



Northrop Grumman Corporation
2980 Fairview Park Drive
Falls Church, Virginia 22042-4511

July 8, 2016

Mr. Russell G. Golden
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Subject: File Reference No. 2016-230

Dear Mr. Golden:

We appreciate the opportunity to comment on the exposure draft *Intangibles – Goodwill and Other (Topic 350): Simplifying the Accounting for Goodwill Impairment*. Northrop Grumman is a leading global security company with annual sales of \$24 billion and approximately 65,000 employees.

We commend the Board for continuing with its simplification efforts, and we support the proposed amendments to eliminate Step 2 of the goodwill impairment test. Based on our experience with the current goodwill impairment model, we agree this change will reduce both cost and complexity as step 2 of the model typically requires significant internal resources and the use of external specialists.

With regard to other specific questions asked by the Board in the exposure draft:

- We do not believe the Board should provide companies with the option to continue performing Step 2 of the current goodwill impairment test. Offering multiple approaches for companies to perform the goodwill impairment test would actually add complexity to the process rather than simplify the process since it would result in inconsistent measurements of impairment from company to company.
- As no additional requirements are being added through this proposal, we do not believe it would require much of a transition period for companies to adopt. In our view, the proposed amendments could be effective upon issuance.

- We agree that the proposed guidance should be applied prospectively. This will provide the most comparable information for financial statement users.
- We have not identified any unintended consequences with the proposed amendments.

Please contact me if you have any questions or would like to discuss these comments.

Respectfully,

A handwritten signature in blue ink that reads "Michael Hardesty". The signature is written in a cursive, flowing style.

Michael Hardesty
Corporate Vice President, Controller and Chief Accounting Officer