

NORTHROP GRUMMAN

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

February 5, 2018

Ms. Susan M. Cospers
Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Subject: File Reference No. 2018-200

Submitted via email to director@fasb.org

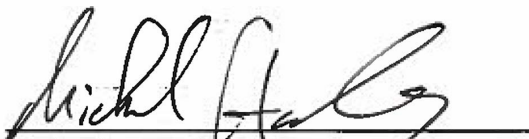
Dear Ms. Cospers,

We appreciate the opportunity to comment on the Financial Accounting Standards Board's (the "Board") proposed Accounting Standards Update, *Leases (Topic 842) — Targeted Improvements*. Northrop Grumman is a leading global security company with annual sales of \$26 billion and approximately 70,000 employees. We provide products, systems and solutions in autonomous systems; cyber; command, control, communications and computers, intelligence, surveillance, and reconnaissance; strike; and logistics and modernization to government and commercial customers worldwide.

We support the Board's proposal to add an optional transition method for Topic 842 that will allow companies to apply the new lease requirements through a cumulative-effect adjustment in the period of adoption. We believe this will significantly reduce the cost and complexity associated with implementing Topic 842. Recognizing assets and liabilities on the balance sheet using the current modified retrospective approach requires companies to analyze leases that expire prior to the effective date of the new standard. We believe the incremental cost and administrative burden of analyzing those leases and providing new disclosures for the comparative periods outweigh the benefits to investors. Furthermore, we do not believe the Board's proposal deprives investors of valuable information.

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

Respectfully,



Michael A. Hardesty
Corporate Vice President and
Chief Accounting Officer