Forward Looking Statements

This presentation contains statements, other than statements of historical fact, that constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements in this presentation include, among other things, statements relating to our future financial condition and operating results. Forward-looking statements are based upon assumptions, expectations, plans and projections that we believe to be reasonable when made. 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, risks related to: the assumptions on which our guidance is based; our dependence on U.S. Government contracts; the effect of economic conditions in the United States and globally; changes in government and customer priorities and requirements; government budgetary constraints; shifts or reductions in defense spending resulting from sequestration under the Budget Control Act of 2011, a continuing resolution with limited new starts, the lack of annual appropriations legislation or otherwise; debt-ceiling limits and disruption to or shutdown of government operations; changes in import and export policies; changes in customer short-range and long-range plans; major program terminations; the acquisition, deferral, reduction or termination of contracts or programs; our ability to access capital; interest and discount rates or other changes that may impact pension plan assumptions and actual returns on pension plan assets; the outcome of litigation, claims, audits, appeals, bid protests and investigations; the adequacy of our insurance coverage and recoveries; the costs of environmental remediation; our ability to attract and retain qualified personnel; changes in organizational structure and reporting segments; acquisitions, disposals, spin-off transactions, joint ventures, strategic alliances and other business arrangements; possible impairments of goodwill or other intangible assets; the effects of legislation, regulations, and other changes in accounting, tax or defense procurement rules or practices; technical, operational or quality setbacks in contract performance; issues with, and financial viability of, key suppliers and subcontractors; availability of materials and supplies; controlling costs of fixed-price development programs; domestic and international competition; legal, financial and governmental risks related to international transactions; potential security threats, information technology attacks, natural disasters and other disruptions not under our control; and other risk factors and other important factors disclosed in our Form 10-K for the year ended December 31, 2012 and other filings with the Securities and Exchange Commission. You should not put undue reliance on any forward-looking statements in this presentation. These forward-looking statements speak only as of the date of this presentation, and we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

This presentation also contains non-GAAP financial measures. A reconciliation of these financial measures to the nearest GAAP measure is included in this presentation.
CEO Highlights

• Strong 4Q and 2012 performance

• 5% increase in 2012 EPS from continuing operations

• 15% increase in 2012 pension-adjusted EPS from continuing operations

• 100 bps expansion in 2012 segment margin rate to 12.6%(1)

• $2.8 billion cash from operations before discretionary pension contribution(1)

• $2.5 billion free cash flow before discretionary pension contribution(1)

• >$1.8 billion cash returned to shareholders through share repurchases and dividends

(1) Non-GAAP metric as defined and reconciled in the Appendix of this presentation
## 2013 Guidance

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales ($B)</td>
<td>~24.0</td>
</tr>
<tr>
<td>Segment operating margin rate$^{(1)}$</td>
<td>Low to Mid 11%</td>
</tr>
<tr>
<td>Operating margin rate</td>
<td>High 10% to Low 11%</td>
</tr>
<tr>
<td>EPS from continuing operations</td>
<td>$6.85 - $7.15</td>
</tr>
<tr>
<td>Cash provided by operations ($B)$^{(1)(2)}</td>
<td>2.1 – 2.4</td>
</tr>
<tr>
<td>Free cash flow ($B)$^{(1)(2)}</td>
<td>1.7 – 2.0</td>
</tr>
</tbody>
</table>

(1) Non-GAAP metric as defined and reconciled in the Appendix of this presentation
(2) Before discretionary pension contributions
## 2013 Sector Guidance Summary

<table>
<thead>
<tr>
<th>Sector</th>
<th>Sales ($B)</th>
<th>OM Rate %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aerospace Systems</td>
<td>~9.7</td>
<td>Low to mid 11%</td>
</tr>
<tr>
<td>Electronic Systems</td>
<td>~6.9</td>
<td>Low to mid 14%</td>
</tr>
<tr>
<td>Information Systems</td>
<td>~6.7</td>
<td>Mid to high 9%</td>
</tr>
<tr>
<td>Technical Services</td>
<td>~2.7</td>
<td>Mid to high 8%</td>
</tr>
</tbody>
</table>
## EPS Bridge

<table>
<thead>
<tr>
<th></th>
<th>2012 Actual</th>
<th>2013 Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales volume</td>
<td>~ (0.40)</td>
<td></td>
</tr>
<tr>
<td>Segment margin rate</td>
<td>(1.00) – (0.65)</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>~ (0.05)</td>
<td></td>
</tr>
<tr>
<td>Share count</td>
<td>0.50 – 0.45</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$7.81</strong></td>
<td><strong>$6.85 – 7.15</strong></td>
</tr>
</tbody>
</table>
Appendix
## 2013 Pension Assumptions

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount Rate (%)</td>
<td>5.03</td>
<td>4.12</td>
</tr>
<tr>
<td>Asset Returns (%)</td>
<td>8.25</td>
<td>8.00</td>
</tr>
<tr>
<td>Discretionary Funding ($M)</td>
<td>300</td>
<td>500</td>
</tr>
<tr>
<td>Net FAS / CAS Adjustment ($M)</td>
<td>132</td>
<td>120</td>
</tr>
<tr>
<td>CAS ($M)</td>
<td>506</td>
<td>500</td>
</tr>
<tr>
<td>FAS ($M)</td>
<td>(374)</td>
<td>(380)</td>
</tr>
</tbody>
</table>
Non-GAAP Definitions

Non-GAAP Financial Measures Disclosure: Today’s presentation contains non-GAAP (accounting principles generally accepted in the United States of America) financial measures, as defined by Securities and Exchange Commission (SEC) Regulation G and indicated by a footnote in the text of this presentation. While we believe that these non-GAAP financial measures may be useful in evaluating our financial information, they should be considered as supplemental in nature and not as a substitute for financial information prepared in accordance with GAAP. Other companies may define these measures differently or may utilize different non-GAAP measures.

Pension-adjusted diluted EPS from continuing operations: Diluted EPS from continuing operations excluding the after-tax net pension adjustment per share, as defined below. These per share amounts are provided for consistency and comparability of operating results. Management uses pension-adjusted diluted EPS from continuing operations as an internal measure of financial performance.

Net FAS/CAS pension adjustment: Pension expense determined in accordance with GAAP less pension expense allocated to the operating segments under U.S. Government Cost Accounting Standards (CAS).

After-tax net FAS/CAS pension adjustment per share: The per share impact of the net pension adjustment as defined above, after tax at the statutory rate of 35%, provided for consistency and comparability of 2012 and 2011 financial performance.

Segment operating income: Total earnings from our four segments including allocated pension expense recognized under CAS. Reconciling items to operating income are unallocated corporate expenses, including unallowable or unallocable portions of management and administration, legal, environmental, certain compensation and retiree benefits, and other expenses; net pension adjustment; and reversal of royalty income included in segment operating income. Management uses segment operating income, as reconciled in as an internal measure of financial performance of our individual operating segments.

Segment operating margin rate: Segment operating income as defined above, divided by sales. Management uses segment operating margin rate as an internal measure of financial performance.

Free cash flow: Cash provided by continuing operations less capital expenditures (including outsourcing contract & related software costs). We use free cash flow from continuing operations as a key factor in our planning for, and consideration of, strategic acquisitions, stock repurchases and the payment of dividends. This measure should not be considered in isolation, as a measure of residual cash flow available for discretionary purposes, or as an alternative to operating results presented in accordance with GAAP.
Non-GAAP Definitions

**Cash provided by continuing operations before discretionary pension contributions:** Cash provided by continuing operations before the after-tax impact of discretionary pension contributions.

**Free cash flow provided by continuing operations before discretionary pension contributions:** Free cash flow from continuing operations before the after-tax impact of discretionary pension contributions. We use free cash flow from continuing operations before discretionary pension contributions as a key factor in our planning for, and consideration of, strategic acquisitions, stock repurchases and the payment of dividends. This measure should not be considered in isolation, as a measure of residual cash flow available for discretionary purposes, or as an alternative to operating results presented in accordance with GAAP.
## Non-GAAP Reconciliations – Pension-Adjusted EPS from Continuing Operations

### Pension-adjusted Operating Highlights

<table>
<thead>
<tr>
<th></th>
<th>Fourth Quarter</th>
<th>Twelve Months</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
<td>2011</td>
</tr>
<tr>
<td>Operating income</td>
<td>$ 824</td>
<td>$ 799</td>
</tr>
<tr>
<td>Net FAS/CAS pension adjustment</td>
<td>(31)</td>
<td>(98)</td>
</tr>
<tr>
<td>Pension-adjusted operating income</td>
<td>$ 793</td>
<td>$ 701</td>
</tr>
<tr>
<td>Pension-adjusted operating margin rate</td>
<td>12.2%</td>
<td>10.8%</td>
</tr>
</tbody>
</table>

### Pension-adjusted Per Share Data

<table>
<thead>
<tr>
<th></th>
<th>Fourth Quarter</th>
<th>Twelve Months</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
<td>2011</td>
</tr>
<tr>
<td>Diluted EPS from continuing operations</td>
<td>$ 2.14</td>
<td>$ 2.09</td>
</tr>
<tr>
<td>After-tax net FAS/CAS pension adjustment per share</td>
<td>(0.08)</td>
<td>(0.24)</td>
</tr>
<tr>
<td>Pension-adjusted diluted EPS from continuing operations</td>
<td>$ 2.06</td>
<td>$ 1.85</td>
</tr>
</tbody>
</table>

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Weighted average shares outstanding — Basic</td>
<td>243.4</td>
</tr>
<tr>
<td>Dilutive effect of stock options and stock awards</td>
<td>5.5</td>
</tr>
<tr>
<td>Weighted average shares outstanding — Diluted</td>
<td>248.9</td>
</tr>
</tbody>
</table>
## Non-GAAP Reconciliations – Cash Metrics

<table>
<thead>
<tr>
<th>$ millions</th>
<th>Fourth Quarter</th>
<th>Twelve Months</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
<td>2011</td>
</tr>
<tr>
<td>Cash provided by continuing operations before discretionary pension contributions</td>
<td>$1,029</td>
<td>$1,602</td>
</tr>
<tr>
<td>After-tax discretionary pension pre-funding impact</td>
<td>28</td>
<td>(281)</td>
</tr>
<tr>
<td>Cash provided by continuing operations</td>
<td>$1,057</td>
<td>$1,321</td>
</tr>
<tr>
<td>Less: capital expenditures</td>
<td>(135)</td>
<td>(166)</td>
</tr>
<tr>
<td>Free cash flow provided by continuing operations</td>
<td>$ 922</td>
<td>$1,155</td>
</tr>
<tr>
<td>After-tax discretionary pension pre-funding impact</td>
<td>(28)</td>
<td>281</td>
</tr>
<tr>
<td>Free cash flow provided by continuing operations before discretionary pension contributions</td>
<td>$ 894</td>
<td>$1,436</td>
</tr>
</tbody>
</table>
Non-GAAP Reconciliations – Segment Operating Income

<table>
<thead>
<tr>
<th>$ millions</th>
<th>Fourth Quarter</th>
<th>Twelve Months</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
<td>2011</td>
</tr>
<tr>
<td>Sales</td>
<td>$ 6,476</td>
<td>$ 6,506</td>
</tr>
<tr>
<td>Segment operating income</td>
<td>875</td>
<td>773</td>
</tr>
<tr>
<td>Segment operating margin rate</td>
<td>13.5%</td>
<td>11.9%</td>
</tr>
</tbody>
</table>

Reconciliation to operating income

<table>
<thead>
<tr>
<th></th>
<th>Fourth Quarter</th>
<th>Twelve Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unallocated corporate expenses</td>
<td>$ (79)</td>
<td>$ (70)</td>
</tr>
<tr>
<td>Net pension adjustment</td>
<td>31</td>
<td>98</td>
</tr>
<tr>
<td>Other</td>
<td>(3)</td>
<td>(2)</td>
</tr>
<tr>
<td>Operating income</td>
<td>$ 824</td>
<td>$ 799</td>
</tr>
<tr>
<td>Operating margin rate</td>
<td>12.7%</td>
<td>12.3%</td>
</tr>
</tbody>
</table>
THE VALUE OF PERFORMANCE.

NORTHROP GRUMMAN