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

#### FORM SD

## SPECIALIZED DISCLOSURE REPORT

# NORTHROP GRUMMAN CORPORATION

(Exact name of registrant as specified in its charter)

**DELAWARE** (State or other jurisdiction of <u>1-16411</u>

Commission file number

80-0640649 (IRS Employer Identification No.)

incorporation or organization)

**2980 Fairview Park Drive, Falls Church, Virginia 22042** (Address of principal executive offices) (Zip code)

> Michael A. Hardesty Corporate Vice President, Controller and Chief Accounting Officer (Principal Accounting Officer) (703) 280-2900

Check the appropriate box to indicate the rule pursuant to which this form is being filed, and provide the period to which the information in this form applies:

🖾 Rule 13p-1 under the Securities Exchange Act (17 CFR 240.13p-1) for the reporting period from January 1 to December 31, 2013.

## Introduction:

This Form SD of Northrop Grumman Corporation (herein referred to as "Northrop Grumman," the "company," "we," "us," or "our") is filed pursuant to Rule 13p-1 (the "Rule") promulgated under the Securities Exchange Act of 1934, as amended, for the reporting period January 1, 2013 to December 31, 2013.

Rule 13p-1 requires disclosure of certain information when a company manufactures or contracts to manufacture products using the minerals specified in the Rule (gold, columbite-tantalite (coltan), cassiterite and wolframite, including their derivatives, tantalum, tin and tungsten, which we collectively refer to as "3TG minerals") and where those minerals are necessary to the functionality or production of such products. "Conflict Minerals" for purposes of the Rule and this Report include the 3TG minerals and any other minerals determined by the U.S. Secretary of State to be financing conflict in the Democratic Republic of the Congo, the Republic of the Congo, the Central African Republic, South Sudan, Uganda, Rwanda, Burundi, Tanzania, Zambia and Angola (the "Covered Countries").

Statements in this Form SD or the Conflict Minerals Report included as Exhibit 1.02 may include forward-looking statements. These statements are not guarantees of future performance and inherently involve a wide range of risks and uncertainties that are difficult to predict. You are urged to consider the limitations on, and the risks associated with, the forward-looking statements and not unduly rely on the accuracy of the forward-looking statements. 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.

## Section 1 - Conflict Minerals Disclosures

## Item 1.01 Conflict Minerals Disclosure and Report

We determined that during 2013 we manufactured and/or contracted to manufacture products containing 3TG minerals necessary to the functionality or production of such products. As discussed in more detail in our Conflict Minerals Report included as Exhibit 1.02, we are not able to determine the countries of origin or facilities used to produce the 3TG minerals in our products.

#### Item 1.02 Exhibit

As specified in Section 2, Item 2.01 of this Form SD, the company hereby files its Conflict Minerals Report as Exhibit 1.02 to this report. The Conflict Minerals Report is also available on our website at: <u>www.northropgrumman.com</u>.

## Section 2 - Exhibits

Item 2.01 Exhibits

<u>Exhibit</u>

**Description** 

1.02

Conflict Minerals Report of 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 duly authorized undersigned on the 30<sup>th</sup> day of May, 2014.

# NORTHROP GRUMMAN CORPORATION

By: /s/ Michael A. Hardesty

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

## Exhibit 1.02 - Conflict Minerals Report

## **Conflict Minerals Report of Northrop Grumman Corporation**

#### **Section 1: Introduction**

This Conflict Minerals Report ("Report") of Northrop Grumman Corporation (herein referred to as "Northrop Grumman," the "company," "we," "us," or "our") has been prepared pursuant to Rule 13p-1 (the "Rule") and Form SD promulgated under the Securities Exchange Act of 1934, as amended, for the reporting period January 1, 2013 to December 31, 2013.

Rule 13p-1 requires disclosure of certain information when a company manufactures or contracts to manufacture products using the minerals specified in the Rule (gold, columbite-tantalite (coltan), cassiterite and wolframite, including their derivatives, tantalum, tin and tungsten, which we collectively refer to as "3TG minerals") and where those minerals are necessary to the functionality or production of such products. "Conflict Minerals" for purposes of the Rule and this Report include the 3TG minerals and any other minerals determined by the United States (U.S.) Secretary of State to be financing conflict in the Democratic Republic of the Congo, the Republic of the Congo, the Central African Republic, South Sudan, Uganda, Rwanda, Burundi, Tanzania, Zambia and Angola (the "Covered Countries").

We have issued a Conflict Minerals statement. This statement sets forth our commitment to the responsible sourcing of minerals through our global supply chain and can be found on our website at <u>www.northropgrumman.com</u>. References to our website in this report are provided as a convenience and do not constitute, and should not be viewed as, incorporation by reference of the information contained on, or available through, our website.

In accordance with the Rule, this Report does not address 3TG minerals located outside of our supply chain prior to January 31, 2013.

## **Company Overview**

Northrop Grumman is a leading global security company. We provide innovative systems, products and solutions in unmanned systems; cybersecurity; command, control, communications and computers intelligence, surveillance and reconnaissance (C4ISR); strike aircraft; and logistics and modernization to government and commercial customers worldwide through our four segments: Aerospace Systems, Electronic Systems, Information Systems and Technical Services. We participate in many high-priority defense and government services programs in the U.S. and abroad. We offer a broad portfolio of capabilities and technologies that enable us to deliver innovative systems and solutions for applications that range from undersea to outer space and into cyberspace. We conduct most of our business with the U.S. Government, principally the Department of Defense and intelligence community. We also conduct business with local, state and foreign governments and domestic and international commercial customers.

## Supply Chain and Reasonable Country of Origin Inquiry ("RCOI")

We determined that during 2013 we manufactured and/or contracted to manufacture products containing 3TG minerals necessary to the functionality or production of such products. Our global supply chain is complex and includes many third parties in the supply chain between us and the original source of 3TG minerals in our products. We rely on our direct suppliers to gather information about smelters and refiners in their supply chains.

We conducted an RCOI to seek to determine whether the 3TG minerals in our products originated from the Covered Countries. Our RCOI principally consisted of attempting (i) to identify products we believed contained or were likely to contain 3TG minerals, (ii) to determine the source of 3TG minerals directly procured by the company, and (iii) to survey direct suppliers and/or subcontractors (collectively "suppliers") who provide components and parts for those of our products with potential 3TG content.

The following is a summary of our major product categories, which we believe are likely to contain 3TG content:

Air and missile defense systems	Cybersecurity systems	Satellite and space systems
Airborne C4ISR systems	Early warning systems	Signals intelligence systems
Airborne fire control radars	Electronic warfare systems	Situational awareness systems
Airspace management systems	Manned aircraft	Training and simulation systems
Command and control systems	Naval surface and undersea systems	Unmanned systems
Communications and intelligence systems	Modernization and sustainment systems	

## **Section 2: Due Diligence Process**

We exercised due diligence to determine the source and chain of custody of 3TG minerals in our products and designed our due diligence process to be consistent with the Organisation for Economic Co-operation and Development ("OECD") Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD, 2013) ("OECD Framework").

## Section 3: Due Diligence Measures Undertaken

We undertook the following due diligence measures during the 2013 reporting period:

## **Establish Company Management Systems**

- Established and documented internal processes to support our efforts to comply with the Rule.
- Participated as a member of Conflict Minerals working groups led by the National Association of Manufacturers and the Aerospace Industries Association.
- Participated in the OECD's pilot program on implementing the OECD framework.

## Identify and Assess Risks in the Supply Chain

- Communicated to our suppliers, via our online supplier portal, our compliance efforts with the Rule and the need for supplier input and cooperation.
- Conducted a survey of direct suppliers of the company who provide components and parts for those of our products with potential 3TG content utilizing the Electronics Industry Citizenship Coalition/Global e-Sustainability Initiative (EICC/GeSI) template.
- Provided access to training materials for suppliers who received the the EICC/GeSI template.
- · Reviewed supplier survey responses and identified for follow-up those responses that were incomplete or inconsistent.
- Compared smelters identified by our suppliers to the list of conflict free smelters produced by the Conflict Free Sourcing Initiative ("CFSI").

## Design and Implement a Strategy to Respond to Identified Risks

- Developed a management reporting dashboard to summarize and evaluate the results of our supplier surveys.
- Followed-up on incomplete and inconsistent supplier survey responses.
- Sent up to three additional follow-up letters and contacted via other means (telephone, electronic mail), as appropriate, those suppliers who did not respond to our survey requests.

#### Carry Out Independent Third-Party Audit of Smelter/Refiner Due Diligence Practices

We do not, to our knowledge, directly purchase 3TG minerals from any of the Covered Countries. We are a downstream consumer of 3TG minerals and are many levels removed from the smelters and refiners who provide minerals and ores to our suppliers. Therefore, we did not perform or direct audits to be performed of smelters and refiners in our supply chain but rather we relied on audits carried out by the CFSI.

#### **Report Annually on Supply Chain Due Diligence**

This Report and the associated Form SD are available on our website at: www.northropgrumman.com.

#### Section 4: Independent Audit

An independent private sector audit was not required for the 2013 reporting period.

## **Section 5: Determination**

For the 2013 reporting period, we believe we surveyed suppliers representing approximately 95% of our 2013 expenditures for parts or components that we believe could contain 3TG minerals. Based on our 2013 RCOI process and after exercising due diligence measures, including evaluating survey responses received from our suppliers, we are not able to determine the countries of origin or facilities used to produce the 3TG minerals in our products.

## Section 6: Continuous Improvement Efforts to Mitigate Risk

We currently intend to take the following steps to support our due diligence process for the 2014 reporting period:

- Identify opportunities to increase the number of suppliers included in our supplier survey process to increase the percentage coverage over our expenditures for parts or components that we believe could contain 3TG minerals; and
- Evaluate our 2013 survey process to identify opportunities to improve the response rate of suppliers surveyed.

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