

NORTHROP GRUMMAN CORP /DE/  
Form 10-Q  
July 23, 2014

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

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FORM 10-Q

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QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended June 30, 2014

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Commission File Number 1-16411

NORTHROP GRUMMAN CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of  
incorporation or organization)

2980 Fairview Park Drive, Falls Church, Virginia 22042

(Address of principal executive offices)

(703) 280-2900

(Registrant's telephone number, including area code)

80-0640649

(I.R.S. Employer

Identification No.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes

No  \*

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes

No  \*

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer

Accelerated filer  \*

Non-accelerated filer  \* (Do not check if a smaller reporting company)

Smaller reporting company  \*

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  \*

No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of July 18, 2014, 207,938,701 shares of common stock were outstanding.

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## NORTHROP GRUMMAN CORPORATION

## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

## CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME

(Unaudited)

	Three Months Ended June		Six Months Ended June 30	
	2014	2013	2014	2013
\$ in millions, except per share amounts				
Sales				
Product	\$3,564	\$3,593	\$6,972	\$7,014
Service	2,475	2,701	4,915	5,384
Total sales	6,039	6,294	11,887	12,398
Operating costs and expenses				
Product	2,668	2,703	5,201	5,334
Service	1,961	2,203	3,889	4,359
General and administrative expenses	590	582	1,132	1,140
Operating income	820	806	1,665	1,565
Other (expense) income				
Interest expense	(70	) (60	) (139	) (113
Other, net	6	(22	) 16	(16
Earnings before income taxes	756	724	1,542	1,436
Federal and foreign income tax expense	245	236	452	459
Net earnings	\$511	\$488	\$1,090	\$977
Basic earnings per share	\$2.41	\$2.09	\$5.09	\$4.15
Weighted-average common shares outstanding, in millions	212.4	234.0	214.3	235.2
Diluted earnings per share	\$2.37	\$2.05	\$5.01	\$4.08
Weighted-average diluted shares outstanding, in millions	215.2	237.5	217.7	239.2
Net earnings (from above)	\$511	\$488	\$1,090	\$977
Other comprehensive income				
Change in unamortized benefit plan costs, net of tax	35	79	96	159
Change in cumulative translation adjustment	—			