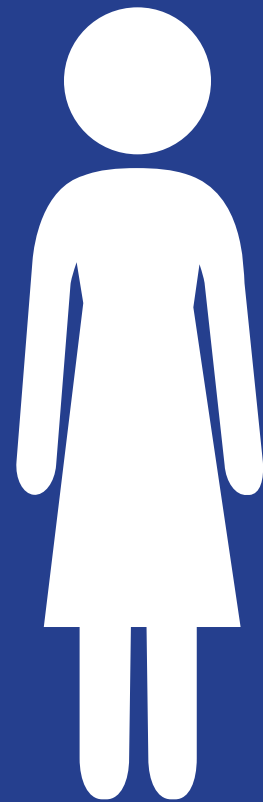
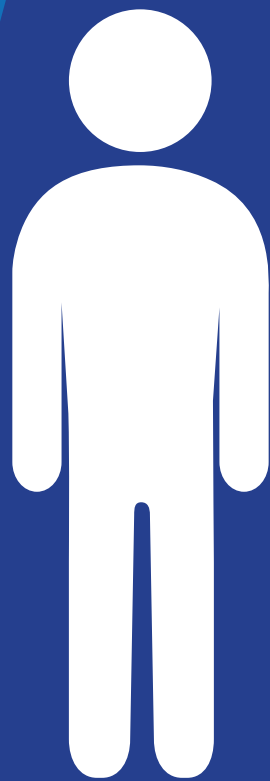


***Northrop Grumman UK Ltd
2017 Gender Pay Gap Report***

NORTHROP GRUMMAN





A MESSAGE FROM ANDREW TYLER, CHIEF EXECUTIVE, UK & EUROPE

This year, under the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, companies employing more than 250 employees in the United Kingdom are required to report certain gender pay information by April 2018 and each following year. It is important to note that the UK gender pay gap reporting differs significantly from an equal pay analysis. We remain committed to paying women and men equally for equal work. We welcome this opportunity to provide an overview of Northrop Grumman's key enterprise-wide programmes and initiatives, and NGUKL's 2017 gender pay report.



ABOUT US

Northrop Grumman Corporation is a leading global security company providing innovative systems, products and solutions to government and commercial customers worldwide, offering an extraordinary portfolio of capabilities and technologies for applications from undersea to outer space and into cyberspace. We have approximately 70,000 employees located in over 40 countries.

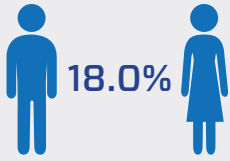
Northrop Grumman UK Ltd. ("NGUKL"), the subject of this report, is a key supplier of operationally strategic programmes in the defence, security, cyber, intelligence, information systems, and public safety communications markets, providing a range

of capabilities and technologies in support of the Armed Forces, emergency services and other civil organisations. NGUKL had just over 350 employees at 5 April 2017. Our workforce composition is 62% professional, 20% management and 18% other technical, manufacturing and business support roles. We are an employer of science, technology, engineering and mathematics (STEM) occupations.

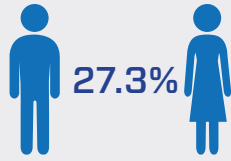
The number of women in STEM positions, globally, continues to be under-represented, which creates challenges for companies such as ours. More significantly, the number of women professional engineers in the UK is around 11% and the number of women in technical level roles, where job growth is greatest, is much lower, according to the Women's Engineering Society.



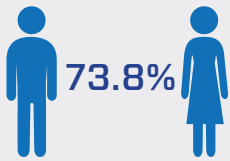
RESULTS:



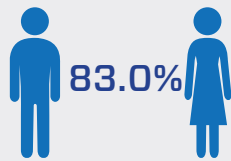
NGUKL median pay gap



NGUKL mean pay gap



NGUKL median bonus pay gap



NGUKL mean bonus pay gap

KEY:

Mean and Median: Figures show the difference between the median (mid-point) and mean (average) of hourly pay and bonus pay of all male and female employees, irrespective of job or level, expressed as a percentage of male employees' pay.

Pay Quartiles: Figures represent proportion of male and female employees in four quartile hourly pay bands ranked from lowest hourly rate to the highest hourly rate by dividing the workforce into four equal parts.

PROPORTION OF EMPLOYEES RECEIVING A BONUS:

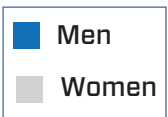
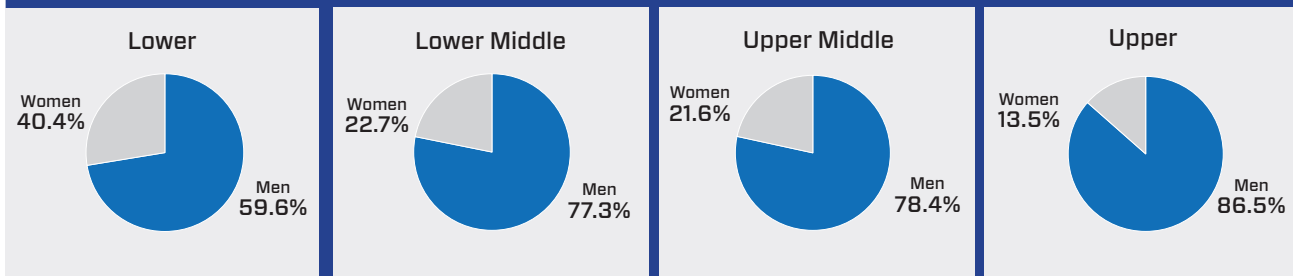


27.4%



23.3%

PROPORTION OF MALES AND FEMALES IN EACH PAY QUARTILE BAND:

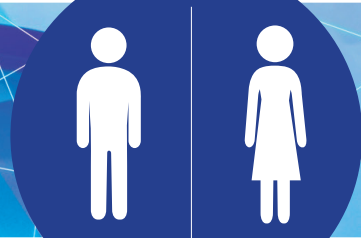


UNDERSTANDING OUR RESULTS:

NGUKL's results reflect that women are less represented in our higher paying senior leadership and professional/technical roles. Senior management positions, just 5% of the overall workforce, offer greater bonus potential, which is shown in the bonus results.

We are committed to providing competitive compensation and total rewards as well as ensuring equal pay. NGUKL conducts compensation peer analyses, inclusive of variables such as job type, grade/level and other relevant pay and job data such as geographic location or shift differentials.

We remain focussed on developing key programmes and initiatives designed to increase our pipeline of STEM talent and develop women leaders at Northrop Grumman.



ACTIONS TO BUILD THE TALENT PIPELINE:

Northrop Grumman's global diversity and inclusion programmes are part of the strong foundation which drives how we do business. We invest in programmes designed to increase women in our workforce as well as develop and propel women into leadership positions across the organisation. These include:

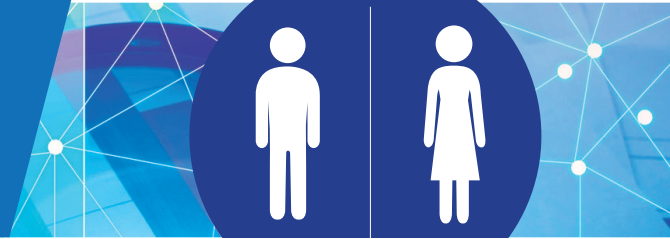
Science, Technology, Engineering and Mathematics (STEM) Education

Northrop Grumman together with the Northrop Grumman Foundation, a charitable non-profit organisation dedicated to funding sustainable STEM programmes, are committed to expanding and strengthening the pipeline of diverse and talented STEM students globally, across all education levels. In 2017, Northrop Grumman contributed more than £14 million to support diverse STEM-related activities and groups worldwide.

To help address this issue and build a robust pipeline in the UK, Northrop Grumman provides significant investment in STEM outreach programmes. These include:

- **CyberCenturion**, the national youth cyber defence competition for 12-18 year olds. Now in its fourth year, the 2017-2018 competition has seen a record 575 teams, including 116 all-female and 45 cadet teams from across the country registered to participate.
- **Summer Time Advanced Aerospace Residency (STAAR)** programme, a residential camp for 14-15 year olds developed in partnership with the Royal Air Force and the Royal Air Force Museum. The programme has a 50/50 split of boys and girls and takes place at RAF Cosford.
- Grants to the **Women's Engineering Society (WES)**, to support female engineering student bursaries.
- Other key UK STEM initiatives include **University Grants**, bursaries and mentorship for disadvantaged students, the **VEX Robotics** competition, and scholarships for students and teachers to attend Space camp at the **U.S. Space and Rocket Centre** in Huntsville, Alabama.





TALENT DEVELOPMENT:

We provide developmental programmes and opportunities designed to strengthen and grow our UK women into leadership positions. These include:

- The **Northrop Grumman Women's Conference** which brings together over 400 attendees biannually with the mission to enhance the development and leadership potential of women within the company by providing opportunities for learning and networking.
- **NGWIN (UK)** is a women focused employee resource group (ERG) with six chapters, aimed at facilitating professional and personal development, networking, recruiting, information sharing, and community outreach and alignment to the business.
- **International Women's Day (IWD)** is an annual celebration featuring powerful speakers and discussions centred on the advancement of women in the workplace. Our UK women and leaders play a key role in IWD broadcasts and events around the world.
- The **Northrop Grumman Inclusive Leadership Conference** held biannually to create Diversity & Inclusion ambassadors, includes women and diverse talent from NGUKL.
- **Women in Leadership (WIL), Executive Leadership Programme**, and the Leadership Cohort Programmes expansion to include UK participants. These programmes provide cross-business and cross-functional networks to gain visibility to the executive team and strategic issues.

Participants from the Global Issues Forum at the 2016 Northrop Grumman Women's Conference.



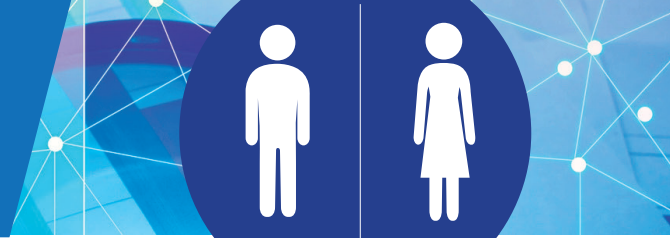
Highlights of Northrop Grumman's Global Commitment to Diversity and Inclusion:

31%

of vice presidents are females

46%

of executive leadership are females



Our global company statistics on representation of women demonstrates our commitment, investment, and the progress we have made in recent years to increase representation of women in leadership. Northrop Grumman Corporation began its initiative, Building the Best Culture, Leveraging the Power of Women, in 2010 to shape a diverse pipeline of leaders that would be ready for future executive positions. As the company was making plans for future growth, the lack of diversity in STEM and engineering disciplines required the company to design a comprehensive initiative to expand the leadership pipeline.

Our representation of women company-wide has increased across multiple levels from 2010 to 2017. Women's representation on the board increased from 15.4% to 21.4%. During that same time period, women on our executive team significantly increased from 8.3% to 46%. At the vice president level, representation of women increased from 15.5% to 31%.

Northrop Grumman Board of Director Members

Marianne Brown and Madeleine A. Kleiner

speaking on a panel at the
2016 Northrop Grumman Women's Conference.



Northrop Grumman partners with external groups for benchmarking and to leverage best practices. On 20 March 2018 Northrop Grumman was one of four companies to receive a Catalyst award for accelerating progress for women through workplace inclusion. <http://www.catalyst.org/knowledge/northrop-grumman-corporation-building-best-culture-leveraging-power-women>

"To ensure that we have a pipeline of diverse talent for future leadership positions, we drive change through every aspect of our talent acquisition, development and succession planning processes. We also promote a culture that is inclusive. We believe that workforce diversity generates innovation and delivers top performance for our customers' important missions. At Northrop Grumman, accelerating the advancement of women and diverse talent has translated into real value for our stakeholders. We're proud to receive this prestigious award from Catalyst and grateful to Catalyst for their leadership in promoting the advancement of women."

- Wes Bush, Chairman & CEO, Northrop Grumman Corporation

BUILDING THE BEST CULTURE



NGUKL is committed to shaping the future inclusive of women in all levels and reflective of pay equity. We are proud of the work we have done to positively encourage and pull through STEM talent as part of our recruiting and development programmes. We look forward to the ongoing opportunity to create meaningful and sustainable positive impact to build the best culture at Northrop Grumman.

ANDREW TYLER
CHIEF EXECUTIVE,
UK & EUROPE

I affirm that the data represented in this report is accurate and calculated in accordance with legislative requirements for the reporting snapshot date of 5 April 2017.



***THE VALUE OF
DIVERSITY AND INCLUSION
LETS GENIUS THRIVE.***

Many corporations seek to empower women. But, at Northrop Grumman, they power our company. In the c-suite, the lab, at the conference table, and on the manufacturing floor, women of all backgrounds enable us to create the smartest, most innovative solutions for our customers. Because the future of global security depends on advancing the best and most diverse perspectives.

THE VALUE OF PERFORMANCE.

NORTHROP GRUMMAN