

NORTHROP GRUMMAN CORP /DE/  
Form 10-Q  
April 24, 2019  
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 March 31, 2019

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	80-0640649
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2980 Fairview Park Drive, Falls Church, Virginia	22042
(Address of principal executive offices)	(Zip Code)
(703) 280-2900	

(Registrant's telephone number, including area code)

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 every Interactive Data File required to be submitted 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 such files).

Yes  No

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

Large accelerated filer  Accelerated filer

Non-accelerated filer  Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 April 19, 2019, 169,799,679 shares of common stock were outstanding.

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Table of Contents

## NORTHROP GRUMMAN CORPORATION

## TABLE OF CONTENTS

	Page
	<u>PART I – FINANCIAL INFORMATION</u>
Item 1. <u>Financial Statements (Unaudited)</u>	
<u>Condensed Consolidated Statements of Earnings and Comprehensive Income</u>	<u>1</u>
<u>Condensed Consolidated Statements of Financial Position</u>	<u>2</u>
<u>Condensed Consolidated Statements of Cash Flows</u>	<u>3</u>
<u>Condensed Consolidated Statements of Changes in Shareholders' Equity</u>	<u>4</u>
<u>Notes to Condensed Consolidated Financial Statements</u>	
<u>1. Basis of Presentation</u>	<u>5</u>
<u>2. Acquisition of Orbital ATK</u>	<u>9</u>
<u>3. Earnings Per Share, Share Repurchases and Dividends on Common Stock</u>	<u>11</u>
<u>4. Income Taxes</u>	<u>12</u>
<u>5. Fair Value of Financial Instruments</u>	<u>13</u>
<u>6. Investigations, Claims and Litigation</u>	<u>13</u>
<u>7. Commitments and Contingencies</u>	<u>15</u>
<u>8. Retirement Benefits</u>	<u>17</u>
<u>9. Stock Compensation Plans and Other Compensation Arrangements</u>	<u>17</u>
<u>10. Leases</u>	<u>18</u>
<u>11. Segment Information</u>	<u>20</u>
<u>Report of Independent Registered Public Accounting Firm</u>	<u>24</u>
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	
<u>Overview</u>	<u>25</u>
<u>Consolidated Operating Results</u>	<u>25</u>
<u>Segment Operating Results</u>	<u>26</u>
<u>Product and Service Analysis</u>	<u>30</u>
<u>Backlog</u>	<u>30</u>
<u>Liquidity and Capital Resources</u>	<u>31</u>
<u>Critical Accounting Policies, Estimates and Judgments</u>	<u>32</u>
<u>Accounting Standards Updates</u>	<u>32</u>
<u>Forward-Looking Statements and Projections</u>	<u>32</u>
<u>Contractual Obligations</u>	<u>33</u>
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>33</u>
Item 4. <u>Controls and Procedures</u>	<u>34</u>
	<u>PART II – OTHER INFORMATION</u>
Item 1. <u>Legal Proceedings</u>	<u>35</u>
Item 1A. <u>Risk Factors</u>	<u>35</u>
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>35</u>
Item 3. <u>Defaults Upon Senior Securities</u>	<u>35</u>
Item 4. <u>Mine Safety Disclosures</u>	<u>35</u>
Item 5. <u>Other Information</u>	<u>35</u>
Item 6. <u>Exhibits</u>	<u>36</u>
<u>Signatures</u>	<u>37</u>

Table of Contents

## NORTHROP GRUMMAN CORPORATION

## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

## CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME

(Unaudited)

	Three Months	
	Ended March 31	
\$ in millions, except per share amounts	2019	2018
Sales		
Product	\$5,728	\$4,289
Service	2,461	2,446
Total sales	8,189	6,735
Operating costs and expenses		
Product	4,517	3,269
Service	1,976	1,907
General and administrative expenses	760	711
Operating income	936	848
Other (expense) income		
Interest expense	(138 )	(143 )
FAS (non-service) pension benefit	200	254
Other, net	36	40
Earnings before income taxes	1,034	999
Federal and foreign income tax expense	171	159
Net earnings	\$863	\$840
Basic earnings per share	\$5.08	\$4.82
Weighted-average common shares outstanding, in millions	170.0	174.3
Diluted earnings per share	\$5.06	\$4.79
Weighted-average diluted shares outstanding, in millions	170.7	175.4
Net earnings (from above)	\$863	\$840
Other comprehensive loss		
Change in unamortized prior service credit, net of tax	(11 )	(15 )
Change in cumulative translation adjustment and other, net	4	(3 )
Other comprehensive loss, net of tax	(7 )	(18 )
Comprehensive income	\$856	\$822

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Table of Contents

## NORTHROP GRUMMAN CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
(Unaudited)

\$ in millions, except par value	March 31, 2019	December 31, 2018
<b>Assets</b>		
Cash and cash equivalents	\$ 755	\$ 1,579
Accounts receivable, net	2,166	1,448
Unbilled receivables, net	5,785	5,026
Inventoried costs, net	778	654
Prepaid expenses and other current assets	959	973
Total current assets	10,443	9,680
Property, plant and equipment, net of accumulated depreciation of \$5,493 for 2019 and \$5,369 for 2018	6,420	6,372
Operating lease right-of-use assets	1,283	—
Goodwill	18,698	18,672
Intangible assets, net	1,289	1,372
Deferred tax assets	84	94
Other non-current assets	1,534	1,463
Total assets	\$ 39,751	\$ 37,653
<b>Liabilities</b>		
Trade accounts payable	\$ 1,932	