

NORTHROP GRUMMAN CORP /DE/

Form 424B5

July 29, 2009

Table of ContentsAs filed pursuant to Rule 424(b)(5)  
Registration No. 333-152596**CALCULATION OF REGISTRATION FEE**

<b>Title of Each Class of Securities to be Registered</b>	<b>Amount to be Registered</b>	<b>Proposed Maximum Offering Price</b>	<b>Proposed Maximum Aggregate Offering Price</b>	<b>Amount of Registration Fee(1)</b>
3.70% Senior Notes due 2014	\$350,000,000	99.814%	\$349,349,000	\$19,493.67
5.05% Senior Notes due 2019	\$500,000,000	99.837%	\$499,185,000	\$27,854.52
Total	\$850,000,000		\$848,534,000	\$47,348.19

(1) Calculated in accordance with Rule 457(r) of the Securities Act of 1933, as amended.

## PROSPECTUS SUPPLEMENT

(To Prospectus dated July 29, 2008)

**Northrop Grumman Corporation****\$850,000,000****\$350,000,000 3.70% Senior Notes due 2014****\$500,000,000 5.05% Senior Notes due 2019**

We are offering \$350,000,000 of our 3.70% Senior Notes due 2014, or the 2014 notes, and \$500,000,000 of our 5.05% Senior Notes due 2019, or the 2019 notes. We refer to the 2014 notes and 2019 notes, together, as the notes. The 2014 notes will mature on August 1, 2014 and the 2019 notes will mature on August 1, 2019, in each case unless redeemed earlier. We will pay interest on the notes semi-annually in arrears on February 1 and August 1 of each year, beginning February 1, 2010. Interest on the notes will accrue from July 30, 2009.

We may redeem either series of notes at any time prior to maturity, in whole or in part, upon at least 30 days but no more than 60 days notice, at a redemption price equal to the sum of the principal amount of the notes to be redeemed plus a make-whole premium, if any, together with accrued and unpaid interest on the notes to, but not including, the redemption date. The redemption provisions are more fully described in this prospectus supplement in the section titled "Description of Notes - Optional Redemption." The notes will not be listed or quoted on any securities exchange or automated quotation system. Currently there is no public market for the notes.

The notes will be unsecured senior obligations of Northrop Grumman Corporation, which we refer to as Northrop Grumman. The notes will rank equally and ratably in right of payment with all Northrop Grumman's existing and future unsecured and unsubordinated indebtedness and senior in right of payment to any future indebtedness of Northrop Grumman that is subordinated to the notes.

**Investing in the notes involves risks. See the section entitled "Risk Factors" beginning on page S-9 of this prospectus supplement, in Exhibit 99.2 to our Current Form on Form 8-K filed with the SEC on April 22, 2009, in our Annual Report on Form 10-K for our fiscal year ended December 31, 2008, and in other documents incorporated by reference herein.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.**

	<b>2014 Notes</b>	<b>Total</b>	<b>2019 Notes</b>	<b>Total</b>
Public offering price(1)	99.814%	\$ 349,349,000	99.837%	\$ 499,185,000
Underwriting discounts and commissions	0.600%	\$ 2,100,000	0.650%	\$ 3,250,000
Proceeds to Northrop Grumman Corporation, before expenses	99.214%	\$ 347,249,000	99.187%	\$ 495,935,000

(1) Plus accrued interest, if any, from July 30, 2009, if settlement occurs after that date.

We urge you to carefully read this prospectus supplement and the accompanying prospectus which will describe the terms of the offering before you make your investment decision.

The underwriters expect to deliver the notes to purchasers in book-entry form only, through the facilities of The Depository Trust Company for the accounts of its participants, including Clearstream Banking, *société anonyme*, and the Euroclear Bank, S.A./N.V., against payment on or about July 30, 2009.

*Joint Book Running Managers*

<b>Credit Suisse</b>	<b>Deutsche Bank Securities</b>	<b>J.P. Morgan</b>
<b>Citi</b>	<b>Morgan Stanley</b>	<b>RBS</b>

*Senior Co-Managers*

<b>BNP PARIBAS</b>	<b>Wells Fargo Securities</b>
<i>Co-Managers</i>	
<b>Banca IMI</b>	<b>Goldman, Sachs &amp; Co. Mitsubishi UFJ Securities SunTrust Robinson Humphrey</b>

The date of this prospectus supplement is July 27, 2009

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In making your investment decision, you should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus, and any free writing prospectus relating to this offering that Northrop Grumman may provide to you. Neither Northrop Grumman nor the underwriters have authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. Neither Northrop Grumman nor the underwriters are making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted.



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**ABOUT THIS PROSPECTUS SUPPLEMENT**

Unless otherwise stated or the context otherwise requires, references in this prospectus supplement or the accompanying prospectus to Northrop Grumman are to Northrop Grumman Corporation, and references to we, our, or similar references are to Northrop Grumman and its consolidated subsidiaries.

This document consists of two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and other matters relating to us and our financial condition. The second part is the accompanying prospectus, which gives more general information about securities we may offer from time to time, some of which may not apply to this offering. This prospectus supplement and the accompanying prospectus are part of a shelf registration statement that we filed with the Securities and Exchange Commission (or the SEC) using the SEC's shelf registration rules.

You should read both this prospectus supplement and the accompanying prospectus together with additional information described in this prospectus supplement in the section titled Where You Can Find More Information. If there is any inconsistency between the information in this prospectus supplement and the accompanying prospectus, you should rely on the information contained in this prospectus supplement.

Any statement made in this prospectus supplement, in the accompanying prospectus or in any document incorporated or deemed to be incorporated by reference in this prospectus supplement or the accompanying prospectus will be deemed to be modified or superseded for purposes of this prospectus supplement to the extent that a statement contained in this prospectus supplement or in any other subsequently filed document that is also incorporated or deemed to be incorporated by reference in this prospectus supplement or the accompanying prospectus modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement or the accompanying prospectus.

The information in this prospectus supplement is accurate as of the date on the front cover. You should not assume that the information contained in this prospectus supplement, in the accompanying prospectus or in any free writing prospectus is accurate as of any date other than the date on the front of the applicable document, or that information incorporated by reference is accurate as of any date other than the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects or other important facts or circumstances may have changed since those dates.

**WHERE YOU CAN FIND MORE INFORMATION**

Northrop Grumman files annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document we file with the SEC (including exhibits to such documents) at the SEC's Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You may obtain additional information about the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains a site on the internet at <http://www.sec.gov/> that contains reports, proxy statements and other information that we file electronically with the SEC. You may also read such reports, proxy statements and other documents at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005.

We are incorporating by reference information into this prospectus supplement. This means that we are disclosing important information to you by referring you to another document that has been filed separately with the SEC. The information incorporated by reference is considered to be part of this prospectus supplement, and information that we file later with the SEC will automatically update and supersede the information contained in documents filed earlier

with the SEC or contained in this prospectus supplement. We incorporate by reference in this prospectus supplement the documents listed below and any future filings made by us with the SEC under Section 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934 after the initial filing of this prospectus supplement and prior to the time that we or the underwriters sell all of the securities offered by this prospectus

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supplement and the accompanying prospectus (except in each case the information contained in such documents to the extent furnished and not filed ):

our Annual Report on Form 10-K for the year ended December 31, 2008 (updated by our Current Report on Form 8-K filed on April 22, 2009);

our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2009 and June 30, 2009; and

our Current Reports on Form 8-K filed on February 23, 2009, March 12, 2009, April 3, 2009, April 22, 2009 (recasting the presentation of our consolidated financial statements for the year ended December 31, 2008), May 6, 2009, and May 26, 2009.

You may obtain copies, without charge, of documents incorporated by reference in this prospectus supplement, by requesting them in writing or by telephone from us as follows:

Joseph F. Coyne, Jr.  
Corporate Vice President, Deputy General Counsel and Secretary  
1840 Century Park East  
Los Angeles, California 90067  
(310) 553-6262

Exhibits to the filings will not be sent, unless those exhibits have been specifically incorporated by reference in this prospectus supplement.

On April 22, 2009, we filed a current report on Form 8-K which recast the presentation of our consolidated financial statements that we initially filed with the SEC in our annual report on Form 10-K for the year ended December 31, 2008 to reflect the reduction in the number of our operating segments from seven to five and other changes in our organizational structure and reporting segments, as more fully described in that current report.

**FORWARD-LOOKING STATEMENTS AND IMPORTANT FACTORS**

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements. This prospectus supplement, the accompanying prospectus, and the documents incorporated herein or therein by reference contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act. Additionally, we or our representatives may, from time to time, make other written or verbal forward-looking statements. In this prospectus supplement, and the documents incorporated by reference herein, we discuss plans, expectations and objectives regarding our business, financial condition and results of operations. Without limiting the foregoing, statements that are in the future tense, and all statements accompanied by terms such as believe, project, expect, trend, estimate, forecast, assume, intend, plan, target, anticipate, likely result, will continue, and variations thereof and similar terms are intended to be forward-looking statements as defined by federal securities laws. We caution you not to place undue reliance on forward-looking statements, which are based upon assumptions, expectations, plans and projections. Forward-looking statements are subject to risks and uncertainties, including those identified in the Risk Factors included in this prospectus supplement and in the documents incorporated by reference herein, that may cause actual results to differ materially from those expressed or implied in the forward-looking statements. Forward-looking statements speak only as of the date when they are made. Except as required by applicable law, we do not undertake any obligation to update forward-looking statements to reflect events, circumstances, changes in expectations, or the occurrence of unanticipated events after the date of those statements.



We intend that all forward-looking statements made will be subject to safe harbor protection of the federal securities laws pursuant to Section 27A of the Securities Act and Section 21E of the Exchange Act.

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Forward-looking statements are based upon, among other things, the company's assumptions with respect to:

- impact of domestic and global economic uncertainties on financial markets, access to capital, value of goodwill or other assets;
- changes in government funding, including with respect to the 2010 budget of the U.S. Government;
- changes in statutes and regulations impacting our eligibility to perform work that might give rise to organizational conflicts of interest;
- future revenues;
- expected program performance and cash flows;
- compliance with regulatory, technical, operational, and quality requirements;
- returns or losses on pension plan assets and variability of pension actuarial and related assumptions and regulatory requirements;
- the outcome of litigation, claims, appeals, bid protests, and investigations;
- hurricane-related insurance recoveries;
- environmental remediation;
- acquisitions and divestitures of businesses;
- performance issues with, and financial viability of, joint ventures, and other business arrangements;
- performance issues with, and financial viability of, key suppliers and subcontractors;
- product performance and the successful execution of internal plans;
- successful negotiation of contracts with labor unions;
- the availability and retention of skilled labor;
- allowability and allocability of costs under U.S. Government contracts;
- effective tax rates and timing and amounts of tax payments;
- the results of any audit or appeal process with the Internal Revenue Service; and
- anticipated costs of capital investments.

You should consider the limitations on, and risks associated with, forward-looking statements and not unduly rely on the accuracy of predictions contained in such forward-looking statements. As noted above, these forward-looking statements speak only as of the date when they are made. Moreover, in the future, we may make forward-looking statements through our senior management that involve the risk factors and other matters described in our most recent Annual Report on Form 10-K and in this prospectus supplement, as well as other risk factors subsequently identified, including, among others, those identified in our filings with the SEC in our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K.

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**SUMMARY**

*The following summary is provided solely for your convenience. It is not intended to be complete. You should read carefully this entire prospectus supplement, the accompanying prospectus and all the information included or incorporated by reference herein or therein carefully, especially the risks discussed in the section titled "Risk Factors" beginning on page S-9 of this prospectus supplement and in the documents incorporated by reference herein.*

**Northrop Grumman Corporation**

We are an integrated enterprise consisting of many formerly separate businesses that cover the entire defense spectrum, from undersea to outer space and into cyberspace. The companies that have become part of Northrop Grumman achieved historic accomplishments, from transporting Charles Lindbergh across the Atlantic to carrying astronauts to the moon's surface and back.

The acquisitions of these businesses have shaped our company into its present position as a premier provider of technologically advanced, innovative products, services and solutions in information and services, aerospace, electronics and shipbuilding. As prime contractor, principal subcontractor, partner, or preferred supplier, we participate in many high-priority defense and commercial technology programs in the U.S. and abroad. We conduct most of our business with the U.S. Government, principally the Department of Defense. We also conduct business with local, state and foreign governments and domestic and international commercial customers.

The principal executive offices of Northrop Grumman are located at 1840 Century Park East, Los Angeles, California 90067 and our telephone number is (310) 553-6262.

We maintain an internet site at <http://www.northropgrumman.com/>. The information contained at our internet site is not incorporated by reference in this prospectus supplement or the accompanying prospectus, and you should not consider it a part of this prospectus supplement or the accompanying prospectus.

The information above concerning Northrop Grumman is only a summary and does not purport to be comprehensive. For additional information about Northrop Grumman, you should refer to the information described in "Where You Can Find More Information" in this prospectus supplement.

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**The Offering**

*The following summary contains basic information about this offering. For a more complete understanding of this offering, we encourage you to read this entire prospectus supplement and the accompanying prospectus.*

Issuer:	Northrop Grumman Corporation
Securities Offered:	<p>\$850,000,000 aggregate principal amount of notes, consisting of</p> <p>\$350,000,000 aggregate principal amount of 3.70% Senior Notes due 2014, and</p> <p>\$500,000,000 aggregate principal amount of 5.05% Senior Notes due 2019.</p> <p>The notes will be issued as global notes to be deposited with The Depository Trust Company and delivered to purchasers in book-entry form.</p>
Maturity Date:	The 2014 notes will mature on August 1, 2014 and the 2019 notes will mature on August 1, 2019, in each case unless redeemed earlier.
Interest Rate:	The 2014 notes will bear interest from July 30, 2009 at the rate of 3.70% per annum, and the 2019 notes will bear interest from July 30, 2009 at the rate of 5.05% per annum.
Interest Payment Dates:	Interest on the notes is payable semi-annually in arrears on February 1 and August 1 of each year, beginning on February 1, 2010. Interest on the notes will accrue from July 30, 2009.
Use of Proceeds:	We expect the net proceeds from this offering to be approximately \$841 million, after deducting the underwriting discount and our estimated expenses of this offering. We expect to use these net proceeds for our corporate purposes, including debt repayment, acquisitions, share repurchases, pension plan funding, and working capital. The debt repayment may include the repayment of up to \$400 million of our 8% senior notes that mature on October 15, 2009 and the replacement of funds used to repay \$71 million of our 7 1/8% notes that matured on June 1, 2009. Pending their application, we may invest the net proceeds in short-term investments.
Expected Ratings:	The notes are expected to be rated Baa2 by Moody's Investors Service, BBB by Standard & Poor's Ratings Services, and BBB+ by Fitch Ratings, in each case with a stable outlook. A rating is not a recommendation to purchase, sell or hold a financial obligation, and does not address market price or suitability for a particular investor. Ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, information about the issuer, or based on other circumstances. An explanation of the significance of a rating may be obtained from the

issuing agency.

Optional Redemption:

We may at our option redeem the notes, in whole or in part, at any time and from time to time. Upon redemption, we will pay a redemption price equal to the greater of:

100% of the principal amount of the notes being redeemed; and

the sum of the present values of the remaining scheduled payments of principal and interest on the notes being redeemed (not including any portion of any payments of interest accrued to the redemption date), discounted to the redemption date on a semi-

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annual basis at a rate equal to the sum of the Adjusted Treasury Rate (as defined herein), plus 20 basis points in respect of the 2014 notes or 25 basis points in respect of the 2019 notes,

in each case, together with accrued and unpaid interest to, but not including, the date of redemption. See Description of Notes Optional Redemption in this prospectus supplement.

**Ranking:**

The notes will be unsecured senior obligations of Northrop Grumman. The notes will rank equally in right of payment with all Northrop Grumman's existing and future unsecured and unsubordinated indebtedness and will rank senior in right of payment to any future indebtedness that is subordinated to the notes. The notes will be effectively subordinated to (i) all of Northrop Grumman's existing and future secured indebtedness to the extent of the assets securing that indebtedness, and (ii) all indebtedness and liabilities of Northrop Grumman's subsidiaries, including any of our future indebtedness guaranteed by our subsidiaries.

**Certain Covenants:**

The indenture governing the notes limits our ability and the ability of our subsidiaries, among other things, to:

create liens without equally and ratably securing the notes, unless an exception applies; and

engage in certain sale and leaseback transactions.

The indenture also limits our ability to engage in mergers, consolidations and certain sales of assets. These covenants are subject to important exceptions and qualifications, as described in Description of Senior Debt Securities Obligations Under the Indentures and Description of Senior Debt Securities Consolidation, Merger or Sale in the accompanying prospectus.

**Additional Notes:**

We may, without notice to or consent of the holders of any notes, create and issue additional notes in a separate offering. If these additional notes have substantially the same terms as either series of notes offered hereby, we may consolidate these additional notes with that series of notes to form a single series under the indenture. See Description of Notes Issuing Additional Notes in this prospectus supplement.

**No Listing:**

We do not intend to list the notes on any securities exchange or automated quotation system. The notes will be new securities for which there currently is no public market. See Risk Factors Risks Related to the Offering You may not be able to sell your notes if an active trading market for the notes does not develop in this prospectus supplement.

**Trustee:**

The Bank of New York Mellon.

Governing Law:

The notes will be governed by New York law.

Risk Factors:

Investing in the notes involves risks. See the section titled Risk Factors beginning on page S-9 of this prospectus supplement and in the documents incorporated by reference herein and other information included in the accompanying prospectus and the documents incorporated by reference therein for a discussion of factors you should carefully consider before deciding to invest in the notes.

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**RISK FACTORS**

*Your investment in the notes is subject to certain risks. This prospectus supplement does not describe all of the risks of an investment in the notes. You should consult your own financial and legal advisors about the risks entailed by an investment in the notes and the suitability of your investment in the notes in light of your particular circumstances. For a discussion of the factors you should carefully consider before deciding to purchase any notes that may be offered, please read *Risk Factors* in the documents incorporated by reference herein, as well as those risk factors included below. Additional risks and uncertainties not currently known to us or that we currently deem immaterial may also adversely affect our business and operations. If any of the matters described in the risk factors were to occur, our business, financial condition, results of operations, cash flows or prospects could be materially adversely affected. In such case, you could lose all or a portion of your investment.*

**Risks Related to the Offering**

*The indenture does not limit the amount of indebtedness that we may incur.*

The indenture under which the notes will be issued does not limit the amount of indebtedness that we may incur. The indenture does not contain any financial covenants or other provisions that would afford the holders of the notes any substantial protection in the event we participate in a highly leveraged transaction.

*The notes are obligations of Northrop Grumman and not of its subsidiaries, and will be effectively subordinated to the claims of the lenders, trade creditors and others who now or in the future have claims against those subsidiaries.*

Northrop Grumman is the sole obligor on the notes. Northrop Grumman is a holding company which conducts substantially all of its operations through its subsidiaries, which are separate and distinct legal entities. None of these subsidiaries is obligated to repay the notes or to make funds available for any payments due on the notes. Northrop Grumman depends on the distribution of earnings, repayments of inter-company loans or other payments from its subsidiaries to generate cash flow. As a result, its cash flow and its ability to service its debt, including the notes, depends upon the assets, liabilities, earnings and results of operations of its subsidiaries and their ability to distribute or otherwise transfer assets to Northrop Grumman.

The subsidiaries generally have no obligation to provide Northrop Grumman with funds to meet its payment obligations under the notes, whether by dividends, distributions, loans or other payments. Payments of dividends and similar distributions by these subsidiaries to its stockholders are subject to statutory restrictions and may be subject to additional contractual restrictions or business constraints. The extension of loans or advances by those subsidiaries to Northrop Grumman could also be subject to statutory or contractual restrictions or business constraints. Failure by any subsidiary to abide by these restrictions could require Northrop Grumman to return any payments made by that subsidiary.

Northrop Grumman's right to receive any assets upon the liquidation or reorganization of any of its subsidiaries, and therefore the right of the holders of the notes to participate in those assets, will be effectively subordinated to the claims of that subsidiary's current and future creditors, including debenture and note holders (whether senior or subordinated, and including holders of our future indebtedness guaranteed by a subsidiary), banks, and trade creditors. In addition, even if Northrop Grumman were a creditor of any of its subsidiaries, its rights as a creditor would be subordinate to any creditor holding a security interest in the assets of that subsidiary or holding any indebtedness of that subsidiary senior to that held by Northrop Grumman. Northrop Grumman may also elect to issue debt which is



guaranteed by one or more of its subsidiaries, in which case the notes would be effectively structurally subordinated to the new debt.

Consequently, the notes will be effectively subordinated to all liabilities from time to time of its current and future subsidiaries. As of June 30, 2009, Northrop Grumman's subsidiaries had approximately \$3.9 billion of indebtedness.

***Negative covenants in the indenture will have a limited effect.***

The indenture governing the notes contains only limited negative covenants that apply to us. These covenants do not limit the amount of additional debt that we may incur and do not require us to maintain any financial ratios or specific levels of net worth, revenues, income, cash flows or liquidity. Accordingly, the indenture does not

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protect holders of the notes in the event we experience significant adverse changes in our financial condition or results of operations. See **Description of Senior Debt Securities Obligations Under the Indenture** in the accompanying prospectus. In light of the limited negative covenants applicable to the notes, holders of the notes may be structurally or contractually subordinated to new lenders.

### ***You may not be able to sell your notes if an active trading market for the notes does not develop.***

The notes are a new issue of securities for which there currently is no public trading market. We do not intend to apply for listing or quotation of the notes on any securities exchange or automated quotation system. As a result, we cannot provide any assurance that a market will develop for the notes or that you will be able to sell your notes. If the notes are traded after their initial issuance, they may trade at a discount from their initial offering price. Future trading prices of the notes will depend on many factors, including prevailing interest rates, the market for similar securities, general economic conditions and our financial condition, performance and prospects. Accordingly, you may be required to bear the financial risk of an investment in the notes for an indefinite period of time. Any trading markets that might develop would be affected by many factors independent of and in addition to the foregoing, including:

time remaining to the maturity of the notes;

outstanding amount of the notes;

the terms related to optional redemption of the notes; and

the level, direction and volatility of market interest rates generally.

### ***Changes in our credit rating may adversely affect your investment in the notes.***

Actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under further review for a downgrade, could increase our corporate borrowing costs and affect the market value of the notes. Also, our credit ratings may not reflect the potential impact of risks related to structure, market or other factors related to the value of the notes.

The notes are expected to be rated Baa2 by Moody's Investors Service, BBB by Standard & Poor's Ratings Services, and BBB+ by Fitch Ratings, in each case with a stable outlook. A rating is not a recommendation to purchase, sell or hold a financial obligation, and does not address market price or suitability for a particular investor. Ratings are limited in scope, and do not address all material risks relating to an investment in the notes. Ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, information about the issuer, or based on other circumstances. An explanation of the significance of a rating may be obtained from the issuing agency.

## **USE OF PROCEEDS**

We expect the net proceeds from this offering to be approximately \$841 million, after deducting the underwriting discount and our estimated expenses of this offering totaling approximately \$1.7 million. We expect to use these net proceeds for our corporate purposes, including debt repayment, acquisitions, share repurchases, pension plan funding, and working capital. The debt repayment may include the repayment of up to \$400 million of our 8% senior notes that mature on October 15, 2009 and the replacement of funds used to repay \$71 million of our 7 1/8% notes that matured on June 1, 2009. Pending their application, we may invest the net proceeds in short-term investments.

**Table of Contents****RATIO OF EARNINGS TO FIXED CHARGES**

The following table sets forth our ratios of earnings to fixed charges for the periods indicated:

2008 (1)	Year Ended December 31,		2005	2004	Six Months Ended	
	2007	2006			2009	2008
	6.1	5.4	4.7	3.7	6.0	5.6

- (1) For the year ended December 31, 2008, our earnings were insufficient to cover fixed charges by \$368 million. This loss was entirely due to the non-cash goodwill impairment charge of \$3.1 billion recorded during the fourth quarter at Shipbuilding and Aerospace Systems.

For purposes of computing the ratios of earnings to fixed charges, earnings represent earnings from continuing operations before income taxes and fixed charges, and fixed charges consist of interest expense, the portion of rental expense calculated to be representative of the interest factor, and amortization of debt premiums. The ratios, and the note to the above table, should be read in conjunction with the financial statements and other financial data incorporated by reference in this prospectus supplement and the accompanying prospectus. See [Where You Can Find More Information](#) in this prospectus supplement.

**Table of Contents****SELECTED HISTORICAL FINANCIAL INFORMATION**

The following table presents our selected historical financial information as of the dates and for the periods indicated. The financial information set forth below for the completed fiscal years is derived from our audited consolidated financial statements, which have been audited by Deloitte & Touche LLP, an independent registered public accounting firm. The financial information set forth below at June 30 and for the six month periods ended June 30 is derived from our unaudited consolidated financial statements, but includes all adjustments of normal recurring nature considered necessary by management for a fair presentation of our condensed consolidated financial position, results of operations, and cash flows. This financial information is not necessarily indicative of results that may be expected for the entire year. This financial information is only a summary and should be read in conjunction with, and is qualified by reference to, our historical consolidated financial statements and related notes, and Management's Discussion and Analysis of Financial Condition and Results of Operations, contained in our annual, quarterly and current reports filed with the SEC and incorporated in this prospectus supplement and the accompanying prospectus by reference. See Where You Can Find More Information in this prospectus supplement.

<i>\$ in millions except per share</i>	Six Months Ended		Year Ended December 31,				
	June 30, 2009	2008	2008	2007	2006	2005	2004
Sales and Service Revenues	\$ 17,277	\$ 16,352	\$ 33,887	\$ 31,828	\$ 29,991	\$ 29,864	\$ 28,764
Goodwill Impairment			(3,060)				
Operating income (loss)	\$ 1,308	\$ 1,270	\$ (111)	\$ 3,018	\$ 2,494	\$ 2,227	\$ 1,987
Earnings (loss) from continuing operations	\$ 783	\$ 746	\$ (1,281)	\$ 1,811	\$ 1,593	\$ 1,413	\$ 1,080
Basic earnings (loss) per share, from continuing operations	\$ 2.41	\$ 2.20	\$ (3.83)	\$ 5.30	\$ 4.61	\$ 3.96	\$ 3.00
Diluted earnings (loss) per share, from continuing operations	\$ 2.38	\$ 2.15	\$ (3.83)	\$ 5.18	\$ 4.51	\$ 3.89	\$ 2.96
Cash dividends declared per common share	\$ 0.83	\$ 0.77	\$ 1.57	\$ 1.48	\$ 1.16	\$ 1.01	\$ 0.89
<b>Financial Position</b>							
Total assets	\$ 30,148	\$ 33,467	\$ 30,197	\$ 33,373	\$ 32,009	\$ 34,214	\$ 33,303
Notes payable to banks and long-term debt	\$ 3,868	\$ 3,941	\$ 3,944	\$ 4,055	\$ 4,162	\$ 5,145	\$ 5,158