

NORTHROP GRUMMAN CORP /DE/
Form DEF 14A
April 04, 2014
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Northrop Grumman Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which the transaction applies:

(2) Aggregate number of securities to which the transaction applies:

(3) Per unit price or other underlying value of the transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of the transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

Table of Contents

April 4, 2014

On behalf of the Board of Directors and management team, we cordially invite you to attend Northrop Grumman Corporation's 2014 Annual Meeting of Shareholders. This year's meeting will be held Wednesday, May 21, 2014 at our principal executive office located at 2980 Fairview Park Drive, Falls Church, Virginia 22042 beginning at 8:00 a.m. Eastern Daylight Time.

We look forward to meeting those of you who are able to attend the meeting. For those who are unable to attend, live coverage of the meeting will be available on the Northrop Grumman website at www.northropgrumman.com.

At this meeting, shareholders will vote on matters set forth in the accompanying Notice of Annual Meeting and Proxy Statement. We will also provide a report on our Company and will entertain questions of general interest to the shareholders.

Your vote is important. Your proxy or voting instruction card includes specific information regarding the several ways to vote your shares. We encourage you to vote as soon as possible, even if you plan to attend the meeting. You may vote over the internet, by telephone or by mailing a proxy or voting instruction card.

Thank you for your continued interest in Northrop Grumman Corporation.

Wes Bush

Chairman, Chief Executive Officer and President

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS AND 2014 PROXY STATEMENT I

Table of Contents

Notice of 2014 Annual
Meeting of Shareholders

Wednesday, May 21, 2014
8:00 a.m., Eastern Daylight Time
Northrop Grumman Corporation, Principal Executive Office
2980 Fairview Park Drive, Falls Church, Virginia 22042

The Annual Meeting of Shareholders (Annual Meeting) of Northrop Grumman Corporation will be held on Wednesday, May 21, 2014 at 8:00 a.m. Eastern Daylight Time at our principal executive office located at 2980 Fairview Park Drive, Falls Church, Virginia 22042.

Shareholders of record at the close of business on March 18, 2014 are entitled to vote at the Annual Meeting. The following items are on the agenda:

1. The election of the 11 nominees named in the attached Proxy Statement as directors to hold office until the 2015 Annual Meeting;
 2. A proposal to approve, on an advisory basis, the compensation of our named executive officers;
 3. A proposal to ratify the appointment of Deloitte & Touche LLP as our independent auditor for the year ending December 31, 2014;
 4. One shareholder proposal included and discussed in the accompanying Proxy Statement; and
 5. Other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.
- All shareholders are invited to attend the Annual Meeting. To be admitted you will need proof of stock ownership and a form of photo identification. If your broker holds your shares in "street name," you will also need proof of beneficial ownership of Northrop Grumman common stock.

We encourage all shareholders to vote on the matters described in the accompanying proxy statement. Please see the section entitled "Questions and Answers About the Annual Meeting" on page 1 for information about voting by mail, telephone, internet, mobile device or in person at the Annual Meeting.

By order of the Board of Directors,

Jennifer C. McGarey
Corporate Vice President and Secretary

April 4, 2014

Important Notice Regarding the Availability of Proxy Materials for the Shareholders Meeting to be held on May 21, 2014: The Proxy Statement for the 2014 Annual Meeting of Shareholders and the Annual Report for the year ended December 31, 2013 are available at: www.edocumentview.com/noc.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS AND 2014 PROXY STATEMENT I

Table of Contents

PROXY STATEMENT SUMMARY

This summary highlights information contained elsewhere in this Proxy Statement, reflecting important business, compensation and corporate governance highlights. For additional information about these topics, please refer to the discussions contained in this Proxy Statement and in our Annual Report on Form 10-K for the year ended December 31, 2013 (2013 Form 10-K) filed with the United States (U.S.) Securities and Exchange Commission on February 3, 2014. This Proxy Statement contains certain non-GAAP financial measures. We have identified these measures with an asterisk; for more information, including reconciliations to the nearest GAAP measure, see "Miscellaneous - Use of Non-GAAP Financial Measures."

2013 Performance Highlights (page 29)

In 2013, we continued to focus on performance, cash deployment and portfolio to create long-term value for our shareholders. 2013 was another year of strong financial performance for the Company in a challenging and uncertain budget environment for our primary customer, the U.S. government. We sustained the operating performance improvements we achieved in 2012, and continued to deploy our cash to create shareholder value. We achieved higher diluted earnings per share (EPS), a 12.5% segment operating margin rate*, \$2.5 billion of cash provided by operations, and \$2.1 billion of free cash flow*. We returned 138% of reported free cash flow to our shareholders through share repurchases and dividends, and we announced our goal of retiring 60 million shares, or approximately 25% of our shares, by the end of 2015, market conditions permitting. Our stock price substantially outperformed the major market indices in 2013. Our share price increased 70% and total shareholder return (TSR) for 2013 was 74.4%. The following are some of our 2013 financial highlights:

7% increase in diluted EPS to \$8.35 per share	\$2.9 billion distributed to our shareholders - 138% of Free Cash Flow	\$545 million paid in dividends 11% quarterly dividend increase, 10th consecutive annual increase	27.3 million shares repurchased for \$2.4 billion - weighted average diluted shares outstanding reduced by 8%	\$20.9 billion of net new awards \$37 billion total backlog at 12/31/13
--	--	--	---	--

2013 Executive Compensation Highlights (page 28)

We continued to demonstrate our commitment and alignment to shareholders through our performance-based executive compensation programs. We added a fourth financial metric, pension-adjusted net income, to our Annual Incentive Plan (AIP) to reflect an integrated metric for both top line and bottom line performance. While we sustained strong financial performance in 2013 as compared to our performance in 2012, and achieved above target for three of the four 2013 AIP metrics, our AIP payout declined to 144% from 183% in 2012. We again achieved above target for our two Long-Term Incentive Plan (LTIP) metrics, which measure relative TSR, and the LTIP payout was comparable to 2012. Following are some additional highlights of our 2013 executive compensation approach:

70% of Annual LTIP Equity Grant TSR Performance-Based	Stock Ownership Guidelines for All Officers: CEO 7x NEOs 3x	3-Year Mandatory Holding Period for 50% of Vested Shares	Recoupment Policy on Incentive Payouts	No Individual Change in Control Agreements
---	---	--	--	--

Table of Contents

PROXY STATEMENT SUMMARY

Board Nominees (pages 3-8)

Name	Director		Professional Background	Independent		Committee Memberships
	Age since			Yes	No	
Wesley G. Bush	53	2009	Chairman, CEO and President, Northrop Grumman Corporation		X	—
Victor H. Fazio	71	2000	Senior Advisor, Akin Gump Strauss Hauer & Feld LLP; Former Member of Congress	X		Audit, Policy
Donald E. Felsing	66	2007	Former Chairman and CEO, Sempra Energy	X		Compensation, Governance
Bruce S. Gordon	68	2008	Former President and CEO, NAACP; Former President, Retail Markets Group, Verizon Communications Inc.	X		Compensation, Policy
William H. Hernandez	66	2013	Former Senior Vice President and CFO, PPG Industries, Inc.	X		Audit, Policy
Madeleine A. Kleiner	62	2008	Former Executive Vice President and General Counsel, Hilton Hotels Corporation	X		Audit, Governance
Karl J. Krapek	65	2008	Former President and COO, United Technologies Corporation	X		Compensation, Governance
Richard B. Myers	72	2006	Retired General, United States Air Force and Former Chairman of the Joint Chiefs of Staff	X		Compensation, Policy
Gary Roughead	62	2012	Retired Admiral, United States Navy and Former Chief of Naval Operations	X		Audit, Policy
Thomas M. Schoewe	61	2011	Former Executive Vice President and CFO, Wal-Mart Stores, Inc.	X		Audit, Policy
Kevin W. Sharer	66	2003	Former Chairman and CEO, Amgen Inc.	X		Compensation, Governance

In accordance with our retirement policy, Stephen E. Frank and Aulana L. Peters, directors who served during 2013, will not stand for reelection at the 2014 Annual Meeting as they each will have attained their 72nd birthday prior to the Annual Meeting. As provided for under our retirement policy, the Board determined that due to special circumstances, including his background and role in support of certain strategic undertakings, it was in the best interest of the Company and our shareholders for General Myers to continue to serve as a director beyond his 72nd birthday.

Governance Highlights (pages 9-15)

We are committed to high standards of corporate governance and have a robust corporate governance program intended to promote the long-term success of our Company. Some highlights of our corporate governance practices are listed below.

Number of Independent Directors	10 of 11
Audit and Compensation Committees Comprised Entirely of Independent Directors	YES
Annual Election of All Directors	YES
Lead Independent Director	YES
Majority Voting for Directors in Uncontested Elections	YES
Annual Board and Committee Self-Evaluations	YES
Ability to Act by Written Consent	YES

Ability of Shareholders to Call a Special Meeting	YES
Annual Advisory Vote on Executive Compensation	YES
Recoupment Policy for All Incentive Compensation	YES
Stock Ownership Guidelines for Directors and Executive Officers	YES
Policy Prohibiting Hedging and Pledging of Company Stock by Directors and Executive Officers	YES

ii I NOTICE OF ANNUAL MEETING OF SHAREHOLDERS AND 2014 PROXY STATEMENT

Table of Contents

PROXY STATEMENT SUMMARY

Shareholder Engagement

We regularly engage with our shareholders to understand better their perspectives on our Company, including their thoughts and priorities with respect to matters of executive compensation and corporate governance. This regular dialogue has helped inform the Board's decisions. For example, as a result of this dialogue, we no longer issue stock options and now issue full-value shares which we believe provide a stronger linkage to shareholder interests. We will maintain this active engagement to inform our actions.

Annual Shareholders' Meeting

Time: May 21, 2014, 8:00 a.m., Eastern Daylight Time

Record Date: You can vote if you were a shareholder of record at the close of business on March 18, 2014.

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

Admission: You will need proof of stock ownership and a form of photo identification.

Voting Matters and Board Recommendations

	Board Vote Recommendation	Page Reference
Election of Directors	FOR each Director Nominee	3
Advisory Vote on Compensation of Named Executive Officers	FOR	26
Ratification of Deloitte & Touche LLP as Independent Auditor	FOR	55
Shareholder Proposal - Regarding Independent Board Chairman	AGAINST	57

How to Cast Your Vote (page 2)

You can vote by any of the following methods:

By Internet - log on to www.envisionreports.com/noc

By QR Code - scan the QR code on your proxy card, notice of availability or voting instruction form with your mobile device

By Mail - request a paper copy of the proxy materials via www.envisionreports.com/noc to receive a proxy card and vote by marking the voting instructions on the proxy card

In Person - All shareholders are invited to attend the Annual Meeting. You will need proof of stock ownership and a form of photo identification.

By Telephone - call 800-652-VOTE (800-652-8683) (toll-free)

Table of Contents

TABLE OF CONTENTS

<u>QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING</u>	1
<u>PROPOSAL ONE: ELECTION OF DIRECTORS</u>	3
<u>2014 Nominees for Director</u>	3
<u>CORPORATE GOVERNANCE</u>	9
<u>Role of the Board</u>	9
<u>Board Leadership Structure</u>	10
<u>Committees of the Board of Directors</u>	11
<u>Board Meetings and Executive Sessions</u>	12
<u>Meeting Attendance</u>	13
<u>Director Independence</u>	13
<u>Director Election and Nomination Process</u>	14
<u>Director Qualifications</u>	14
<u>Board Membership</u>	14
<u>Effect of a Failure by an Incumbent Director to Receive the Required Vote or Obtain and Retain Security Clearance</u>	15
<u>Evaluation and Succession Planning</u>	15
<u>Departure and Election of Directors</u>	15
<u>Communications with the Board of Directors</u>	15
<u>COMPENSATION OF DIRECTORS</u>	16
<u>Director Compensation Table</u>	17
<u>TRANSACTIONS WITH RELATED PERSONS AND CONTROL PERSONS</u>	20
<u>Related Person Transaction Policy</u>	20
<u>Certain Relationships and Related Person Transactions</u>	20
<u>Compensation Committee Interlocks and Insider Participation</u>	20
<u>SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	22
<u>VOTING SECURITIES AND PRINCIPAL HOLDERS</u>	23
<u>EQUITY COMPENSATION PLAN INFORMATION</u>	25
<u>PROPOSAL TWO: ADVISORY VOTE ON THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS</u>	26

Table of Contents

TABLE OF CONTENTS

<u>EXECUTIVE COMPENSATION</u>	<u>27</u>
<u>Compensation Discussion and Analysis</u>	<u>27</u>
<u>Summary Compensation Table</u>	<u>42</u>
<u>2013 Grants of Plan-Based Awards</u>	<u>44</u>
<u>Outstanding Equity Awards at 2013 Fiscal Year End</u>	<u>45</u>
<u>2013 Option Exercises and Stock Vested</u>	<u>46</u>
<u>2013 Pension Benefits</u>	<u>47</u>
<u>2013 Nonqualified Deferred Compensation</u>	<u>51</u>
<u>Termination Payments and Benefits</u>	<u>53</u>
<u>PROPOSAL THREE: RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITOR</u>	<u>55</u>
<u>AUDIT COMMITTEE REPORT</u>	<u>56</u>
<u>PROPOSAL FOUR: SHAREHOLDER PROPOSAL</u>	<u>57</u>
<u>Shareholder Proposal Regarding Independent Board Chairman</u>	<u>57</u>
<u>Board of Directors' Statement in Opposition to Proposal Four</u>	<u>57</u>
<u>MISCELLANEOUS</u>	<u>59</u>
<u>Voting on Other Matters</u>	<u>59</u>
<u>Shareholder Proposals for 2015 Annual Meeting</u>	<u>59</u>
<u>Shareholder Nominees for Director Election at 2015 Annual Meeting</u>	<u>59</u>
<u>Householding Information</u>	<u>59</u>
<u>Cost of Soliciting Proxies</u>	<u>59</u>
<u>Available Information</u>	<u>60</u>
<u>Use of Non-GAAP Financial Measures</u>	<u>60</u>

v I NOTICE OF ANNUAL MEETING OF SHAREHOLDERS AND 2014 PROXY STATEMENT

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

Why am I receiving this Proxy Statement?

You are receiving this Proxy Statement in connection with the solicitation of proxies by the Board of Directors of Northrop Grumman Corporation for use at the 2014 Annual Meeting of Shareholders (Annual Meeting). We intend to mail a Notice of Internet Availability of Proxy Materials to shareholders of record and to make this Proxy Statement and accompanying materials available on the internet on or about April 4, 2014.

Who is entitled to vote at the Annual Meeting?

You may vote your shares of our common stock if you owned your shares as of the close of business on March 18, 2014 (Record Date). As of March 18, 2014, there were 215,838,316 shares of our common stock outstanding. You may cast one vote for each share of common stock you hold as of the Record Date on all matters presented.

How many votes must be present to hold the Annual Meeting?

The presence in person or by proxy of the holders of a majority of the shares entitled to vote at the Annual Meeting will constitute a quorum at the Annual Meeting. Persons returning executed proxy cards will be counted as present for purposes of establishing a quorum even if they abstain from voting on any or all proposals. Shares held by brokers who vote such shares on any proposal will be counted as present for purposes of establishing a quorum, and broker non-votes on other proposals will not affect the presence of a quorum.

How can I receive a paper copy of the proxy materials?

Instead of mailing a printed copy of this Proxy Statement and accompanying materials to each shareholder of record, we have elected to provide a Notice of Internet Availability of Proxy Materials (Notice) as permitted by the rules of the SEC. The Notice instructs you as to how you may access and review all of the proxy materials and how you may provide your proxy. If you would like to receive a printed or e-mail copy of this Proxy Statement and accompanying materials from us, you must follow the instructions for requesting such materials included in the Notice.

What am I being asked to vote on and what are the Board of Directors' recommendations?

The following table lists the proposals scheduled to be voted on, the vote required for approval of each proposal and the effect of abstentions and broker non-votes:

Proposal	Board Recommendation	Vote Required	Abstentions	Broker Non-Votes	Unmarked Proxy Cards
Election of Directors (Proposal One)	FOR	Majority of votes cast	No effect	No effect	Voted "FOR"
Advisory Vote on Compensation of Named Executive Officers (Proposal Two)	FOR	Majority of votes cast	No effect	No effect	Voted "FOR"
Ratification of Appointment of Deloitte & Touche LLP for 2014 (Proposal Three)	FOR	Majority of votes cast	No effect	No effect	Voted "FOR"
Shareholder Proposal - Regarding Independent Board Chairman (Proposal Four)	AGAINST	Majority of votes cast	No effect	No effect	Voted "AGAINST"

What is a broker non-vote?

Brokers who hold shares of common stock for the accounts of their clients may vote these shares either as directed by their clients or in their own discretion if permitted by the stock exchanges or other organizations of which they are members. Members of the New York Stock Exchange (NYSE) are permitted to vote their clients' proxies in their own discretion on certain matters if the clients have not furnished voting instructions within ten days of the meeting. However, NYSE Rule 452 defines various proposals as "non-discretionary," and brokers who have not received

instructions from their clients do not have discretion to vote on those items. When a broker votes a client's shares on some but not all of the proposals at a meeting, the withheld votes are referred to as "broker non-votes." We expect the NYSE will deem Proposal Three to be discretionary such that brokers will be entitled to vote shares on behalf of their clients in the absence of instructions received ten days prior to the meeting. We expect all other votes to be non-discretionary.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS AND 2014 PROXY STATEMENT I 1

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

How do I vote my shares?

If you hold shares as a record holder, you may vote by proxy prior to the meeting, as discussed below, or you may vote in person at the Annual Meeting. Shares represented by a properly executed proxy will be voted at the meeting in accordance with the shareholder's instructions. If no instructions are given, the shares will be voted according to the recommendations of the Board of Directors. Registered shareholders and plan participants may go to www.envisionreports.com/noc to view this Proxy Statement and the Annual Report.

By Internet Registered shareholders and plan participants may vote on the internet, as well as view the documents, by logging on to www.envisionreports.com/noc and following the instructions given.

By Telephone Registered shareholders and plan participants may grant a proxy by calling 800-652-VOTE (800-652-8683) (toll-free) with a touch-tone telephone and following the recorded instructions.

By QR Code Registered shareholders and plan participants may vote by scanning the QR code on their proxy card or notice of availability with their mobile device.

By Mail Registered shareholders and plan participants must request a paper copy of the proxy materials to receive a proxy card and may vote by marking the voting instructions on the proxy card and following the instructions given for mailing. A paper copy of the proxy materials may be obtained by logging on to www.envisionreports.com/noc and following the instructions given.

If any other matters are properly brought before the meeting, the proxy card gives discretionary authority to the proxyholders named on the card to vote the shares in their best judgment. A shareholder who executes a proxy may revoke it at any time before its exercise by delivering a written notice of revocation to the Corporate Secretary or by signing and delivering another proxy that is dated later. A shareholder attending the meeting in person may revoke the proxy by giving notice of revocation to the inspector of election at the meeting or by voting at the meeting.

How do I vote my shares if they are held by a bank, broker or other agent?

Persons who own stock beneficially through a bank, broker or other agent may not vote directly and will need to instruct the record owner to vote their shares using the procedure identified by the bank, broker or other agent. Beneficial owners who hold our common stock in "street name" through a broker receive voting instruction forms from their broker. Most beneficial owners will be able to provide voting instructions by telephone or on the internet by following the instructions on the form they receive from their broker. Beneficial owners may view this Proxy Statement and the Annual Report on the internet by logging on to www.edocumentview.com/noc. A person who beneficially owns shares of our common stock through a bank, broker or other agent can vote his or her shares in person only if he or she obtains from the bank, broker or other nominee a proxy, often referred to as a "legal proxy," to vote those shares, and presents the proxy to the inspector of election at the meeting together with his or her ballot.

How do I vote my shares held under a Northrop Grumman savings plan?

If shares are held on an individual's behalf under any of our savings plans, the proxy will serve to provide confidential instructions to the plan Trustee or Voting Manager who then votes the participant's shares in accordance with the individual's instructions. For those participants who do not vote their plan shares, the applicable Trustee or Voting Manager will vote their plan shares in the same proportion as shares held under the plan for which voting directions have been received, unless the Employee Retirement Income Security Act (ERISA) requires a different procedure. Voting instructions from savings plan participants must be received by the applicable plan Trustee or Voting Manager by 11:59 p.m. Eastern Daylight Time on May 18, 2014 in order to be used by the plan Trustee or Voting Manager to determine the votes cast with respect to plan shares.

Table of Contents

PROPOSAL ONE:
ELECTION OF DIRECTORS

2014 Nominees for Director

Our Board has nominated 11 directors for election at the Annual Meeting. Each of the director nominees has consented to serve, and we do not know of any reason why any of them would be unable to serve, if elected. If a nominee becomes unavailable or unable to serve before the Annual Meeting (for example, due to serious illness), the Board may determine to leave the position vacant, reduce the number of authorized directors or designate a substitute nominee. If any nominee becomes unavailable for election to the Board, an event which is not anticipated, the proxyholders have full discretion and authority to vote, or refrain from voting, for any other nominee in accordance with their judgment.

The following pages contain biographical and other information about each of the nominees. In addition, we have provided information regarding some of the particular experiences, qualifications, attributes and skills that led the Board to conclude that each nominee should serve as a director.

Unless instructed otherwise, the proxyholders will vote the proxies received by them for the election of the director nominees listed below.

WESLEY G. BUSH, 53

Chairman, Chief Executive Officer and President, Northrop Grumman Corporation.

Director since 2009

Mr. Wesley G. Bush was elected Chief Executive Officer and President of the Company effective January 1, 2010 and Chairman of the Board of Directors effective July 19, 2011. Mr. Bush served as President and Chief Operating Officer from March 2007 through December 2009, as President and Chief Financial Officer from May 2006 through March 2007, and as Corporate Vice President and Chief Financial Officer from March 2005 to May 2006. Following the acquisition of TRW Inc. (TRW) by the Company, he was named Corporate Vice President and President of the Space Technology sector. Mr. Bush joined TRW in 1987 and during his career with that company held various leadership positions including President and CEO of TRW Aeronautical Systems. He is a director of Norfolk Southern Corporation. He serves on the boards of several non-profit organizations, including the Aerospace Industries Association, the Business Higher Education Forum, Conservation International, INOVA Health Systems, the Naval Academy Foundation and the Congressional Medal of Honor Foundation.

Attributes, Skills and Qualifications

- Significant business experience with over 30 years in the aerospace and defense industry
- Prior leadership positions within Northrop Grumman (including as Chief Operating Officer, Chief Financial Officer and Sector President)

Extensive international business experience

Extensive leadership roles in community service

Table of Contents

PROPOSAL ONE:
ELECTION OF DIRECTORS

VICTOR H. FAZIO, 71

Senior Advisor, Akin Gump Strauss Hauer & Feld LLP, a law firm.

Director since 2000

Member of the Audit Committee and Policy Committee

Mr. Victor H. Fazio was named Senior Advisor at Akin Gump Strauss Hauer & Feld LLP in May 2005 after serving as senior partner at Clark & Weinstock since 1999. Prior to that, Mr. Fazio was a Member of Congress for 20 years representing California's third congressional district. During that time, he served as a member of the Armed Services, Budget and Ethics Committees and was a member of the House Appropriations Committee where he served as Subcommittee Chair or ranking member for 18 years. Mr. Fazio was a member of the elected leadership in the House from 1989 to 1998 including four years as Chair of his Party's Caucus, the third ranking position. From 1975 to 1978, Mr. Fazio served in the California Assembly and was a member of the staff of the California Assembly Speaker from 1971 to 1975. He is a member of the board of directors of various private companies and non-profit organizations including the Ice Energy Corporation, Energy Future Coalition, the Campaign Finance Institute, the Committee for a Responsible Federal Budget, Center for Strategic Budgetary Assessments, The Information Technology and Innovation Foundation, UC Davis Medical School Advisory Board and the National Parks Conservation Association.

Attributes, Skills and Qualifications

20 years service as a member of Congress, including as a member of the House Appropriations Committee and Armed Services Committee, providing significant expertise in budgeting, appropriations and national security

Extensive public policy experience

Broad-based corporate governance expertise from prior board experience with the American Stock Exchange and service as Chair of our Governance Committee

DONALD E. FELSINGER, 66

Lead Independent Director of the Board of Directors, Northrop Grumman Corporation.

Former Chairman and Chief Executive Officer, Sempra Energy, an energy services holding company.

Director since 2007

Member of the Compensation Committee and Governance Committee

Mr. Donald E. Felsinger is the former Chairman and Chief Executive Officer of Sempra Energy. From July 2011 through his retirement in November 2012, he served as Executive Chairman of the Board of Directors of Sempra Energy, and from February 2006 through June 2011, he was Sempra's Chairman and CEO. Prior to that, Mr. Felsinger was President and Chief Operating Officer of Sempra Energy from January 2005 to February 2006 and a member of the Board of Directors. From 1998 through 2004, he was Group President and Chief Executive Officer of Sempra Global. Prior to the merger that formed Sempra Energy he served as President and Chief Operating Officer of Enova Corporation, the parent company of San Diego Gas & Electric (SDG&E). Prior positions included President and Chief Executive Officer of SDG&E, Executive Vice President of Enova Corporation and Executive Vice President of SDG&E. Mr. Felsinger serves on the board of Archer Daniels Midland.

Attributes, Skills and Qualifications

Extensive business experience as Chief Executive Officer, a board member and Chairman of other Fortune 500 companies in regulated industries

Significant experience in corporate governance and strategy

In-depth knowledge of executive compensation and benefits

4 I NOTICE OF ANNUAL MEETING OF SHAREHOLDERS AND 2014 PROXY STATEMENT

Table of Contents

PROPOSAL ONE:
ELECTION OF DIRECTORS

BRUCE S. GORDON, 68

Former President & CEO, NAACP and Former President, Retail Markets Group, Verizon Communications Inc., a telecommunications company.

Director since 2008

Member of the Compensation Committee and Policy Committee (Chair)

Mr. Bruce S. Gordon served as President and Chief Executive Officer of the National Association for the Advancement of Colored People from June 2005 to March 2007. In 2003, Mr. Gordon retired from Verizon Communications Inc., where he had served as President, Retail Markets Group since 2000. Prior to that, Mr. Gordon served as Group President of the Enterprise Business Unit, President of Consumer Services, Vice President of Marketing and Sales and Vice President of Sales for Bell Atlantic Corporation (Verizon's predecessor). He is a member of the board of directors of the National Underground Railroad Freedom Center and the Newport Festival Foundation and a member of the Executive Leadership Council. Mr. Gordon is a director of CBS Corporation and the Non-Executive Chair of The ADT Corporation. He currently serves as a diversity consultant to several Fortune 500 companies.

Attributes, Skills and Qualifications

Extensive leadership and business skills acquired from his experience with corporate and non-profit enterprises
National leader on issues of diversity and inclusion
Significant board experience, including as non-executive chair

WILLIAM H. HERNANDEZ, 66

Former Senior Vice President and Chief Financial Officer, PPG Industries, Inc., a manufacturer of chemical and industrial products.

Director since 2013

Member of the Audit Committee (Chair) and Policy Committee

Mr. William H. Hernandez served as Senior Vice President, Finance, and Chief Financial Officer of PPG Industries, Inc. (PPG), from 1995 until his retirement in 2009. Prior to that, he was PPG's corporate controller from 1990 to 1994. Mr. Hernandez previously held a number of positions with Borg-Warner Corporation and Ford Motor Company. Mr. Hernandez is a certified management accountant and has taught finance and management courses at Marietta College. He was named Best CFO for the chemical industry four times by Institutional Investor magazine. He is a member of the board of directors of Albermarle Corporation, Black Box Corporation and USG Corporation.

Attributes, Skills and Qualifications

Extensive experience and expertise in areas of finance, accounting and business management acquired as Chief Financial Officer of PPG Industries
Significant experience in areas of risk management
Audit committee financial expert

Table of Contents

PROPOSAL ONE:
ELECTION OF DIRECTORS

MADELEINE A. KLEINER, 62

Former Executive Vice President and General Counsel, Hilton Hotels Corporation, a hotel and resort company.

Director since 2008

Member of the Audit Committee and Governance Committee

Ms. Madeleine A. Kleiner served as Executive Vice President, General Counsel and Corporate Secretary for Hilton Hotels Corporation from January 2001 until February 2008 when she completed her responsibilities in connection with the sale of the company. From 1999 through 2001, she served as a director of a number of Merrill Lynch mutual funds operating under the Hotchkis and Wiley name. Ms. Kleiner served as Senior Executive Vice President, Chief Administrative Officer and General Counsel of H.F. Ahmanson & Company and its subsidiary, Home Savings of America, until the company was acquired in 1998, and prior to that was a partner at the law firm of Gibson, Dunn and Crutcher where she advised corporations and their boards primarily in the areas of mergers and acquisitions, corporate governance and securities transactions and compliance. Ms. Kleiner currently serves on the board of directors of Jack in the Box Inc. Ms. Kleiner is a member of the UCLA Medical Center Board of Advisors and a member of the board of the New Village Charter School.

Attributes, Skills and Qualifications

Expertise in corporate governance, implementation of Sarbanes-Oxley controls, risk management, securities transactions and mergers and acquisitions

Significant experience from past roles as general counsel for two public companies, outside counsel to numerous public companies and through service on another public company board

Audit committee financial expert

KARL J. KRAPEK, 65

Former President and Chief Operating Officer, United Technologies Corporation, an aerospace and building systems company.

Director since 2008

Member of the Compensation Committee and Governance Committee (Chair)

Mr. Karl J. Krapek served as President and Chief Operating Officer of United Technologies Corporation from 1999 until his retirement in January 2002. At United Technologies Corporation, he served for 20 years in various management positions, including Executive Vice President and director in 1997; President and Chief Executive Officer of Pratt & Whitney in 1992; Chairman, President and Chief Executive Officer of Carrier Corporation in 1990; and President of Otis Elevator Company in 1989. Prior to joining United Technologies Corporation, he was Manager of Car Assembly Operations for the Pontiac Motor Car Division of General Motors Corporation. In 2002, Mr. Krapek became a co-founder of The Keystone Companies, which develops residential and commercial real estate. He chairs the Strategic Planning Committee for the board of directors at St. Francis Care, Inc. Mr. Krapek is a director of Prudential Financial, Inc. He was also a director of The Connecticut Bank and Trust Company and Visteon Corporation during the past five years.

Attributes, Skills and Qualifications

Extensive industry experience and leadership skills

Deep operational experience in aerospace and defense, domestic and international business operations and technology and lean manufacturing
Significant public company board experience

6 I NOTICE OF ANNUAL MEETING OF SHAREHOLDERS AND 2014 PROXY STATEMENT

Table of Contents

PROPOSAL ONE:
ELECTION OF DIRECTORS

RICHARD B. MYERS, 72

General, United States Air Force (Ret.) and Former Chairman of the Joint Chiefs of Staff.

Director since 2006

Member of the Compensation Committee and Policy Committee

General Richard B. Myers retired from his position as the fifteenth Chairman of the Joint Chiefs of Staff, the U.S. military's highest ranking officer, in September 2005 after serving in that position for four years. In this capacity, he served as the principal military advisor to the President, the Secretary of Defense and the National Security Council. Prior to becoming Chairman, he served as Vice Chairman of the Joint Chiefs of Staff from March 2000 to September 2001. As the Vice Chairman, General Myers served as the Chairman of the Joint Requirements Oversight Council, Vice Chairman of the Defense Acquisition Board, and as a member of the National Security Council Deputies Committee and the Nuclear Weapons Council. During his military career, General Myers' commands included Commander in Chief, North American Aerospace Defense Command and U.S. Space Command; Commander, Air Force Space Command; Commander Pacific Air Forces; and Commander of U.S. Forces Japan and 5th Air Force at Yokota Air Base, Japan. General Myers is a director of Deere & Company, United Technologies Corporation and Aon Corporation and is Chairman of the Board of Governors of the USO. He is also Foundation Professor of Military History and Leadership at Kansas State University and occupies the Colin L. Powell Chair for National Security Ethics, Leadership and Character at the National Defense University.

Attributes, Skills and Qualifications

Extensive career as a senior military officer and Chairman of the Joint Chiefs of Staff, having held leadership positions at the highest levels of the United States armed forces

Leading expert on national security and global geo-political issues

Extensive experience with Department of Defense operations and requirements and in-depth knowledge on issues related to the intelligence community

GARY ROUGHEAD, 62

Admiral, United States Navy (Ret.) and Former Chief of Naval Operations.

Director since 2012

Member of the Audit Committee and Policy Committee

Admiral Gary Roughead retired from his position as the 29th Chief of Naval Operations in September 2011, after serving in that position for four years. The Chief of Naval Operations is the senior military position in the United States Navy. As Chief of Naval Operations, Admiral Roughead stabilized and accelerated ship and aircraft procurement plans and the Navy's capability and capacity in ballistic missile defense and unmanned air and underwater systems. He restructured the Navy to address the challenges and opportunities in cyber operations. Prior to becoming the Chief of Naval Operations, he held six operational commands (including commanding both the Atlantic and Pacific Fleets). Admiral Roughead is a Distinguished Fellow at the Hoover Institution. He is also a member of the Council on Foreign Relations and is a director of Project HOPE and a trustee of the Dodge & Cox Funds, the Darden School of Business Foundation, CNA, a not-for-profit research and analysis organization, and the Woods Hole Oceanographic Institution.

Attributes, Skills and Qualifications

Extensive career as a senior military officer with the United States Navy, including numerous operational commands, as well as leadership positions, most recently as the 29th Chief of Naval Operations

Significant expertise in national security, information warfare, cyber operations and global security issues

Broad experience in leadership and matters of global relations

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS AND 2014 PROXY STATEMENT I 7

Table of Contents

PROPOSAL ONE:
ELECTION OF DIRECTORS

THOMAS M. SCHOEWE, 61

Former Executive Vice President and Chief Financial Officer, Wal-Mart Stores, Inc., an operator of retail stores.

Director since 2011

Member of the Audit Committee and Policy Committee

Mr. Thomas M. Schoewe was Executive Vice President and Chief Financial Officer of Wal-Mart Stores Inc. from 2000 to 2011. Prior to his employment with Wal-Mart, he held several roles at the Black and Decker Corporation, including Senior Vice President and Chief Financial Officer from 1996 to 1999, Vice President and Chief Financial Officer from 1993 to 1999, Vice President of Finance from 1989 to 1993 and Vice President of Business Planning and Analysis from 1986 to 1989. Before joining Black and Decker, Mr. Schoewe worked for Beatrice Companies, where he was Chief Financial Officer and Controller of one of its subsidiaries, Beatrice Consumer Durables Inc.

Mr. Schoewe serves on the Boards of Directors of General Motors Corporation and Kohlberg Kravis Roberts and Company. He also served as a director of PulteGroup Inc. during the last five years.

Attributes, Skills and Qualifications

Extensive financial experience acquired through positions held as the Chief Financial Officer of large public companies, as well as expertise in implementation of Sarbanes-Oxley controls, risk management and mergers and acquisitions

Significant international experience through his service as an executive of large public companies with substantial international operations

Extensive experience as a member of the audit committee of other public companies; audit committee financial expert

KEVIN W. SHARER, 66

Senior Lecturer at Harvard Business School and Former Chairman and Chief Executive Officer, Amgen Inc., a biotechnology company.

Director since 2003

Member of the Compensation Committee (Chair) and Governance Committee

Mr. Kevin W. Sharer has served as a Senior Lecturer at Harvard Business School since 2012. He served as Chairman of the Board of Directors of Amgen from January 2001 to December 2012. From May 2000 to May 2012, he served as Amgen's Chief Executive Officer. Mr. Sharer joined Amgen in 1992 as President, Chief Operating Officer and a member of its board of directors. Before joining Amgen, Mr. Sharer was Executive Vice President and President of the Business Markets Division at MCI Communications. Prior to MCI, he served in a variety of executive capacities at General Electric and was a consultant for McKinsey & Company. He is Chairman of the board of trustees of the Los Angeles County Museum of Natural History and is a member of the U.S. Naval Academy Foundation Board.

Mr. Sharer also serves on the board of directors of Chevron Corporation.

Attributes, Skills and Qualifications

Significant business expertise as the former Chief Executive Officer and Chairman of a large public company

Extensive understanding of issues of corporate strategy and corporate leadership

Defense industry insight as a former officer in the U.S. Navy

Vote Required

To be elected, a nominee must receive more votes cast "for" than votes cast "against" his or her election. Abstentions and broker non-votes will have no effect on this proposal. If a nominee is not re-elected, he or she will remain in office until a successor is elected or until his or her earlier resignation or removal.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" THE 11 NOMINEES FOR DIRECTOR LISTED ABOVE.

8 I NOTICE OF ANNUAL MEETING OF SHAREHOLDERS AND 2014 PROXY STATEMENT

Table of Contents

CORPORATE GOVERNANCE

Overview

We are committed to high standards of corporate governance, consistent with our core values of sustainable performance, ethics and compliance. With strong oversight from the Board, our corporate governance regime is intended to promote the long-term success of our Company to benefit our shareholders, customers and employees.

Our Board has adopted Principles of Corporate Governance and Standards of Business Conduct to help guide and promote our good corporate governance and responsible business practices.

Our Principles of Corporate Governance outline the role and responsibilities of our Board, set forth additional independence requirements for our directors and provide guidelines for Board leadership and Board and committee membership, among other items. The Board reviews these principles at least annually and considers opportunities for improvement and modification.

Our Standards of Business Conduct apply to our directors, officers and all employees. Among other things, they:

- require high ethical standards in all aspects of our business;
- require strict adherence to all applicable laws and regulations;
- reinforce the need for avoiding actual or apparent conflicts of interest and require the responsible use of Company resources; and
- call upon all employees freely to seek guidance regarding business conduct and to raise any issues of concern (including on an anonymous basis).

Role of the Board

The primary responsibility of our Board is to foster the long-term success of the Company, promoting the interests of our shareholders. Our directors exercise their business judgment in a manner they reasonably believe to be in the best interests of the Company and our shareholders and in a manner consistent with their fiduciary responsibilities. The responsibilities of the Board include, but are not limited to, the following:

- oversee our long-term business strategies, operations and performance;
- select the Chief Executive Officer and elect officers of the Company;
- oversee our risk management activities;
- oversee senior executive succession planning;
- elect directors to fill vacant positions between Annual Meetings;
- review and approve executive compensation;
- review and approve significant corporate actions;
- oversee and evaluate management and Board performance;
- oversee our ethics and compliance programs; and
- provide advice to management.

Board's Role in Risk Oversight

As noted above, the Board is responsible for overseeing our risk management activities, among other duties. The Audit Committee assists the Board in this role. The Board and the Audit Committee actively oversee the management of risks that could impact our performance, including assessing and analyzing likely areas of future risk for our Company. The Audit Committee annually receives a report from the Chief Financial Officer addressing our risk management processes and systems, the nature of the material risks the Company faces and how the Company responds to and mitigates these risks. At least annually, the Audit Committee receives a report from our General Counsel on legal risks and how the Company is addressing and mitigating those risks. The Audit Committee also receives an annual report from our Chief Compliance Officer on the Company's compliance program overall.

Table of Contents

CORPORATE GOVERNANCE

Board Leadership Structure

The Board believes that it is in the best interests of the Company and our shareholders to have flexibility in determining the most effective leadership structure to serve the interests of the Company and our shareholders.

Chairperson of the Board

Our Bylaws provide that our directors will designate a Chairperson of the Board from among its members. The Chairperson presides at all Board and shareholder meetings. The Chairperson interacts directly with all members of the Board and assists the Board to fulfill its responsibilities. Mr. Bush, our Chief Executive Officer and President, has served as Chairman since July 2011.

Lead Independent Director

If the Chairperson is not independent, the independent directors will designate from among them a Lead Independent Director. Following our 2013 Annual Meeting, the independent directors designated Mr. Felsing as Lead Independent Director.

Our Principles of Corporate Governance set forth specific duties and responsibilities of the Lead Independent Director, which include the following:

- preside at meetings of the Board at which the Chairperson is not present, including executive sessions of the independent directors, and advise the Chairperson and CEO on decisions reached;
- advise the Chairperson on and approve meeting agendas and the information sent to the Board;
- advise the Chairperson on and approve the schedule of Board meetings to assure there is sufficient time for discussion of all agenda items;
- provide the Chairperson with input as to the preparation of Board and committee meeting agendas, taking into account the requests of the other Board and committee members;
- interview, along with the Chairperson and the Chairperson of the Governance Committee, Board candidates and make recommendations to the Governance Committee and the Board;
- has the authority to call meetings of the independent directors;
- serve as liaison between the Chairperson and the independent directors; and
- if requested by major shareholders, ensure that he is available for consultation and direct communication.

If the Board elects an independent Chairperson rather than designating a Lead Independent Director, the duties and responsibilities of the independent Chairperson are also as set forth in our Principles of Corporate Governance.

Table of Contents

CORPORATE GOVERNANCE

Committees of the Board of Directors

The Board has four standing committees: the Audit Committee, the Compensation Committee, the Governance Committee and the Policy Committee. The membership of these committees is typically determined at the organizational meeting of the Board held in conjunction with the Annual Meeting. All the committees are composed entirely of independent directors. The primary responsibilities of each of the committees are summarized below, together with a table listing the membership and chairperson of each committee as of December 31, 2013. The charters for each standing committee can be found on the Investor Relations section of our website (www.northropgrumman.com).

Audit Committee

Roles and Responsibilities

Assist the Board in its oversight of (1) the integrity of the Company's financial statements and the Company's accounting and financial reporting processes; (2) the Company's overall compliance with legal and regulatory requirements; (3) the qualifications, performance and independence of the Company's independent auditor, (4) the performance of the Company's internal audit function; and (5) the Company's system of disclosure controls and procedures and internal control over financial reporting, by:

appointing, retaining, overseeing, evaluating and terminating, if necessary, the independent auditor

reviewing and pre-approving audit and non-audit services and related fees for the independent auditor

reviewing and discussing the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q

reviewing and discussing management's assessment of, and report on, the effectiveness of the Company's internal control over financial reporting at least annually and the independent auditor's related report

reviewing with the General Counsel, at least annually, the status of significant pending litigation and various other significant legal, compliance or regulatory matters

reviewing with the Chief Compliance Officer, at least annually, the Company's compliance program

discussing guidelines and policies regarding risk assessment and risk management

reviewing any significant issues raised by the internal audit function and, as appropriate, management's actions

for remediation

establishing and periodically reviewing and discussing with management the Company's procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters

2013 Committee Members

Stephen E. Frank (chair)*
Victor H. Fazio
William H. Hernandez
Madeleine A. Kleiner
Aulana L. Peters
Gary Roughead
Thomas M. Schoewe

Number of meetings in 2013: 10

Independence, Financial Literacy and Audit Committee Financial Experts

All members are independent and financially literate

Ms. Kleiner and Peters and Messrs. Frank, Hernandez, and Schoewe each qualifies as an Audit Committee Financial Expert

*The Board named Mr. Hernandez as chairperson effective February 20, 2014.

Compensation Committee

Roles and Responsibilities

	2013 Committee Members
Assist the Board in overseeing the Company's compensation policies and practices by:	Kevin W. Sharer (chair)
approving the compensation for elected officers (other than the Chief Executive Officer,	Donald E. Felsing
whose compensation is recommended by the Committee and approved by all the independent	Bruce S. Gordon
directors)	Karl J. Krapek
establishing stock ownership guidelines and reviewing ownership levels on an annual basis	Richard B. Myers
administering incentive and equity compensation plans and approving payments or grants	
under these plans for elected officers (other than the Chief Executive Officer)	Number of meetings in
approving compensation for the independent directors	2013: 6
producing an annual report on executive compensation for inclusion in the proxy statement	
	Independence
providing support to the Board in carrying out its overall responsibilities related to	
executive compensation	All members are independent

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS AND 2014 PROXY STATEMENT I 11

Table of Contents

CORPORATE GOVERNANCE

Governance Committee

Roles and Responsibilities

Assist the Board in overseeing the Company's corporate governance practices by:
 regularly reviewing the Company's corporate governance policies and practices, including the Principles of Corporate Governance, and recommending changes to the Board
 reviewing and making recommendations to the Board regarding the composition and size of the Board
 reviewing and making recommendations to the Board regarding the criteria for Board membership, which should include among other things, diversity, experience and integrity
 identifying and recommending to the Board qualified potential candidates to serve on the Board and its committees

2013 Committee Members
 Karl J. Krapek (chair)
 Donald E. Felsing
 Madeleine A. Kleiner
 Aulana L. Peters
 Kevin W. Sharer
 Number of meetings in 2013: 5

Independence

coordinating the process for the Board to evaluate its performance
 All members are independent

Policy Committee

Roles and responsibilities

Assist the Board in overseeing policy, government relations, corporate responsibility and other matters by:
 identifying and evaluating global security, budgetary and other issues and trends that could impact the Company's business activities and performance
 reviewing and providing oversight over the Company's ethics and corporate responsibility policies and programs
 reviewing the Company's public relations and advertising strategy
 reviewing and monitoring the Company's government relations strategy and political action committee
 reviewing the Company's community relations activities

2013 Committee Members
 Bruce S. Gordon (chair)
 Victor H. Fazio
 Stephen E. Frank
 William H. Hernandez
 Richard B. Myers
 Gary Roughead
 Thomas M. Schoewe
 Number of meetings in 2013: 4

Independence

reviewing and providing oversight of the Company's environmental sustainability program
 All members are independent

Board Meetings and Executive Sessions

The Board meets no less than on a quarterly basis. Special meetings of the Board may be called from time to time as appropriate. On an annual basis, the Board holds an extended meeting to review our long-term strategy.

The Board holds its meetings at Company locations other than our corporate headquarters on a regular basis to provide the directors with a first-hand view of different elements of our business and an opportunity to interact with local management.

The Board meets in executive session (with the directors only and then with the independent directors only) following each in-person Board meeting and on other occasions as needed. The non-executive Chairperson or the Lead

Independent Director presides over the executive sessions of the independent directors. The Audit Committee meets in executive session at each in-person Audit Committee meeting, and regularly requests separate executive sessions with representatives of our independent registered public accounting firm and our senior management, including our Chief Financial Officer, General Counsel and our Vice President, Internal Audit. The Compensation Committee also meets in executive session on a regular basis and may request the Compensation Committee's compensation consultant report to the Compensation Committee in executive session. The Governance and Policy Committees also meet in executive session as they deem necessary.

12 I NOTICE OF ANNUAL MEETING OF SHAREHOLDERS AND 2014 PROXY STATEMENT

Table of Contents

CORPORATE GOVERNANCE

Meeting Attendance

During 2013, the Board held ten meetings. Each director serving in 2013 attended 75% or more of the total number of Board and committee meetings he or she was eligible to attend. Board members are expected to attend the Annual Meeting, except where the failure to attend is due to unavoidable circumstances. All directors that were members of the Board in May 2013 attended the 2013 Annual Meeting.

Director Independence

The Board has established an objective that at least 75% of our directors be independent directors. The Board and Governance Committee annually review the relevant relationships or arrangements between the Company and our directors or parties related to the directors in determining whether such directors are independent. No director is considered independent unless the Board of Directors has determined that the director meets the independence requirements under applicable NYSE and SEC rules and has no material relationship with our Company, either directly or as a partner, shareholder or officer of an organization that has a material relationship with our Company, other than as a director.

Our Principles of Corporate Governance provide that a director may be deemed not to have a material relationship with the Company if the director:

has not within the prior three years been a director, executive officer or trustee of a charitable organization that received annual contributions from the Company exceeding the greater of \$1 million or 2% of the charitable organization's annual gross revenues, where the gifts were not normal matching charitable gifts, did not go through normal corporate charitable donation approval processes or were made "on behalf of" a director;

has not, and has no immediate family member who has, within the prior three years been employed by, a partner in or otherwise affiliated with any law firm or investment bank in which the director's or the immediate family member's compensation was contingent on the services performed for the Company or in which the director or the immediate family member personally performed services for the Company and the annual fees paid by the Company during the preceding fiscal year did not exceed the greater of \$1 million or 2% of the gross annual revenues of such firm; and

has not within the prior three years owned, and has no immediate family member who owned, either directly or indirectly as a partner, shareholder or officer of another company, more than 5% of the equity of an organization that has a material business relationship with (including significant purchasers of goods or services), or more than 5% ownership in, the Company.

2013 Independence Determination

In connection with its annual independence review for 2013, the Board and Governance Committee considered the following relationships with organizations to which we have made payments or contributions in the usual course of our business. The amounts paid to these organizations were below the applicable thresholds under NYSE rules and our Principles of Corporate Governance.

• Mr. Fazio's service as a member of the board of directors of the Center for Strategic Budgetary Assessments;

• Mr. Felsinger's service as a member of the board of directors of Archer Daniels Midland;

• General Myers' service as a member of the board of directors of Aon Corporation;

• Mr. Hernandez's service as a member of the board of directors of Black Box Corporation; and

• Ms. Peters' service as a member of the board of directors of 3M Company.

The Board of Directors also considered that Ms. Kleiner, General Myers, Ms. Peters, Admiral Roughead and Mr. Sharer serve as members of the boards of charitable and other non-profit organizations to which the Company and/or the Northrop Grumman Foundation (Foundation) made contributions during 2013 in the usual course of our charitable contributions program, as well as in connection with our matching gifts program (which limits the contributions to \$10,000 per year per director).

Following its review and the recommendation of the Governance Committee, the Board affirmatively determined that all of the active directors, except Mr. Bush, our Chairman, Chief Executive Officer and President, are independent.

The independent directors serving during 2013 constituted approximately 92% of the members of our Board.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS AND 2014 PROXY STATEMENT I 13

Table of Contents

CORPORATE GOVERNANCE

Election Process

Our Bylaws and Certificate of Incorporation provide for the annual election of directors. Directors will hold office until their successors are elected and take office, they resign or they are otherwise removed. Generally, in order to be elected, a director must receive more votes cast for than against his or her election, unless one or more shareholders provide notice of an intention to nominate one or more candidates to compete with the Board's nominees for election.

Director Nominations

The Governance Committee carefully considers all director nominee candidates on the basis of the candidate's background, qualifications and experience, and recommends to the Board the nominees for election. The Governance Committee identifies and evaluates director candidates and may employ a third-party search firm to assist in this process. Board members suggest director candidates to the Governance Committee. In addition, the Governance Committee will consider shareholder nominees if they have been nominated in accordance with our shareholder nominations process under our Bylaws. Any shareholder recommendation must be addressed to the Governance Committee in care of the Corporate Secretary. As noted in our Principles of Corporate Governance, the Governance Committee will evaluate candidates recommended by shareholders in generally the same manner as all other candidates brought to the attention of the Governance Committee.

Director Qualifications

The Governance Committee is responsible for establishing the criteria for Board membership. In nominating directors, the Governance Committee bears in mind that the foremost responsibility of a director is to represent the interests of our shareholders as a whole. The activities and associations of candidates are reviewed for any legal impediment, conflict of interest or other consideration that might prevent or interfere with service on our Board.

In evaluating candidates, the Governance Committee considers:

- the personal integrity and the professional reputation of the individual;
- the education, professional background and particular skills and experience most beneficial to service on the Board;
- and
- whether a director candidate is willing to submit to and obtain a background check necessary for obtaining and retaining a top secret clearance.

We do not have a formal policy outlining the diversity standards to be considered when evaluating director candidates. Our objective is to foster diversity of thought on our Board. To accomplish that objective, the Governance Committee seeks to achieve diversity including in race, gender and national origin, as well as in perspective, professional experience, education, skill and other qualities that contribute to our Board.

All new directors to the Board receive an orientation that is individually tailored, taking into account the director's experience, background, education and committee assignments.

Board Membership

Directors may not serve on more than three other boards of publicly traded companies in addition to our Board without the approval of the Chairperson of the Governance Committee. A director who is a full-time employee of our Company may not serve on the board of more than two other public companies unless approved by the Board. When a director's principal occupation or business association changes substantially during his or her tenure as a director, the Board expects the director to tender his or her resignation for consideration by the Governance Committee, which subsequently will recommend to the Board what action to take. We have a retirement policy whereby a director will retire at the Annual Meeting following his or her 72nd birthday, unless the Board determines, based on special circumstances, that it is in the Company's best interest to request that the director serve for an extended period of time beyond such date.

Table of Contents

CORPORATE GOVERNANCE

Effect of Failure to Receive the Required Vote or Obtain and Retain Security Clearance

Each director is required to tender a resignation that will be effective upon (i) the failure to receive the required vote at any future meeting at which such director faces re-election, the failure to obtain top secret security clearance within 12 months of appointment or election to the Board or the failure to retain a top secret security clearance once obtained and (ii) the Board's acceptance of such resignation. If an incumbent director fails to receive the required vote for re-election or fails to obtain and retain a top secret security clearance, the Governance Committee will consider whether the Board should accept the director's resignation and will submit a recommendation for prompt consideration by the Board. The Board will decide whether to accept or reject a resignation within 90 days, unless the Board determines that compelling circumstances require additional time. The Governance Committee and the Board may consider any factor they deem relevant in deciding whether to accept a resignation, including, without limitation, any harm to our Company that may result from accepting the resignation, the underlying reasons for the action at issue and whether action in lieu of accepting the resignation would address the underlying reasons.

Board Evaluation

Every year the Board and each of its Committees conducts an assessment of its performance and discusses the results and opportunities for improvement in executive session. In addition, the directors conduct an annual assessment of each individual director's performance. The Lead Independent Director discusses the results of this assessment with each director individually.

Succession Planning

The Board believes that providing for continuity of leadership is critical to the success of our Company. Therefore, processes are in place:

- annually to evaluate the Chief Executive Officer based on a specific set of performance objectives;
- for the Chief Executive Officer annually to provide an assessment of persons considered potential successors to various senior management positions and discuss the results of these reviews with the Board; and
- to support continuity of top leadership and Chief Executive Officer succession, including through annual reports to the Board.

Departure and Election of Directors

During 2013, the following changes occurred with respect to the composition of our Board:

On September 18, 2013, William H. Hernandez was elected to the Board, effective September 19, 2013. The size of the Board was also increased from 12 to 13 members at that time.

In accordance with our retirement policy described above, Stephen Frank and Aulana Peters, directors who served during 2013, will not stand for reelection at the 2014 Annual Meeting as they each will have attained their 72nd birthday prior to the Annual Meeting. The Board determined that it was in the best interest of the Company and our shareholders for General Myers to continue to serve as a director beyond his 72nd birthday and stand for reelection in 2014. Upon Mr. Frank's and Ms. Peters' retirement, the Board intends to reduce the number of members of the Board from 13 to 11 directors.

Communications with the Board of Directors

Any interested person may communicate with any of our directors, our Board as a group, our non-employee directors as a group or our Lead Independent Director through the Corporate Secretary by writing to the following address: Office of the Corporate Secretary, Northrop Grumman Corporation, 2980 Fairview Park Drive, Falls Church, Virginia 22042. The Corporate Secretary will forward correspondence to the director or directors to whom it is addressed, except for job inquiries, surveys, business solicitations or advertisements and other inappropriate material. The Corporate Secretary may forward certain correspondence elsewhere within our Company for review and possible response.

Interested persons may report any concerns relating to accounting matters, internal accounting controls or auditing matters to non-management directors confidentially or anonymously by writing directly to the Chairperson of the Audit Committee, Northrop Grumman Board of Directors c/o Corporate Ethics Office, 2980 Fairview Park Drive, Falls Church, Virginia 22042.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS AND 2014 PROXY STATEMENT I 15

Table of Contents

COMPENSATION OF DIRECTORS

The Compensation Committee is responsible for reviewing and recommending the compensation of the members of our Board. The table below lists the annual fees payable to our non-employee directors for the year ended December 31, 2013.

Compensation Element	Amount (\$)
Annual Cash Retainer	115,000
Annual Retainer for Lead Independent Director	25,000
Audit Committee Retainer	10,000
Audit Committee Chair Retainer	20,000
Compensation Committee Chair Retainer	15,000
Governance Committee Chair Retainer	10,000
Policy Committee Chair Retainer	7,500
Annual Equity Grant*	130,000

* The annual equity grant is deferred into a stock unit account pursuant to the 2011 Long-Term Incentive Stock Plan (2011 Plan) as described below. The Northrop Grumman Equity Grant Program for Non-Employee Directors sets forth the terms and conditions of the equity awards granted to non-employee directors under the 2011 Plan. Retainer fees are paid on a quarterly basis at the end of each quarter. To encourage directors to have a direct and significant investment in shares of our common stock, non-employee directors are awarded an annual equity grant of \$130,000 in the form of deferred stock units (Automatic Stock Units). The units are paid out in the form of common stock at the conclusion of the director's Board service, or earlier, as specified by the director, after he or she has attained five years of service on the Board of Directors. Each director may also elect to defer payment of all or a portion of his or her annual cash retainer and other annual committee retainer fees into a deferred stock unit account (Elective Stock Units). The Elective Stock Units are paid at the conclusion of Board service or earlier as specified by the director, regardless of years of service. Deferral elections are made prior to the beginning of the year for which the retainer and fees will be paid. Directors are credited with dividend equivalents in connection with the accumulated stock units until the shares of common stock related to such stock units are issued. Non-employee directors are eligible to participate in our Matching Gifts Program for Education. Under this program, the Northrop Grumman Foundation matches director contributions, up to \$10,000 per year per director, to eligible educational programs in accordance with the program.

Stock Ownership Requirements and Anti-Hedging and Pledging Policy

Non-employee directors are required to own common stock of the Company in an amount equal to five times the annual cash retainer, with such ownership to be achieved within five years of the later of (i) May 18, 2011 or (ii) the director's election to the Board. Deferred stock units and Company stock owned outright by the director count towards this requirement.

Company policy prohibits members of the Board of Directors from pledging or engaging in hedging transactions with respect to any of their Company stock, continuing to align the interest of our Board of Directors with those of our shareholders. None of the shares of Company common stock held by our directors are pledged or subject to any hedging transaction.

Table of Contents

COMPENSATION OF DIRECTORS

2013 Director Compensation

The table below provides information on the compensation of our non-employee directors for the year ended December 31, 2013.

Name	Fees Earned or Paid in Cash (\$) ⁽¹⁾	Stock Awards (\$) ⁽²⁾	All Other Compensation (\$) ⁽³⁾	Total (\$)
Victor H. Fazio	125,000	130,000	16,281	271,281
Donald E. Felsing	140,000	130,000	5,101	275,101
Stephen E. Frank	145,000	130,000	14,138	289,138
Bruce S. Gordon	122,500	130,000	1,896	254,396
William H. Hernandez ⁽⁴⁾	35,326	36,739	—	72,065
Madeleine A. Kleiner	125,000	130,000	1,896	256,896
Karl J. Krapek	125,000	130,000	3,388	258,388
Richard B. Myers	115,000	130,000	13,710	258,710
Aulana L. Peters	125,000	130,000	14,109	269,109
Gary Roughead	125,000	130,000	101	255,101
Thomas M. Schoewe	125,000	130,000	215	255,215
Kevin W. Sharer	130,000	130,000	9,457	269,457

Amounts shown in the "Fees Earned or Paid in Cash" column reflect the annual retainer paid to each director, including any applicable annual committee and committee chair retainers and any applicable Lead Independent Director or Chairperson retainers. As described above, a director may elect to defer all or a portion of his or her annual retainer into a stock unit account. Amounts deferred as Elective Stock Units are reflected in this column. Amounts in this column represent the target value of Automatic Stock Units awarded to each of our non-employee directors in 2013 under the 2011 Plan. The amount reported for each director reflects the aggregate fair value of the stock units on the grant date, as determined under Financial Accounting Standards Board Accounting Standards Codification Topic 718, Stock Compensation, excluding any assumed forfeitures. The grant date fair value assumes the value of dividend equivalents accrued directly on the awarded units. Assumptions used to calculate these amounts are included in Note 14 of our consolidated financial statements included in our 2013 Form 10-K. Each director was credited an aggregate amount of 1,481 Automatic Stock Units, other than Mr. Hernandez who received 328 Automatic Stock Units for the portion of the year in which he served on the Board.

Amounts reflected in the "All Other Compensation" column include the estimated dollar value of additional stock units credited to each non-employee director as a result of dividend equivalents earned, directly or indirectly, on reinvested dividend equivalents as such amounts are not assumed in the grant date fair value of stock units shown in the "Stock Awards" column.

Amounts shown also include matching contributions made through our Matching Gifts Program for Education discussed above as follows: Mr. Fazio, \$10,000; Mr. Frank, \$10,000; General Myers, \$10,000; and Ms. Peters, \$10,000.

Mr. Hernandez was elected to the Board on September 18, 2013, effective September 19, 2013. Amounts shown reflect the prorated amounts of Mr. Hernandez's retainer fees and equity grant for 2013.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS AND 2014 PROXY STATEMENT I 17

Table of Contents

COMPENSATION OF DIRECTORS

Deferred Stock Units

As of December 31, 2013, the non-employee directors had the following aggregate number of deferred stock units accumulated in their deferral accounts for all years of service as a director, including additional stock units credited as a result of dividend equivalents earned on the stock units.

Name	Automatic Stock Units	Elective Stock Units	Total
Victor H. Fazio	11,837	7,096	18,933
Donald E. Felsing	15,061	12,583	27,644
Stephen E. Frank	17,848	0	17,848
Bruce S. Gordon	11,959	0	11,959
William H. Hernandez	328	0	328
Madeleine A. Kleiner	11,959	0	11,959
Karl J. Krapek	11,959	10,171	22,130
Richard B. Myers	16,843	0	16,843
Aulana L. Peters	14,401	0	14,401
Gary Roughead	3,306	0	3,306
Thomas M. Schoewe	4,421	0	4,421
Kevin W. Sharer	18,683	17,266	35,949

Prior Non-Employee Directors Equity Plans

The 1995 Stock Plan for Non-Employee Directors (1995 Directors Plan) provided for the annual grant of nonqualified stock options to each non-employee director to purchase shares of common stock with an exercise price equal to the fair market value of a share of common stock on the grant date. Since June 2005, no new grants have been issued pursuant to the 1995 Directors Plan. Awards subsequent to 2005 have been issued pursuant to the 1993 Directors Plan and the 2011 Plan. All stock options currently outstanding under the 1995 Directors Plan have a term of ten years from the date of grant. If the individual ceases to serve as a director, the stock options continue to be exercisable for the lesser of five years or the expiration of the original term of the stock options. If the termination of the individual's service is for cause, the stock options terminate and are automatically forfeited when the director ceases to serve. Each non-employee director had the following aggregate number of shares of common stock underlying outstanding option awards that are exercisable as of December 31, 2013:

Name	# Shares Underlying Outstanding Option Awards
Victor H. Fazio	3,281
Donald E. Felsing	0
Stephen E. Frank	0
Bruce S. Gordon	0
William H. Hernandez	0
Madeleine A. Kleiner	0
Karl J. Krapek	0
Richard B. Myers	0
Aulana L. Peters	281
Gary Roughead	0
Thomas M. Schoewe	0
Kevin W. Sharer	6,562

Table of Contents

COMPENSATION OF DIRECTORS

Director Equity Plan

Under the Northrop Grumman Non-Employee Directors Equity Participation Plan (Director Equity Plan), non-employee directors had an amount equal to 50% of their annual retainer credited to an equity participation account and converted into stock units based on the then fair market value (as defined in the Director Equity Plan) of our common stock. Because no new participants have been added to the Director Equity Plan since May 31, 2005, only Mr. Sharer currently participates in this plan. Ms. Peters and Mr. Fazio also participated in the Director Equity Plan; stock units awarded to them under the plan were paid out in shares of common stock in January 2013. Stock units awarded to Mr. Sharer pursuant to the Director Equity Plan are included in the Deferred Stock Units table above. Generally, if a participating non-employee director terminates service on the Board of Directors after completion of at least three consecutive years of service or retires from the Board of Directors as a result of a total disability or a debilitating illness as defined in the Director Equity Plan, the participant will be entitled to receive the full balance of the participant's equity participant account in annual installments. Upon a change in control of the Company, as defined in the Director Equity Plan, the participant will immediately be entitled to receive the full balance of the equity participation account under the Director Equity Plan regardless of the number of years of consecutive service, although payment of his or her benefits will not commence until the termination of his or her service. No new annual accruals have been credited to the Director Equity Plan; however, the remaining director participating in the Director Equity Plan receives quarterly dividend accruals on the balance held in his equity participation accounts.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS AND 2014 PROXY STATEMENT I 19

Table of Contents

TRANSACTIONS WITH RELATED PERSONS AND CONTROL PERSONS

Related Person Transaction Policy

The Company has a written policy and procedures for the review, approval and ratification of transactions among our Company and our directors, executive officers and related persons, approved by the Board. A copy of the policy is available on the Investor Relations section of our website (www.northropgrumman.com). The policy requires that all related person transactions be reviewed and approved or ratified, as applicable, by the Governance Committee. The Governance Committee may approve or ratify related person transactions at its discretion if the transaction is deemed fair and reasonable to the Company.

The policy defines a related person transaction as any transaction in which the Company was, is or will be a participant, where the amount involved exceeds \$120,000, and in which a related person had, has or is expected to have a direct or indirect material interest. A "related person" includes:

- any of our directors or executive officers;
- any person who is known to be the beneficial owner of more than 5% of any class of our voting securities;
- an immediate family member of any such person; or
- any firm, corporation, or other entity controlled by any such person.

The Corporate Secretary may determine that a transaction in an amount less than \$120,000 should nonetheless be deemed a related person transaction. If this occurs, the transaction would also be required to be submitted to the Governance Committee for review and approval or ratification.

The policy requires each director and executive officer to complete an annual questionnaire to identify his or her related interests and persons and to notify the Corporate Secretary of any changes to that information.

If the Governance Committee does not recommend ratification of a related person transaction or the Board of Directors does not ratify a related person transaction that is pending or ongoing, the Governance Committee will refer the transaction to management for amendment or termination and determine whether other action is appropriate.

Related Person Transactions

In 2013, none of our directors or executive officers was a participant in or had a relationship regarded as a related person transaction, as considered under our Related Person Transaction Policy and applicable regulations of the SEC and the NYSE listing standards.

Compensation Committee Interlocks and Insider Participation

During 2013, Messrs. Felsing, Gordon, Krapek, Myers and Sharer served as members of the Compensation Committee. During 2013, no member of the Compensation Committee had a relationship with the Company or any of our subsidiaries, other than as directors and shareholders, and no member was an officer or employee of the Company or any of our subsidiaries, a participant in a related person transaction or an executive officer of another entity, where one of our executive officers serves on the board of directors that would constitute a related party transaction or raise concerns of a compensation committee interlock.

Recoupment Policy

The Board has recently revised the Company's recoupment policy to expand the circumstances under which and the employees from whom the Company may recoup incentive compensation, and also to provide for disclosure. The policy applies to performance-based short or long-term, cash or equity incentive payments. In summary terms, the revised policy provides, among other things:

- the Board has discretion to recoup incentive compensation paid to an elected officer in the event of a restatement or if an elected officer engages in illegal conduct that causes significant financial or reputational harm to the Company;
- the Board has discretion to recoup incentive compensation paid to the elected officer in the event the elected officer fails to report such misconduct of another, or is grossly negligent in fulfilling his or her supervisory responsibilities to prevent such misconduct;
- for a three-year look back on the recoupment of incentive compensation;

- for disclosure of recoupments and context consistent with SEC and other legal requirements;
and
- that the Chief Executive Officer has discretion to recoup under similar circumstances incentive compensation provided to non-elected officers or other employees.

20 I NOTICE OF ANNUAL MEETING OF SHAREHOLDERS AND 2014 PROXY STATEMENT

Table of Contents

TRANSACTIONS WITH RELATED PERSONS AND CONTROL PERSONS

Forum Selection

In December 2013, the Board of Directors approved a change to the Company's bylaws to include a forum selection clause, and publicly filed such changes with the SEC. The forum selection clause provides generally that the Delaware Court of Chancery is the exclusive forum for (i) derivative actions brought on behalf of the Company; (ii) actions asserting a breach of fiduciary duty by a director, officer or other employee; (iii) actions governed by the internal affairs doctrine and (iv) certain other actions arising under Delaware Corporation law or the Company's Certificate of Incorporation or Bylaws. The Board adopted this clause because it believes it to be in the best interests of the Company and our shareholders. The clause is intended to benefit the Company and shareholders in significant part by directing litigation to a single Delaware court, which will apply its own state law with a well-established body of precedent, thereby reducing the risk and expense of concurrent, multi-jurisdictional litigation, saving Company resources (money and management attention) and leading to a single, more predictable outcome in litigation involving corporate governance and internal affairs. The clause does not preclude any type of litigation against the Company, its officers or directors; it simply channels certain litigation to a single, experienced court to enable a more efficient and effective resolution of disputes tied to Delaware. The amended Bylaws also make clear that the Board may, under certain circumstances, waive the forum selection clause if it determines that it is in the best interests of shareholders.

Indemnification Agreements

Our Bylaws require us generally to indemnify our directors and executive officers to the fullest extent permitted by Delaware law. Additionally, as permitted by Delaware law, we have entered into indemnification agreements with each of our directors and elected officers. Under the indemnification agreements, we have agreed to hold harmless and indemnify each indemnitee, generally to the fullest extent permitted by Delaware law, against expenses, liabilities and loss incurred in connection with threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative to which the indemnitee is made a party by reason of the fact that the indemnitee is or was a director or officer of the Company or any other entity at our request, provided however, that the indemnitee acted in good faith and in a manner reasonably believed to be in the best interests of our Company.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS AND 2014 PROXY STATEMENT I 21

Table of Contents

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors and executive officers, and persons who own more than ten percent of our common stock, to file reports of ownership and changes in ownership on Forms 3, 4 and 5 with the SEC.

Based on our review of Forms 3, 4 and 5 we have received or have filed on behalf of our executive officers and directors, and of written representation from those persons that they were not required to file a Form 5, we believe that all required filings were made on a timely basis during the year ended December 31, 2013.

22 I NOTICE OF ANNUAL MEETING OF SHAREHOLDERS AND 2014 PROXY STATEMENT

Table of Contents

VOTING SECURITIES AND PRINCIPAL HOLDERS

Stock Ownership of Certain Beneficial Owners

As of December 31, 2013, there were 217,599,230 shares of our common stock outstanding. The following entities beneficially owned, to our knowledge, more than five percent of the outstanding common stock as of December 31, 2013:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership of Common Stock	Percent of Class
State Street Corporation One Lincoln Street, Boston, MA 02111	24,301,674	(1) 11 %
BlackRock, Inc. 40 East 52 nd Street, New York, NY 10022	21,221,059	(2) 10 %
The Vanguard Group 100 Vanguard Blvd., Malvern, PA 19355	11,323,546	(3) 5 %

This information was provided by State Street Corporation (State Street) in a Schedule 13G filed with the SEC on February 4, 2014. According to State Street, as of December 31, 2013, State Street had shared voting and (1)dispositive power over 24,301,674 shares. This total includes 14,016,634 shares held in the Defined Contributions Master Trust for the Northrop Grumman Savings Plan and the Northrop Grumman Financial Security and Savings Program, for which State Street Bank and Trust Company acts as trustee and investment manager.

This information was provided by BlackRock, Inc. (BlackRock) in a Schedule 13G/A filed with the SEC on (2)February 11, 2014. According to BlackRock, as of December 31, 2013, BlackRock had sole voting power over 17,796,270 shares and sole dispositive power over 21,221,059 shares.

This information was provided by The Vanguard Group (Vanguard), in a Schedule 13G filed with the SEC on (3)February 12, 2014. According to Vanguard, as of December 31, 2013, Vanguard had sole voting power over 363,939 shares, sole dispositive power over 10,985,241 shares and shared dispositive power over 338,305 shares.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS AND 2014 PROXY STATEMENT I 23

Table of Contents

VOTING SECURITIES AND PRINCIPAL HOLDERS

Stock Ownership of Officers and Directors

The following table shows beneficial ownership of our common stock as of March 18, 2014 by each of our current directors, each director nominee, our NEOs and all directors, director nominees and executive officers as a group. As of March 18, 2014, there were 215,838,316 shares of our common stock outstanding.

None of the persons named below beneficially owns in excess of 1% of our outstanding common stock. Unless otherwise indicated, each individual has sole investment power and sole voting power with respect to the shares owned by such person.

	Shares of Common Stock Beneficially Owned		Share Equivalents (1)	Shares Subject To Option (2)	Total	
Non-Employee Directors/Director Nominees						
Victor H. Fazio	14,762	(3)	18,934	0	33,696	
Donald E. Felsing	4,640	(4)	27,645	0	32,285	
Stephen E. Frank	1,000		17,848	0	18,848	
Bruce S. Gordon	0		11,959	0	11,959	
William H. Hernandez	1,000		329	0	1,329	
Madeleine A. Kleiner	0		11,959	0	11,959	
Karl J. Krapek	2,349		19,781	0	22,130	
Richard B. Myers	0		16,844	0	16,844	
Aulana L. Peters	9,572	(5)	14,402	0	23,974	
Gary Roughead	0		3,306	0	3,306	&