



Corporate Vice President,
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Ms. Elizabeth M. Murphy
Secretary
U.S. Securities and Exchange Commission
100 F Street, N.W.
Washington, D.C. 20549-1090

Re: File No. 57-10-09 Facilitating Shareholder Director Nominations

Dear Ms. Murphy,

We appreciate the opportunity to comment on the Commission's proposed rules relating to shareholder participation in board of director nominations. Northrop Grumman Corporation is committed to good corporate governance and supports our shareholders participation in the director nomination process. However, the Commission's proposed rules raise particular concerns for large, responsible companies such as ours.

During the comment period, issuers have pointed out a number of problems with the proposed rules. We share many of these same concerns, including the following:

- the 1% / 1-year stock ownership threshold is extremely low. We believe a 5% stock ownership threshold for at least 2 years is more appropriate.
- allowing shareholders to nominate up to 25% of the board could be quite disruptive. We suggest a lower percentage such as 10%.
- there should be a resubmission threshold, whereby if a proposed nominee does not receive at least 25% of the vote in a year, the proponent and nominee may not resubmit for a two year period. This would allow more shareholders to participate in the process and would motivate them to propose high quality candidates. We endorse the comments and suggestions of the Society of Corporate Secretaries and Governance Professionals in its comment letter.

However, our specific concern with the proposed rules relates to the independence requirements and qualifications of the shareholder nominees. A shareholder nominee for director would only be required to meet the objective independence requirements of the national securities exchange on which the issuer is listed. Shareholder nominees would

be exempt from any other objective or subjective qualifications – which are often more specific and more demanding – that a company imposes on its nominees for director. For example, Northrop Grumman’s Board of Directors oversees programs critical to U.S. security interests and requires director candidates to be U.S. citizens, willing to submit to a government background check necessary for obtaining a top secret clearance as well as polygraph testing for special access to certain classified programs. All our directors currently hold such clearances. If a proposed director was unwilling or for some reason was denied such clearance by the Department of Defense, it would prevent that director from participating fully as a member of the Board.

Our Governance Committee considers and evaluates a number of factors in determining whether to recommend a candidate for election to the Board. These include the specific skills and expertise most relevant to the Board at that particular time, diversity of background, perspective and ideas and additional legal requirements such as those imposed by the Clayton Antitrust Act. Any proxy access rule should require that all nominees for director, including shareholder nominees, meet and be evaluated on the same publicly available objective and subjective requirements. Exempting shareholder nominees from these requirements could put the company in an untenable legal position or at a competitive disadvantage and result in lower quality boards.

We are confident that nominating/governance committees at issuer companies devote substantial time and energy to identifying and evaluating qualified and compatible director candidates. The proposed rules do not provide such a role for these committees. We believe nominating/governance committees should have an opportunity to interview or otherwise evaluate the shareholder nominees and should have a role in determining which shareholder nominees can be excluded.

We appreciate the Commission’s invitation to comment on the proposed release.

Respectfully Submitted,

Joseph F. Coyne, Jr.



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