rate decreased to 9.1 percent from 9.3 percent principally due to a prior year benefit from the sale of a license to a customer, partially offset by an improvement in net EAC adjustments.

NORTHROP GRUMMAN CORPORATION
PRODUCT AND SERVICE ANALYSIS

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

<i>\$ in millions</i>	Three Months Ended March 31			
	2024		2023	
Segment Information:	Sales	Operating Costs and Expenses	Sales	Operating Costs and Expenses
Aeronautics Systems				
Product	\$ 2,258	\$ 2,035	\$ 1,907	\$ 1,740
Service	652	583	543	480
Intersegment eliminations	59	54	65	58
Total Aeronautics Systems	2,969	2,672	2,515	2,278
Defense Systems				
Product	772	675	678	598
Service	441	387	529	468
Intersegment eliminations	199	173	169	150
Total Defense Systems	1,412	1,235	1,376	1,216
Mission Systems				
Product	1,861	1,605	1,815	1,563
Service	521	446	511	441
Intersegment eliminations	277	230	237	199
Total Mission Systems	2,659	2,281	2,563	2,203
Space Systems				
Product	3,211	2,928	2,871	2,609
Service	417	370	447	400
Intersegment eliminations	27	25	32	28
Total Space Systems	3,655	3,323	3,350	3,037
Segment Totals				
Total Product	\$ 8,102	\$ 7,243	\$ 7,271	\$ 6,510
Total Service	2,031	1,786	2,030	1,789
Total Segment⁽¹⁾	\$ 10,133	\$ 9,029	\$ 9,301	\$ 8,299

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

Product Sales and Costs

First quarter 2024 product sales increased \$831 million, or 11 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 and E-2 at Aeronautics Systems, growth on SDA T2TL and restricted programs at Space Systems, higher volume on the SiAW and GMLRS programs at Defense Systems, and higher restricted sales at Mission Systems.

First quarter 2024 product costs increased \$733 million, or 11 percent, consistent with the higher product sales described above.

Service Sales and Costs

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

NORTHROP GRUMMAN CORPORATION**BACKLOG**

Backlog consisted of the following as of March 31, 2024 and December 31, 2023:

<i>\$ in millions</i>	March 31, 2024			December 31, 2023	% Change in 2024
	Funded	Unfunded	Total Backlog	Total Backlog	
Aeronautics Systems	\$ 9,212	\$ 9,750	\$ 18,962	\$ 19,583	(3)%
Defense Systems	6,042	1,709	7,751	8,064	(4)%
Mission Systems	10,838	4,898	15,736	16,108	(2)%
Space Systems	9,386	27,085	36,471	40,475	(10)%
Total backlog	\$ 35,478	\$ 43,442	\$ 78,920	\$ 84,230	(6)%

In January 2024, the company received a termination for convenience in our restricted Space business. The company reduced unfunded backlog by \$1.6 billion during the first quarter of 2024 related to 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 at Aeronautics Systems, Space Systems, and Mission 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, we had \$3.1 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, 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.

NORTHROP GRUMMAN CORPORATION
Operating Cash Flow

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

<i>\$ in millions</i>	Three Months Ended March 31		%
	2024	2023	
Net earnings	\$ 944	\$ 842	12 %
Non-cash items ⁽¹⁾	103	36	186 %
Pension and OPB contributions	(36)	(40)	(10) %
Changes in trade working capital	(1,710)	(1,525)	12 %
Other, net	(7)	(15)	(53) %
Net cash used in operating activities	\$ (706)	\$ (702)	(1) %

⁽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 2024 net cash used in operating activities was comparable with the prior year period. Higher net earnings were 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 cash flows, which are generally more heavily weighted towards the second half of the year.

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 operating activities to free cash flow:

<i>\$ in millions</i>	Three Months Ended March 31		%
	2024	2023	
Net cash used in operating activities	\$ (706)	\$ (702)	(1) %
Capital expenditures	(270)	(309)	(13) %
Free cash flow	\$ (976)	\$ (1,011)	3 %

First quarter 2024 free cash flow increased \$35 million, or 3 percent, as compared with the same period in 2023 principally due to lower capital expenditures.

Investing Cash Flow

First quarter 2024 net cash used in investing activities decreased \$40 million as compared with the same period in 2023 principally due to lower capital expenditures largely driven by timing.

Financing Cash Flow

First quarter 2024 net cash provided by financing activities was comparable with the prior year period and reflects a \$500 million increase in proceeds from long-term debt, partially offset by a \$467 million increase in share repurchases.

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.

NORTHROP GRUMMAN CORPORATION

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

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- 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, 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, 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.

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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.

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, 2024 - January 26, 2024	116,315	\$ 465.22	116,315	\$ 3,571
January 27, 2024 - February 23, 2024	1,971,110	NM ⁽²⁾	1,971,110	2,505
February 24, 2024 - March 29, 2024	129,283	\$ 462.44	129,283	2,446
Total	2,216,708	NM ⁽²⁾	2,216,708	\$ 2,446

⁽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 to repurchase \$1.0 billion of the company’s common stock and received an initial delivery of shares representing 80 percent of the share repurchase agreement.

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.

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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 (Corporate Vice President and President, Aeronautics Systems)	Rule 10b5-1 Trading Arrangement	March 7, 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 4,167 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.

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Item 6. Exhibits

- 4.1 [Twelfth Supplemental Indenture, dated as of January 31, 2024, between Northrop Grumman Corporation and The Bank of New York Mellon, as successor to JPMorgan Chase Bank, Trustee, to Indenture dated as of November 21, 2001 \(incorporated by reference to Exhibit 4.1 to Form 8-K filed January 31, 2024, File No. 001-16411\)](#)
 - 4.2 [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 2034 \(included in Exhibit 4.1\) \(incorporated by reference to Exhibit 4.3 to Form 8-K filed January 31, 2024, File No. 001-16411\)](#)
 - 4.4 [Form of 5.200% Senior Note due 2054 \(included in Exhibit 4.1\) \(incorporated by reference to Exhibit 4.4 to Form 8-K filed January 31, 2024, File No. 001-16411\)](#)
 - *+10.1 [2024 Restricted Stock Rights Grant Agreement Specifying Terms and Conditions Applicable to 2024 Restricted Stock Rights Granted under the 2011 Long-Term Incentive Stock Plan](#)
 - *+10.2 [2024 Restricted Performance Stock Rights Grant Agreement Specifying Terms and Conditions Applicable to 2024 Restricted Performance Stock Rights Granted under the 2011 Long-Term Incentive Stock Plan](#)
 - *+10.3 [Northrop Grumman 2006 Annual Incentive Plan and Incentive Compensation Plan, as amended and restated effective January 1, 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, 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

NORTHROP GRUMMAN CORPORATION

2024 RESTRICTED STOCK RIGHTS GRANT AGREEMENT

This 2024 Restricted Stock Rights Grant Agreement (“Agreement”) applies to certain “Restricted Stock Rights” (“RSRs”) granted by Northrop Grumman Corporation (the “Company”) in 2024 under its 2011 Long-Term Incentive Stock Plan. If you were granted an RSR award by 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 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, and any rules adopted by the Committee, as such rules are in effect from time to time. If you do not formally accept your RSR award by entering into this Agreement in accordance with the instructions and time limit set forth in your Grant Letter, you will be deemed to have forfeited your RSR award.

1. Vesting; Issuance of Shares.

Subject to Sections 2, 3, 4 and 6 below, one hundred percent (100%) of the number of RSRs (and any Dividend Equivalents (as defined below)) subject to your award (subject to adjustment as provided in Section 6.1) shall vest upon the third anniversary of the Grant Date, provided that if the third anniversary of the Grant Date falls on a weekend or holiday, then the award shall vest on the next business day.

1.1 Payment of RSRs. Except as otherwise provided below, the Company 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 in either an equivalent number of shares of Common 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. 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 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.

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 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 shall be paid within 60 days following the earlier of (a) Grantee's death or (b) Grantee's Disability. In the event of the Grantee's death prior to 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 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 the Grantee ceases to be employed by the Company 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

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, in the case of a Governmental Service Retirement by the Grantee, payment of the vested RSRs (and related Dividend Equivalents) will be made within 10 days after the Grantee's Early or Normal Retirement. If the Grantee is a Key Employee as of the date of the Grantee's Separation from Service, the Grantee shall not be entitled to payment of his or her vested RSRs (and related Dividend Equivalents) pursuant to this Section until the earlier of (and payment shall be made upon or promptly after, and in all events within thirty (30) days after, 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 of the Grantee's death. The provisions of the preceding sentence 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 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 Early Retirement, Normal 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 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.

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 pursuant to the terms 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 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 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 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

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 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 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 effect.

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.

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 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 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.

6.3. 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. Tax Matters.

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 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

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. Choice of Law; Venue; Arbitration.

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 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

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 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 respect 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, the following terms shall have the meanings set forth below and, when the 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, 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 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 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 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 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.
- (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

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 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 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 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 from 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 “separation from service” within the meaning of United States Treasury Regulation Section 1.409A-1(h)(1), without regard to the optional alternative definitions available thereunder.

“**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.

NORTHROP GRUMMAN CORPORATION

2024 RESTRICTED PERFORMANCE STOCK RIGHTS GRANT AGREEMENT

This 2024 Restricted Performance Stock Rights Grant Agreement (“Agreement”) applies to certain “Restricted Performance Stock Rights” (“RPSRs”) granted by Northrop Grumman Corporation (the “Company”) in 2024 under its 2011 Long-Term Incentive Stock Plan. If you were granted an RPSR award by the Company in 2024, the date of grant of your RPSR award and the target number of RPSRs applicable to your award are set forth in the letter 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 by the Company or its designee. This Agreement applies only with respect to the 2024 RPSR award, and you are subject to this Agreement upon accepting your grant. If you were granted an RPSR 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 RPSR 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 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 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 the instructions and time limit set forth in your Grant Letter, you will be deemed to have forfeited your RPSR award.

1. Vesting; 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 paid as provided below.

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 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’s determinations under this Section 1.1 shall 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 be paid out in either an equivalent number of shares of Common 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 payment for each Vested RPSR to be paid in cash will equal the Fair Market Value (as defined below) of a share of Common Stock as of the date the Committee determines the extent 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 later than March 15 of the year following the last day of the Performance Period.

1.3. Dividend Equivalents. The Grantee shall be entitled to payment for Dividend Equivalents (if any) with respect to any Vested RPSRs and any RPSRs that vest and become payable pursuant to Section 2 or 6. 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 RPSRs (or the number of RPSRs that vest and become payable pursuant to Section 2 or 6) during the period from the beginning of the Performance Period until 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 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.

2. Early Termination of Award; Termination of Employment.

2.1 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 the Performance 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 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 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 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 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,

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 2.4, 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.

2.6 Sale or Spinoff of Subsidiary or Business Unit. For purposes of the RPSRs (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 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 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 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.

2.8 Death. In the event of the Grantee’s death subsequent 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. Non-Transferability and Other Restrictions.

3.1 Non-Transferability. The award, as well as the RPSRs (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 pursuant to the terms 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 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 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 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 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 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 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 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 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 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 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 RPSRs 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.

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

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

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 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 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 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 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 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 (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 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

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 award; provided, however, that, the Committee may reinstate the original terms of the award if the related event does not 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 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 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 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. Tax Matters.

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 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 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 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 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 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. Choice of Law; Venue; Arbitration.

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 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 within the absolute discretion of the Committee and shall 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 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 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 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). Should the Grantee's 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 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 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) shall be subject to the same holding period requirements as the shares to which they relate.

12. Definitions.

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

“**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 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 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 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 on the first to occur of the start of the Performance Period or the start of the Protected Period, or as the same shall be increased from time to time.
- (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 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 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 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 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 from 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 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.

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ELT (2024 RPSR Agreement) 1

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.

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 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.

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 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.

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 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 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.

- 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 any allocation or weighting component with respect to the factors the CEO considers.

SECTION VIII
ADMINISTRATION OF THE PLANS

1. ICP: The Committee shall be responsible for the administration of the Plan. The Committee shall:

- a. Interpret the ICP, make any rules and regulations relating to that plan, determine which consolidated subsidiaries are significant for the purpose of the first paragraph of SECTION III, and determine factual questions arising in connection with the ICP, 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 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.

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 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 the purposes of the ICP.
- c. In making awards of Northrop Grumman common stock, the Committee shall first determine all incentive compensation awards in terms of dollars. The total dollar amount of all incentive compensation awards for a particular year shall not exceed the appropriated incentive compensation for that performance year 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 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 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 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, shall be paid as provided by 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 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 of an unsecured general creditor of the Company. Awards payable under the plan 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.

- 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, 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 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 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.

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, shall be governed by and construed in accordance with the laws of the state of Delaware.
6. The rights of a participant or any other person to any payment 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.

Neither 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 particular year.

LETTER FROM INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

April 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, 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, 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

**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 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

/s/ Kathy J. Warden

Kathy J. Warden
Chair, Chief Executive Officer and President

**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

/s/ **David F. Keffer**

David F. Keffer

Corporate Vice President and Chief Financial Officer

**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, 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

/s/ Kathy J. Warden

Kathy J. Warden
Chair, Chief Executive Officer and President

**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, 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

/s/ David F. Keffer

David F. Keffer
Corporate Vice President and Chief Financial Officer