

Creating “Win-Win” Outcomes

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**Vice President
Corporate Contracts, Pricing & Supply Chain**



Agenda

- Corporate Overview
- Our Performance Culture
- Common Interests
- Program Success - EVMS
- Summary

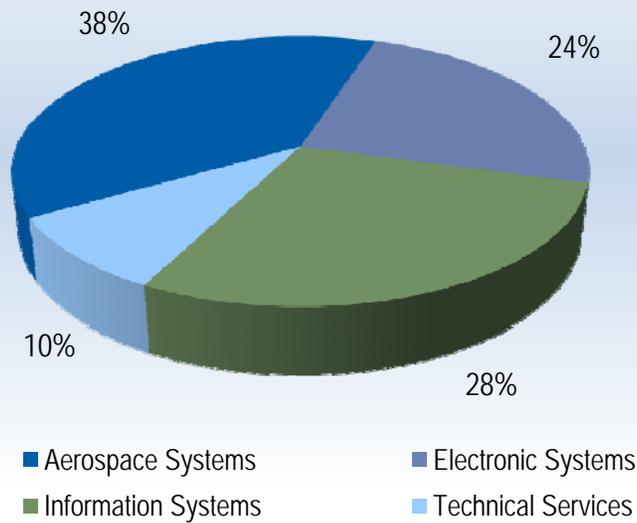


Northrop Grumman Today

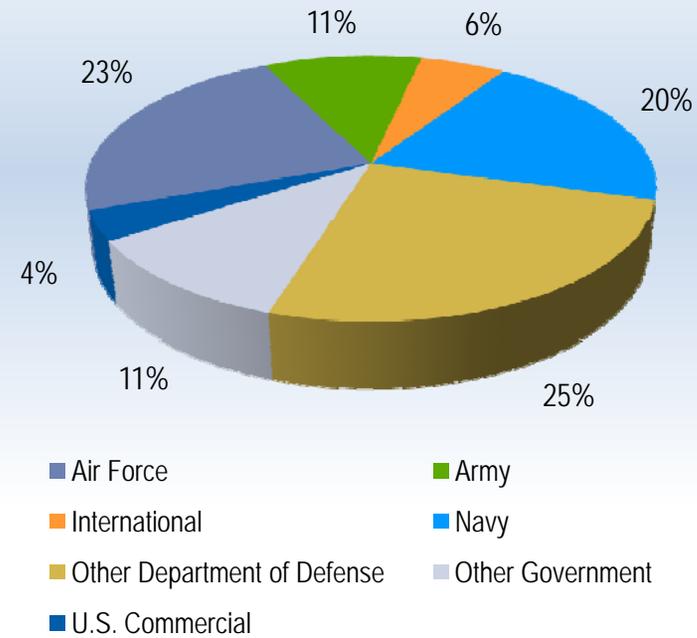
- **\$28 Billion Sales in 2010 (Post Shipbuilding Spin-Off)**
- **75,000 People, 50 States, 25 Countries**
- **Leading Capabilities in:**
 - **C⁴ISR and Battle Management**
 - **Cybersecurity**
 - **Defense Electronics**
 - **Homeland Security**
 - **Information Technology and Networks**
 - **Logistics**
 - **Space and Missile Defense**
 - **Systems Integration**
 - **Unmanned Systems**

Northrop Grumman – Business Portfolio

By Segment



By Customer



Four Operating Sectors at a Glance

Aerospace Systems



Airborne Ground Surveillance / C2

C4ISR

Directed Energy Systems

Electronic Combat Operations

Environmental & Space Science Satellite Systems

Global / Theater Strike Systems

ISR Satellite Systems

Large Scale Systems Integration

MILSATCOM Systems

Missile Defense Satellite Systems

Naval BMC2

Strategic Space Systems

Unmanned Systems

Electronic Systems



Air Defense Systems

C4ISR Networked Systems

EO/IR Targeting & Surveillance

Marine & Undersea Systems

Navigation & Positioning Systems

Propulsion & Power Generation

Radar Sensors & Systems

RF/IR Countermeasures

Space Sensors

Information Systems



Command & Control Systems

Communications

Cybersecurity

Enterprise Systems and Security

Federal, State/Local & Commercial

Health IT

Homeland Security

Intelligence

Intelligence, Surveillance & Reconnaissance Systems

IT/Network Outsourcing

Technical Services



Aircraft Subsystem/Component Sustainment & Modernization

Aircraft System/Platform Sustainment & Modernization

Defense and Government Services

Ground Vehicle Reconstitution

Integrated Logistics and Modernization

Irregular Warfare/Quick Reaction Capability

Live, Virtual and Constructive Domains

Nuclear Security Services

Technical and Operational Training Support

Training Solutions

Northrop Grumman Vision



Be the most trusted provider
of systems and technologies
that ensure the
security
of our nation and its allies



Northrop Grumman Leadership Team

OPERATIONS

Chairman, CEO
and President
Wes Bush



CORPORATE

Aerospace
Systems

Gary Ervin

Corp VP &
President



Electronic
Systems

Jim Pitts

Corp VP &
President



Enterprise
Shared
Services

Gloria Flach

Corp VP &
President



Information
Systems

Linda Mills

Corp VP &
President



Technical
Services

Tom Vice

Corp VP &
President



Business
Management

Jim Palmer

Corp VP & CFO



General
Counsel

Sheila Cheston

Corp VP



Communications

Darryl Fraser

Corp VP



Government
Relations

Sid Ashworth

Corp VP



Human
Resources

Debora Catsavas
VP & Acting Chief Human
Resources Officer



Technology

Alexis Livanos

Corp VP & CTO



Our Performance Culture

“Improving our performance is an urgent mission; one we need to make happen quickly and in a way that will be sustainable into the future.....”

...Wes Bush, Chairman, CEO and President

- Relentless Focus on Quality
- Reduce Cost and Sustain Affordability
- Culture of Performance (Quality Earnings)
- Drive for Flawless Predictive Program Execution
- Collaborate Openly and Candidly
- Customer Satisfaction
- Strong Emphasis on Ethical Behavior
- Expanding Diversity and Inclusion
- Corporate Citizenship



“Delivering the Best Value to Our Customer & Shareholders...”

Common Interests

Acquisition Customer.....Industry....Warfighter

- Deliver Products on/or Ahead of Schedule with Highest Level of Quality
- Continue the Journey to Drive Down Cost
 - Affordability Initiatives
- Strong Program Performance
 - Meet/Exceed Commitments
- Earn Fair and Equitable Financial Returns for Our Shareholders



Northrop Grumman Commitment to Excellence

Strong Program Performance - EVMS

- Earned Value Management (EVM) is a key focus area in Industry and Government
- Greater consequences for EVMS non-compliance
 - Increasingly a source selection factor
 - DFARS Business Systems rule (monetary withholds)
 - Factor during DAES reviews
- EVMS deficiencies are more transparent to senior government/industry decision makers
 - PARCA EVM Compliance Dashboard
 - DCMA Contractor Data Repository
 - DCMA End-of-Year Assessment Letter

It is a key tool for managing our Programs

Roles of our Corporate EVM Council

- Provides an Enterprise-Level Forum to share EVM Processes, Procedures, Resources and Best Practices
- Establishes company-wide solutions to address common EVM issues
 - Use EVM to manage versus report
 - Train resources
 - Bid appropriate resources
 - Provide robust integrated tool sets
 - Implement disciplined processes
 - Maintain adequate documentation
- Provides development and training opportunities for Program Control and Scheduling personnel
 - Building EVM bench strength
 - Mentoring across Sectors
 - Building pipeline of talent
 - Conducting independent self-assessments

***Chaired by Corporate Director, Pricing, Estimating & Program Control
Membership from each Sector***

NGC Corporate EVM Council Actions

- Supporting the preparation for and conduct of DCMA EVMS reviews
- Utilizing results of DCMA compliance and surveillance reviews to enhance EVM at Northrop Grumman
 - Sharing results and lessons learned from reviews across Northrop Grumman
 - Analyzing EVMS CAR tracking information to identify common issues
 - Utilizing results of analysis to identify potential areas for process improvement
- Continuing evaluating EVM toolset
- Exploring ways to increase integration, standardize as appropriate, and decrease costs

NGC Corporate EVM Council Actions

- Collaborating with Corporate Program Management and Quality councils to:
 - Strengthen interface
 - Raise awareness and understanding of EVM, and improve its integration with other processes
 - Improve EVM implementation and program performance
- Developing strong relationships with Government EVM senior leadership
- Participating in Government/Industry forums to improve the policies, procedures, training and education for EVM

Working with our Program Management Community

- Senior-most management commitment to fostering and supporting program performance excellence through the use of EVM
- EVMS “health” reviewed as part of program review rhythm
- Establishing more robust EVMS metrics/dashboard
- Assigning PMs and CAMs to co-lead training with EVM SMEs
- Building EVM PM and CAM roles/competency into career PM path

*Corporate Program Management Council engaged with
Corporate Earned Value Council*

Summary

- Perform on Our Commitments to the Warfighter and Shareholders
- Strong Program Performance is key to creating Win-Win
- EVMS is a key Program Management tool to enable Program Success
- We Can Achieve a Win/Win Result When Product Cost Is Reduced and Delivered on Time
- Improved Financial Performance Enables Northrop Grumman to Sustain Our Investments in Warfighter Capabilities, Attract Investors, and Attract the Nation's Best and Brightest
- Northrop Grumman Has a Commitment to the Warfighter, Shareholders, Employees, Environment, and Community



*Preserving Freedom
Through Performance
and Innovation*



Customer Wins



Company Wins



Warfighter Wins

NORTHROP GRUMMAN

