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

Form 8-K

Current Report
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 15, 2009

NORTHROP GRUMMAN CORPORATION

(Exact name of registrant as specified in its charter)

Commission File Number: 1-16411

Delaware **(State or other jurisdiction of incorporation)**	**95-4840775** **(IRS Employer Identification No.)**

1840 Century Park East, Los Angeles, CA 90067
(Address of principal executive offices, including zip code)

(310) 553-6262
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Item 1.01. Entry into a Material Definitive Agreement

Director Compensation

On December 16, 2009, the non-employee members of the Board of Directors of Northrop Grumman Corporation (the “Company”), with the exception of Lewis W. Coleman, approved an annual retainer of $250,000 to be paid to Mr. Coleman for his service as Non-Executive Chairman beginning January 1, 2010. Mr. Coleman has elected to defer this retainer as well as his annual board retainer for 2010 into a stock unit account pursuant to the 1993 Stock Plan for Non-Employee Directors, as amended. The shares of Common Stock will be paid out upon termination of his service on the Board. Mr. Coleman will no longer receive a $25,000 annual retainer he received as the Lead Independent Director. The Board of Directors named Mr. Donald E. Felsinger Chair of the Compensation Committee replacing Mr. Coleman effective January 1, 2010. The amended Non-Employee Director Compensation Term Sheet is attached as Exhibit 10.1

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

(e) Compensatory Arrangements of Certain Officers

Letter Agreement of Wesley G. Bush

At its meeting on December 16, 2009, the non-employee members of the Board of Directors of the Company approved the compensation for Wesley G. Bush, President and Chief Operating Officer. The terms of the letter dated December 16, 2009 from Lewis W. Coleman to Mr. Bush (the “Letter dated December 16, 2009”) will be effective January 1, 2010 at which time Mr. Bush will assume the title Chief Executive Officer and President.

The terms contained in the letter are summarized as follows:

- Annualized base salary of $1,350,000.
- Target annual cash incentive award for 2010 under the Company’s 2002 Incentive Compensation Plan will equal 150% of Mr. Bush’s base salary.
- An award of stock options and restricted performance stock rights (RPSRs) with an aggregate value on the grant date of $8.5 million in accordance with the terms of the 2001 Long Term Incentive Stock Plan at the time the equity incentive awards are made (scheduled to occur in February 2010).
- The January 2010 Special Agreement regarding change-in-control entered into between the Company and Mr. Bush is terminated. Mr. Bush’s January 2009 Special Agreement will continue in effect through December 31, 2009, at which point it will terminate.
- Mr. Bush will no longer be covered by or eligible for any benefits under the Company’s Severance Plan for Elected and Appointed Officers or under any other Company severance plan program or policy.
- Mr. Bush is not covered by any employment agreement with the Company.
- Mr. Bush will not participate in the Northrop Supplemental Retirement Income Program for the CEO, and this plan is now closed to new participants.
- Effective January 1, 2010, Mr. Bush will relinquish all rights under the CPC Supplemental Executive Retirement Program (the “CPC SERP”) including any benefits already accrued under that plan. That plan had previously provided Mr. Bush a benefits accrual of 3.33% of final average pay per year of service on the CPC.
- Effective January 1, 2010 Mr. Bush will participate in the Officers Supplemental Executive Retirement Program (the “OSERP”) as more fully described in the Exhibit 10.2. Under the OSERP, Mr. Bush will accrue benefits at 1% of final average pay in the future.

The foregoing description of Mr. Bush’s compensation arrangement does not purport to be complete. For an understanding of its terms and conditions, reference should be made to the Letter dated December 16, 2009 attached as Exhibit 10.2 to this Report.

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Replacement Change In Control Agreements for James F. Palmer and James F. Pitts

On December 15, 2009, the Company entered into new change-in-control agreements with James F. Palmer, Corporate Vice President and Chief Financial Officer and James F. Pitts, Corporate Vice President and President, Electronic Systems, in the form of the January 2010 Special Agreement incorporated by reference to the Form 8-K dated October 2, 2009 as filed with the Securities and Exchange Commission on October 8, 2009. The January 2010 Special Agreements are effective January 1, 2010 and supersede and replace the January 2009 Special Agreements between the Company and Messrs. Palmer and Pitts, and eliminate the tax gross-up provided under the January 2009 Special Agreement.

Item 8.01. Other Events.

On December 18, 2009, Northrop Grumman Corporation (the "Company") issued a press release announcing that it has completed the sale of TASC, Inc., its advisory services business, for $1.65 billion in cash to an investor group led by General Atlantic LLC and affiliates of Kohlberg Kravis Roberts & Co. L.P. The press release dated December 18, 2009 announcing the completion of the sale of TASC, Inc. is furnished as Exhibit 99.1.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits.

Filed	
Exhibit 10.1	Non-Employee Director Compensation Term Sheet
Exhibit 10.2	Wesley G. Bush Letter dated December 16, 2009
Furnished	
Exhibit 99.1	Press Release dated December 18, 2009

Signature(s)

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 hereunto duly authorized.

NORTHROP GRUMMAN CORPORATION
(Registrant)

Date: December 21, 2009

By: /s/ Joseph F. Coyne, Jr.
Joseph F. Coyne, Jr.
Corporate Vice President, Deputy General Counsel and Secretary

INDEX TO EXHIBITS

Exhibit No.	Description of Exhibit
10.1	Non-Employee Director Compensation Term Sheet
10.2	Wesley G. Bush Letter dated December 16, 2009
99.1 Furnished	Press Release dated December 18, 2009

Non-Employee Director Compensation

Component of Pay	Amount
Board Retainer	$ 100,000
Audit Committee Retainer	$ 10,000
Audit Committee Chair Retainer	$ 20,000
Compensation Committee Chair Retainer	$ 10,000
Governance Committee Chair Retainer	$ 10,000
Policy Committee Chair Retainer	$ 7,500
Non-Executive Chairman Retainer	$ 250,000
Amount deferred to Stock Units	$ 120,000

Northrop Grumman Corporation
1840 Century Park East
Los Angeles, California 90067-2199

December 16, 2009

Mr. Wesley G. Bush
President and Chief Operating Officer
Northrop Grumman Corporation
1840 Century Park East
Los Angeles, CA 90067

Re: **Compensation Effective January 1, 2010**

Dear Wes:

In connection with your election to the position of Chief Executive Officer and President of Northrop Grumman Corporation ("Northrop") effective January 1, 2010, we have had discussions regarding your compensation. This letter confirms those discussions and sets forth our agreement regarding your compensation for your employment with Northrop effective January 1, 2010.

Your annualized base salary rate will be $1,350,000, subject to tax withholding and other authorized deductions, effective January 1, 2010. Your target annual cash incentive award for 2010 under Northrop's 2002 Incentive Compensation Plan will equal 150% of your base salary for the year.

At the time that Northrop makes its equity incentive awards for 2010 (which is scheduled to occur in February 2010), you will receive an award of Northrop stock options and restricted performance stock rights (RPSRs) with an aggregate value on the grant date equal to $8.5 million, provided that you are still employed by Northrop at that time. The aggregate grant date value will be allocated between options and RPSRs. Northrop will determine the specific number of shares subject to each award based on its customary methodology used in determining equity award grant-date value (applying the actual stock price and other assumptions applicable to the February 2010 awards). The options and RPSRs will be subject to the standard Northrop terms and conditions applicable to its 2010 equity incentive award grants.

You earlier entered into a January 2010 Special Agreement with Northrop which provides benefits in the event of a change in control of Northrop. You agree that this January 2010 Special Agreement is hereby terminated and that you will have no benefit under this agreement. Your January 2009 Special Agreement that you and Northrop entered into will continue in effect in accordance with its terms through December 31, 2009, at which point it will terminate and you will have no benefit under that agreement. You also acknowledge and agree that you will no longer be covered by, or eligible for any benefits under, Northrop's Severance Plan for Elected and Appointed Officers or under any other severance plan, program or policy of Northrop.

You agree that, effective January 1, 2010, you hereby relinquish all rights you have under the CPC Supplemental Executive Retirement Program (the “CPC SERP”), including any benefits already accrued under that plan.

You also agree that as of January 1, 2010, you will participate in the Officers Supplemental Executive Retirement Program (the “OSERP”), the plan available to other elected and appointed officers. You will be subject to the terms of the OSERP in the same manner as other OSERP participants. You will receive credit for your CPC years of service under the OSERP instead of the CPC SERP. You will also receive credit under the OSERP for your service prior to your CPC years of service in accordance with the terms of the OSERP. Under the current OSERP provisions, based on your service to date you will accrue benefits at the rate of 1% of your final average salary for each year of service (reduced by payments from other specified plans). Further, if you are involuntarily terminated without cause and you have attained age 53 and completed 10 years of service, or have accumulated 75 points (age + years of service as defined in the OSERP) as of the date of termination, you will vest in your OSERP benefits. Your years of service and points for this purpose will be determined in accordance with the OSERP and any benefits that vest upon such a termination will be subject to section 409A of the Internal Revenue Code. This vesting is the only severance-type benefit to which you would be entitled under the OSERP.

You acknowledge and agree that you will not participate in or be entitled to any benefits under the Northrop Supplemental Retirement Income Program for Senior Executives (the “SRI”). Northrop has closed the SRI to new participants.

You further acknowledge and agree that you are not covered by any employment agreement with Northrop. This letter sets forth our entire agreement regarding these matters, and supersedes all of our prior agreements regarding your compensation and benefits. Of course, except as otherwise provided in this letter, you will continue to be eligible to participate in the other Northrop benefit plans in which you currently participate in accordance with the terms and conditions of those plans as they are in effect from time to time. This letter does not create any rights to future employment, does not limit our discretion to set or adjust your compensation in the future, and does not otherwise modify the “at will” nature of your employment.

If this letter accurately sets forth your agreement with Northrop with respect to the foregoing matters, please sign and date this letter below and return it to me.

Lewis W. Coleman
Lead Independent Director

Accepted and Agreed:

____
Wesley G. Bush

Dated: ______________________

Exhibit 99.1

NORTHROP GRUMMAN

News Release

Contact: Dan McClain (Media)
(310) 201-3335
dan.mcclain@ngc.com

Paul Gregory (Investors)
(310) 201-1634
paul.gregory@ngc.com

Northrop Grumman Completes Sale of Advisory Services Business

LOS ANGELES — Dec. 18, 2009 — Northrop Grumman Corporation (NYSE:NOC) announced today that it has completed the sale of TASC, Inc., its advisory services business, for $1.65 billion in cash to an investor group led by General Atlantic LLC and affiliates of Kohlberg Kravis Roberts & Co. L.P.

Goldman Sachs and Credit Suisse represented Northrop Grumman in the transaction. Fried, Frank, Harris, Shriver & Jacobson LLP served as legal advisor to Northrop Grumman.

Northrop Grumman Corporation is a leading global security company whose 120,000 employees provide innovative systems, products, and solutions in aerospace, electronics, information systems, shipbuilding and technical services to government and commercial customers worldwide.

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