

Northrop Grumman Overview

January 25, 2024



Kathy Warden

Chair, Chief Executive Officer
and President

Dave Keffer

Corporate Vice President
and Chief Financial Officer

Forward-Looking Statements

This presentation and the information we are incorporating by reference, and statements to be made on the earnings conference call, contain or may contain statements that constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as “will,” “expect,” “anticipate,” “intend,” “may,” “could,” “should,” “plan,” “project,” “forecast,” “believe,” “estimate,” “guidance,” “outlook,” “trends,” “goals” and similar expressions generally identify these forward-looking statements.

Forward-looking statements include, among other things, statements relating to our future financial condition, results of operations and/or cash flows. Forward-looking statements are based upon assumptions, expectations, plans and projections that we believe to be reasonable when made, but which may change over time. These statements are not guarantees of future performance and inherently involve a wide range of risks and uncertainties that are difficult to predict. Specific risks that could cause actual results to differ materially from those expressed or implied in these forward-looking statements include, but are not limited to, those identified and discussed more fully in the section entitled “Risk Factors” in the Form 10-K for the year ended December 31, 2023, and from time to time in our other SEC filings. These risks and uncertainties are amplified by the global macroeconomic, security and political environments, including inflationary pressures, labor and supply chain challenges, which have caused and will continue to cause significant challenges, instability and uncertainty. They include:

Industry and Economic Risks

- our dependence on the U.S. government for a substantial portion of our business
- significant delays or reductions in appropriations and/or for our programs, and U.S. government funding and program support more broadly, including as a result of a prolonged continuing resolution and/or government shutdown, and/or related to the global security environment or other global events
- significant delays or reductions in payments as a result of or related to a breach of the debt ceiling
- the use of estimates when accounting for our contracts and the effect of contract cost growth and our efforts to recover or offset such costs and/or changes in estimated contract costs and revenues, including as a result of inflationary pressures, labor shortages, supply chain challenges and/or other macroeconomic factors, and risks related to management’s judgments and assumptions in estimating and/or projecting contract revenue and performance which may be inaccurate
- continued pressures from macroeconomic trends, including on costs, schedules, performance and ability to meet expectations
- increased competition within our markets and bid protests

Legal and Regulatory Risks

- investigations, claims, disputes, enforcement actions, litigation (including criminal, civil and administrative) and/or other legal proceedings
- the improper conduct of employees, agents, subcontractors, suppliers, business partners or joint ventures in which we participate, including the impact on our reputation and our ability to do business
- changes in procurement and other laws, SEC, DoD and other rules and regulations, contract terms and practices applicable to our industry, findings by the U.S. government as to our compliance with such requirements, more aggressive enforcement of such requirements and changes in our customers’ business practices globally
- environmental matters, including climate change, unforeseen environmental costs and government and third party claims
- unanticipated changes in our tax provisions or exposure to additional tax liabilities

Business and Operational Risks

- cyber and other security threats or disruptions faced by us, our customers or our suppliers and other partners, and changes in related regulations
- our ability to attract and retain a qualified, talented and diverse workforce with the necessary security clearances to meet our performance obligations
- the performance and viability of our subcontractors and suppliers and the availability and pricing of raw materials and components, particularly with inflationary pressures, increased costs, shortages in labor and financial resources, supply chain disruptions, and extended material lead times
- impacts related to health epidemics and pandemics and similar outbreaks
- our exposure to additional risks as a result of our international business, including risks related to global security, geopolitical and economic factors, misconduct, suppliers, laws and regulations
- our ability to innovate, develop new products and technologies, progress and benefit from digital transformation and maintain technologies to meet the needs of our customers
- natural disasters
- products and services we provide related to hazardous and high risk operations, including the production and use of such products, which subject us to various environmental, regulatory, financial, reputational and other risks
- our ability appropriately to exploit and/or protect intellectual property rights

General and Other Risk Factors

- the adequacy and availability of, and ability to obtain, insurance coverage, customer indemnifications or other liability protections
- the future investment performance of plan assets, gains or losses associated with changes in valuation of marketable securities related to our non-qualified benefit plans, changes in actuarial assumptions associated with our pension and other postretirement benefit plans and legislative or other regulatory actions impacting our pension and postretirement benefit obligations
- changes in business conditions that could impact business investments and/or recorded goodwill or the value of other long-lived assets, and other potential future liabilities

You are urged to consider the limitations on, and risks associated with, forward-looking statements and not unduly rely on the accuracy of forward-looking statements. These forward-looking statements speak only as of the date this presentation is first issued or, in the case of any document incorporated by reference, the date of that document. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

This presentation also contains non-GAAP financial measures. A reconciliation to the nearest GAAP measure and a discussion of the company’s use of these measures are included in this presentation.

Northrop Grumman Today

About Us

Northrop Grumman is a leading global aerospace and defense **technology company**. Our **pioneering solutions** equip our customers with the capabilities they need to connect and protect the world, and **push the boundaries** of human exploration across the universe. Driven by a **shared purpose** to solve our customers' toughest problems, our employees **define possible** every day.



\$84.2B

2023 Backlog



\$39.3B

2023 Sales



\$2.1B

2023 Free Cash Flow⁽¹⁾



\$2.6B

2023 Dividends & Share Repurchases



~101K

Employees

Leading global aerospace and defense technology company

1. Non-GAAP financial measure. See Appendix.

What We Do



Air

We build some of the world's most advanced aircraft. From the innovative B-2 Spirit stealth bomber to the groundbreaking X-47B, in addition to powerful airborne sensors and systems.



Cyber

We are a leading provider of full-spectrum cyber across land, air, sea and space. From preventing cyber attacks to securing military communications and giving our customers a decisive advantage, our capabilities are second to none.



Land

We provide critical logistics, sustainment and modernization services for everything from America's emergency services infrastructure to combat vehicles on the battlefield.



Sea

We are a world leader in the design, development and production of naval systems. From sonar that can map the deepest depths of the ocean to anti-submarine systems and advanced electronic warfare, we're constantly evolving to counter increasingly sophisticated threats at sea.



Space

We've been pioneering in space for over 60 years and we continue to push the boundaries of what's possible. From the Lunar Module to the latest space telescopes, from national security launch systems and payloads to advanced communications satellites, our space capabilities are unrivaled.



Multi-Domain

In the future, more than ever before, mission advantage will go to military forces who can coordinate and act together across all domains. Observing, orienting, deciding and acting together, faster and with greater effect than their adversaries is the next-gen technological edge for Joint Forces.

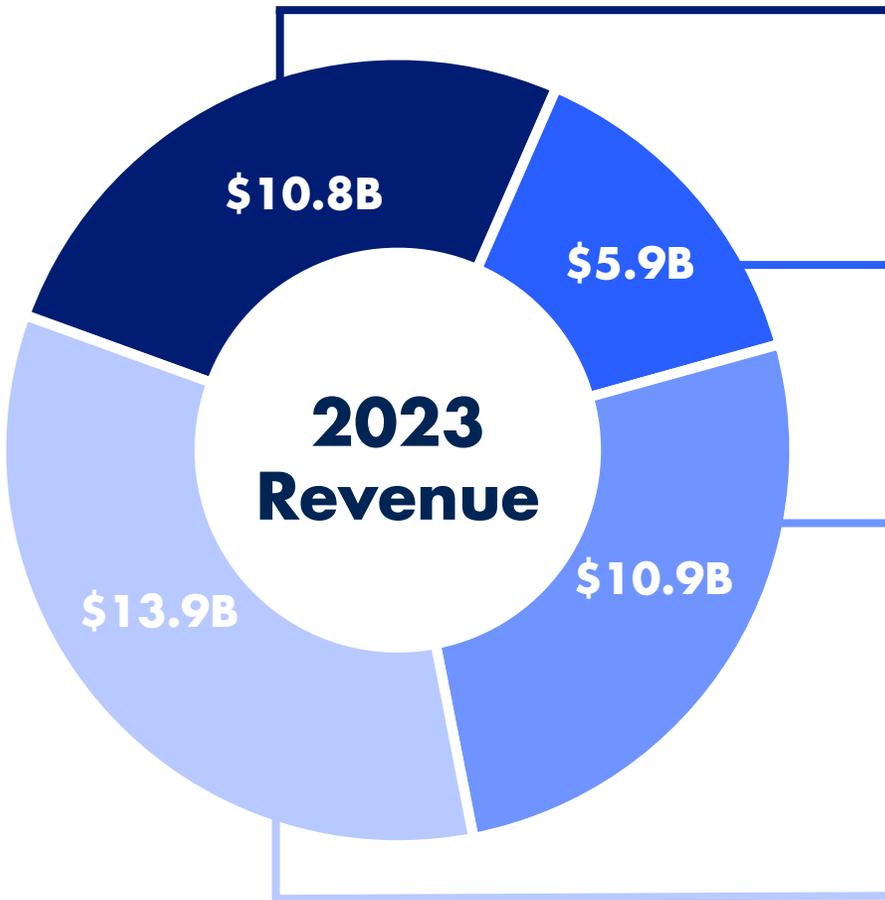


Advanced Weapons

For decades, Northrop Grumman has protected U.S. forces and our allies by designing, developing and delivering weapons of increasing complexity and capabilities for expanded missions and domains.

Our pioneering solutions equip our customers with the capabilities they need to connect and protect the world

Four Operating Segments at-a-Glance



Aeronautics Systems

Strike | Air Dominance | Battle Management and Control | Intelligence, Surveillance and Reconnaissance (ISR)

Leader in the design, development, production, integration, sustainment and modernization of military aircraft systems for the U.S. Air Force, the U.S. Navy, other U.S. government agencies, and international customers.



Defense Systems

Integrated Battle Management Systems | Weapons Systems | Aircraft and Mission Systems Sustainment and Modernization

Leader in the design, development, integration and production of advanced tactical weapons and missile defense solutions, and a provider of sustainment, modernization and training services for manned and unmanned aircraft and electronics systems for the U.S. military and a broad range of international customers.



Mission Systems

Radar, Electro-optical/infrared (EO/IR) and Acoustic Sensors | Cyber | C4ISR Systems | Electronic Warfare Systems | Advanced Communications and Network Systems

Leader in advanced mission solutions and multifunction systems, primarily for the U.S. defense and intelligence community, and international customers.



Space Systems

Satellites and Payloads | Ground Systems | Missile Defense Systems and Interceptors | Launch Vehicles and Related Propulsion Systems | Strategic Missiles

Leader in delivering end-to-end mission solutions through the design, development, integration, production and operation of space, missile defense, launch and strategic missile systems for national security, civil government, commercial and international customers.

2023 Highlights

Enterprise Spotlight

- First lot of B-21 LRIP phase awarded following successful entry into flight test campaign
- Continued to develop critical air vehicle and propulsion systems hardware for Sentinel program
- GEM 63XL solid rocket boosters helped power first launch of ULA's Vulcan rocket

Financial Performance

- Achieved record backlog of over \$84 billion driven by book to bill ratio of 1.14
- Sales increased over 7% to \$39.3 billion
- Diluted EPS of \$13.53 included MTM pension expense of \$2.08 and B-21 charge of \$7.68 per share
- Adjusted free cash flow⁽¹⁾ increased 30% to \$2.1 billion
- Reaffirm our free cash flow⁽¹⁾ outlook for 2024 and 2025, with 15%+ CAGR through 2026

Capital Deployment

- Returned over \$2.6 billion to investors via dividends and share repurchases
- Increased our dividend by 8%, our 20th consecutive annual increase
- Plan at least \$2 billion in 2024 share repurchases including initiation of \$1 billion ASR in Q1



\$84.2B
2023 Backlog



\$39.3B
2023 Sales



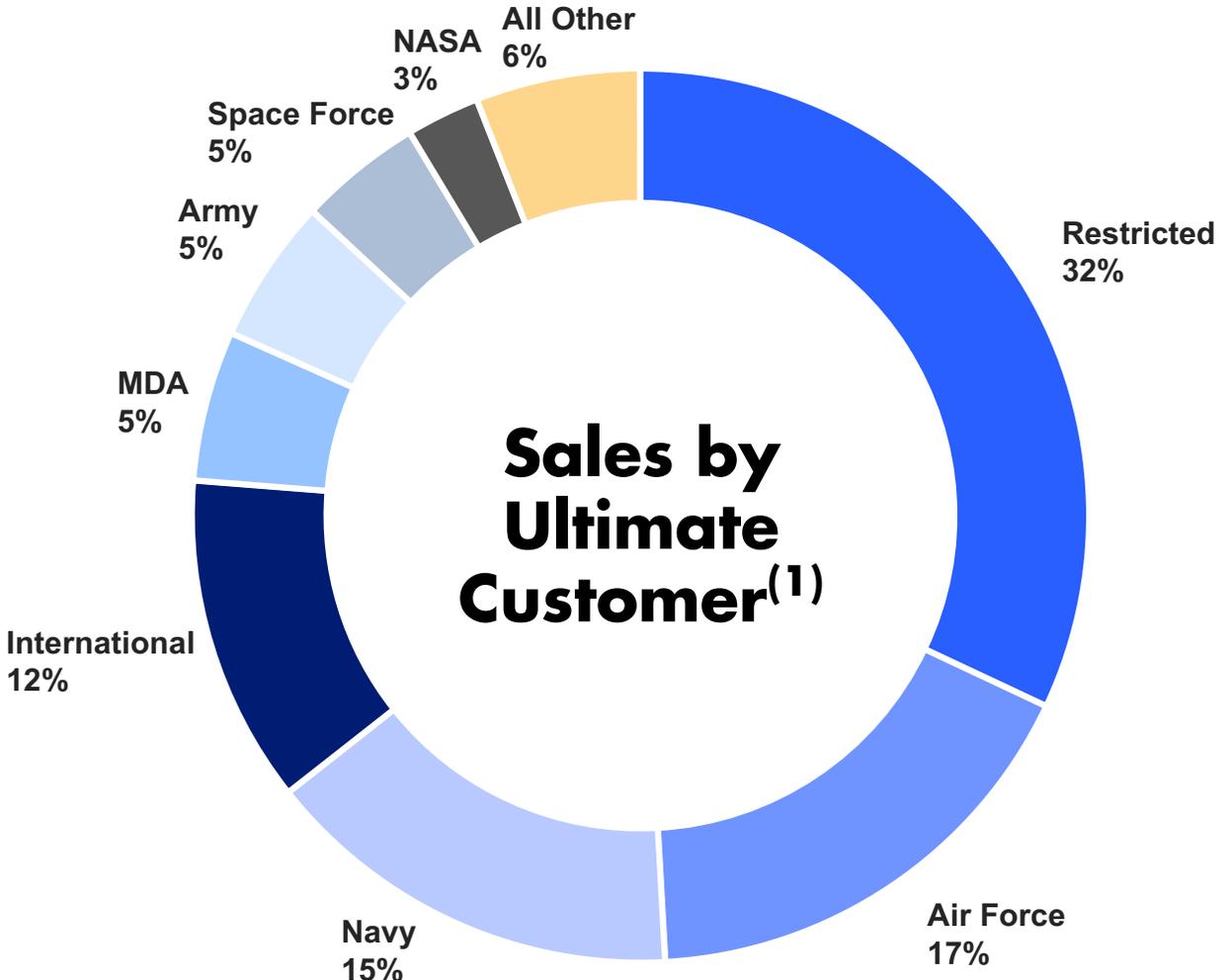
\$2.1B
2023 Adjusted Free
Cash Flow⁽¹⁾



\$2.6B
2023 Dividends &
Share Repurchases

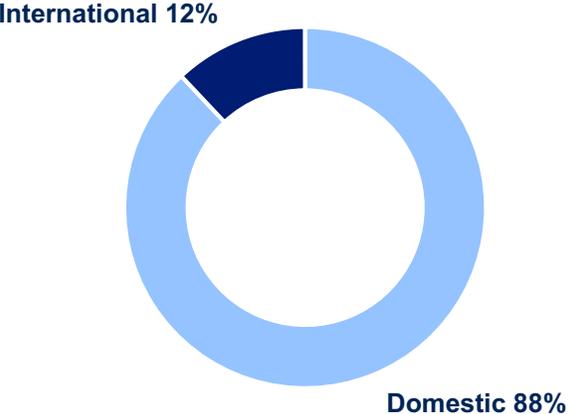
1. Non-GAAP financial measure. See Appendix.

2023 Company Level Sales Mix⁽¹⁾

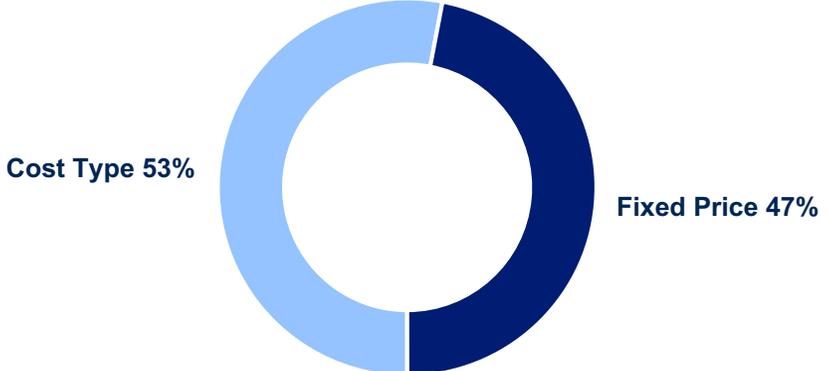


Sales Distributions

Domestic vs. International



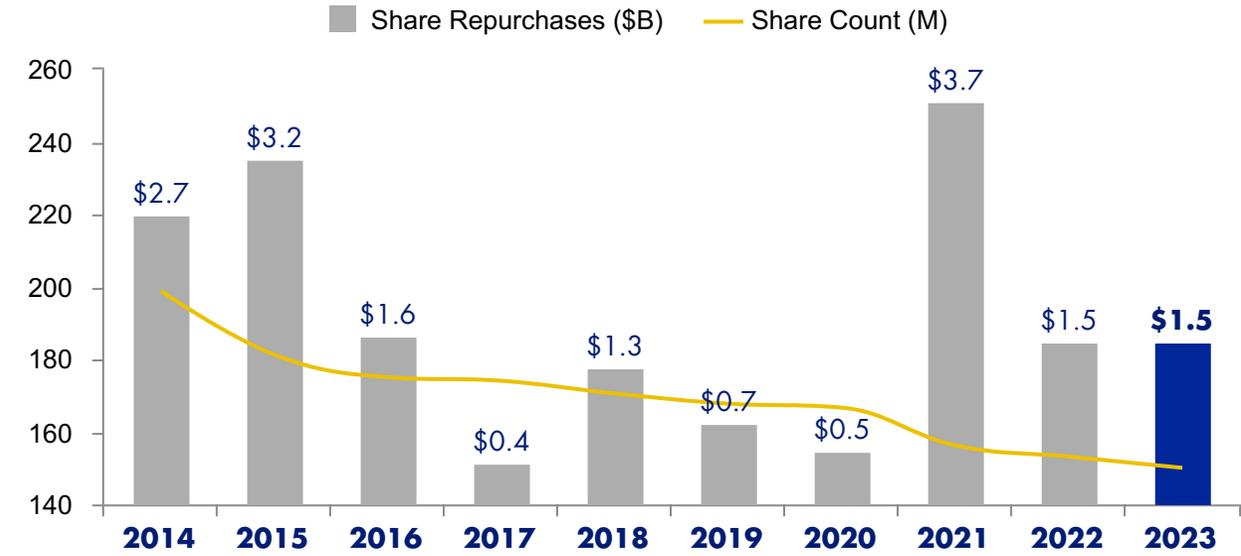
Contract Type



1. Represents ultimate end user customer where we are a subcontractor

Consistent Return of Cash to Shareholders

Share Repurchases & Share Count



Average Purchase Price:	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	\$124	\$164	\$213	\$240	\$271	\$312	\$335	\$344	\$464	\$457

Share Repurchases

- Between 2014 and 2023
 - Share count reduced by ~31%
 - Average purchase price of \$226
- Approximately \$1.5B in 2023 Share Repurchases

Annualized Dividend



Dividend Increase:	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	15%	14%	13%	11%	20%	10%	10%	8%	10%	8%

Dividends

- Dividend growth CAGR of ~12% from 2014-2023
- Dividend increased 8% in May 2023
- 20 consecutive annual dividend increases through 2023

Motivated by our Values

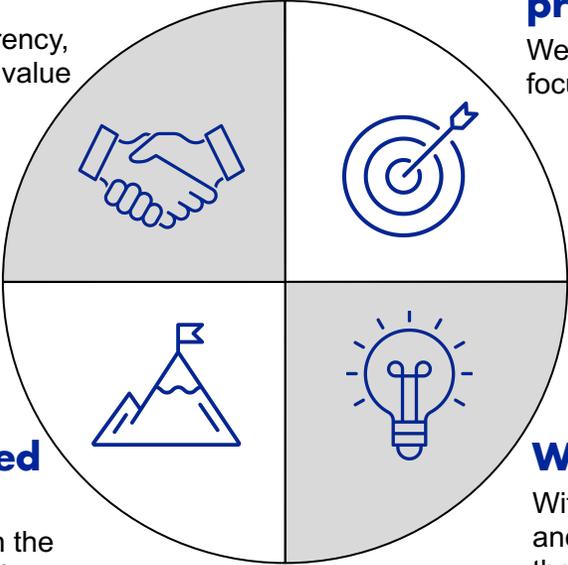


We do the right thing

We earn trust, act with ethics, integrity and transparency, treat everyone with respect, value diversity and foster safe and inclusive environments.

We do what we promise

We own the delivery of results, focused on quality outcomes.



We commit to shared success

We work together to focus on the mission and take accountability for the sustainable success of our people, customers, shareholders, suppliers and communities.

We Pioneer

With fierce curiosity, dedication, and innovation, we seek to solve the world's most challenging problems.

Sustainability Highlights

Environmental



Committed to achieving
Net Zero GHG

emissions in our operations by 2035

- **11.2% reduction** in emissions in 2023 (from 2019 base year)



Published our Second
TCFD Report
in 2023



Source 50%
of total electricity from renewable sources by 2030

- **16% renewable electricity** sourced in 2023



260 Tons
of estimated solid waste reduction or diversion annually as a result of projects completed in 2023

Social

Recognized corporate culture and ethics program

Diverse employee population⁽¹⁾ including

25%

Female

18%

Veteran



38%

People of color

8%

People with Disabilities



In 2023 generated

\$40M

In social value from Northrop Grumman, the Northrop Grumman Foundation and our employees

Have a **comprehensive human rights policy** and **Human Rights Report**

Governance

Board of Directors



92%

Independent



46%

Women



31%

People of color

2023 Non-Financial Metrics part of Executive Compensation

People



Employee Experience



Diversity

Environment



Environmental Sustainability

Customer



Quality



Customer Satisfaction

1. U.S. Employee Population, as of 12/31/23

Awards and Recognition

Investor Focused

Member of
Dow Jones Sustainability Indices

Powered by the S&P Global CSA

Member of DJSI North America Index for
8th consecutive year

Member of DJSI Global Index for the **2nd time**



AA rating from MSCI



Participated in the CDP climate change questionnaire for the
12th consecutive year, receiving a B score.

Reputation



Recognized as one of "America's Most Just Companies" by JUST capital for
2nd consecutive year



CPA-Zicklin Index for Corporate Political Contributions
Received a 100% Score



Named as one of the best places to grow a career by LinkedIn

Diversity, Equity & Inclusion



DiversityInc's Top 50 Companies for Diversity



Disability Equality Index "Best Place to Work for Disability Inclusion"
Highest ranking for 9th year in a row



Received the Human Rights Campaign "Equality 100 Award" as a leader in LGBTQ+ Workplace Inclusion

Leader in ESG

Aeronautics Systems



Aeronautics Systems Sector Overview

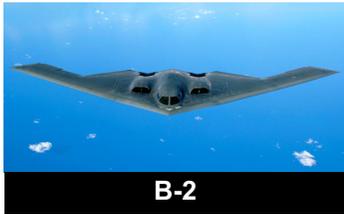


Strategy & Capabilities

Aeronautics Systems is a leader in the design, development, production, integration, sustainment and modernization of military aircraft systems for the U.S. Air Force, the U.S. Navy, other U.S. government agencies, and international customers.

Major products include strategic long-range strike aircraft; tactical fighter and air dominance aircraft; airborne battle management and command and control systems; and unmanned autonomous aircraft systems, including high-altitude long-endurance (HALE) strategic intelligence, surveillance and reconnaissance (ISR) systems and vertical take-off and landing (VTOL) tactical ISR systems.

Key Programs



\$19.6B

2023 Backlog



\$10.8B

2023 Sales



(4.4)%

2023 OM Rate⁽¹⁾

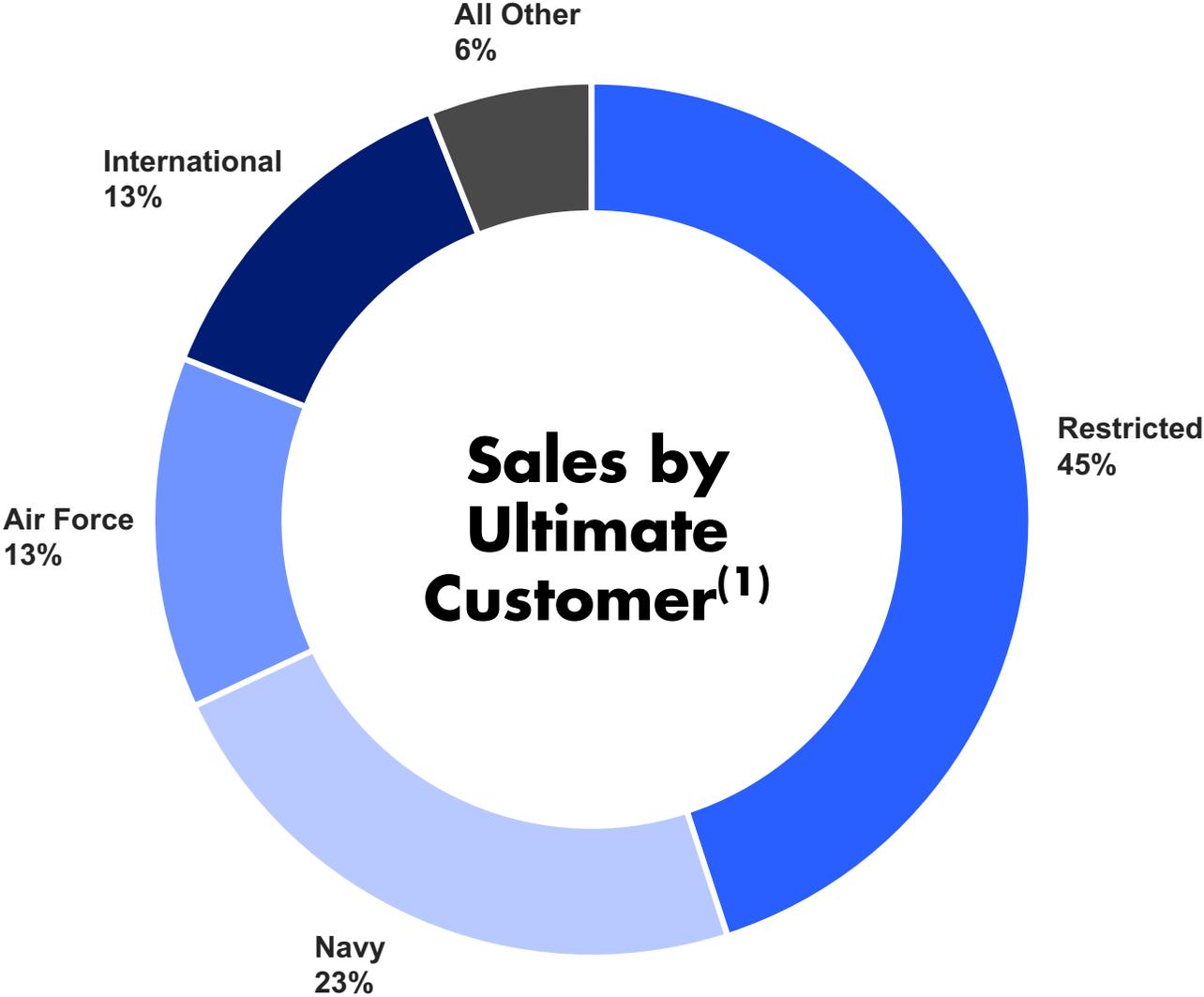


~22K

Employees

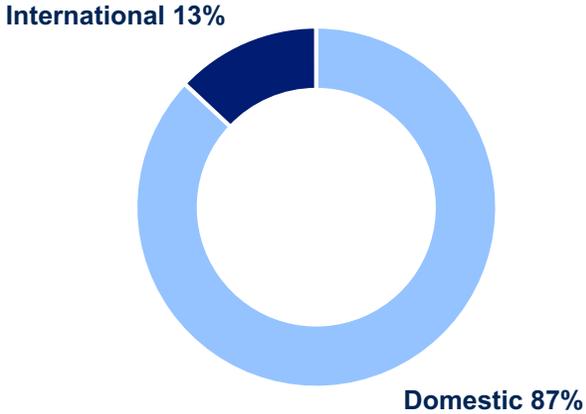
1. OM Rate is inclusive of \$1.56B B-21 LRIP charge.

2023 Aeronautics Systems Sales Mix

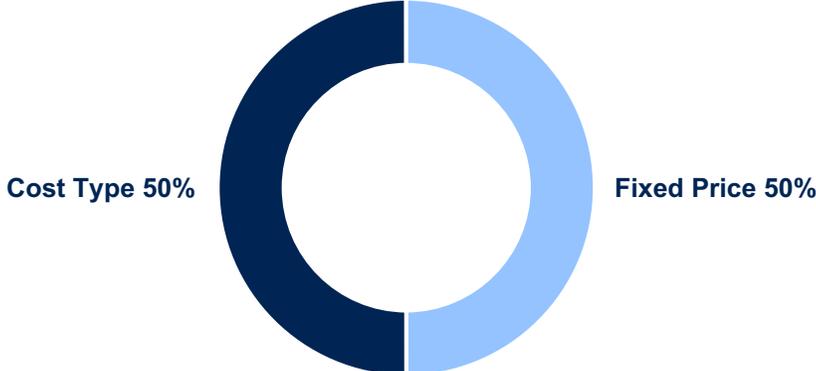


Sales Distributions⁽¹⁾

Domestic vs. International



Contract Type



1. Represents ultimate end user customer where we are a subcontractor, percentages calculated based on external customer sales.

Program Descriptions & Acronyms

Aeronautics Systems

- Development and production of the U.S. Air Force B-21 Raider long-range strike aircraft that defines sixth-generation technologies;
- Modernization and sustainment services for the B-2 Spirit stealth aircraft;
- Fuselage production for the F/A-18 Super Hornet and the F-35 Lighting II Joint Strike Fighter for use by U.S. and international forces;
- E-2D Advanced Hawkeye battle management aircraft production for the U.S. Navy, Japan, and France;
- MQ-4C Triton, which provides wide area strategic ISR over vast ocean and coastal regions for maritime domain awareness to the U.S. Navy and Australia;
- RQ-4 Global Hawk, which provides high resolution imagery of land masses for theater awareness and strategic ISR to the U.S. Air Force, Japan, and the Republic of Korea;
- MQ-8C Fire Scout, ship-based, VTOL tactical ISR systems that provide situational awareness and precision targeting for the U.S. Navy.

Defense Systems



Defense Systems Sector Overview

Strategy & Capabilities

Defense Systems is a leader in the design, development, integration and production of advanced tactical weapons and missile defense solutions, and a provider of sustainment, modernization and training services for manned and unmanned aircraft and electronics systems for the U.S. military and a broad range of international customers.

Major products and services include integrated, all-domain command and control (C2) battle management systems, precision strike weapons; advanced propulsion, including high speed air-breathing and hypersonic systems; high-performance gun systems, ammunition, precision munitions and advanced fuzes; aircraft and mission systems logistics support, sustainment, operations and modernization; and warfighter training.

Key Programs



\$8.1B

2023 Backlog



\$5.9B

2023 Sales



12.1%

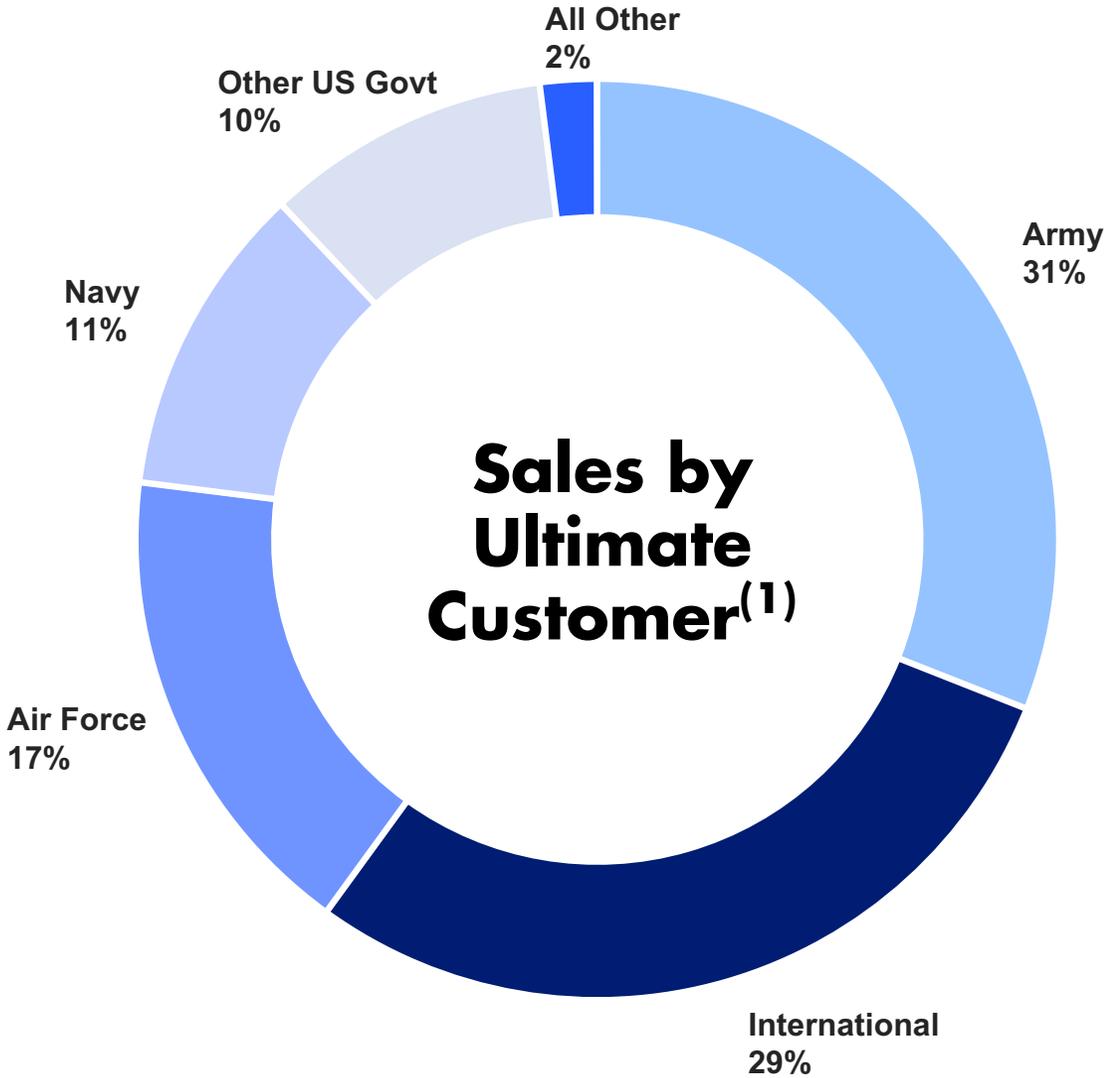
2023 OM Rate



~14K

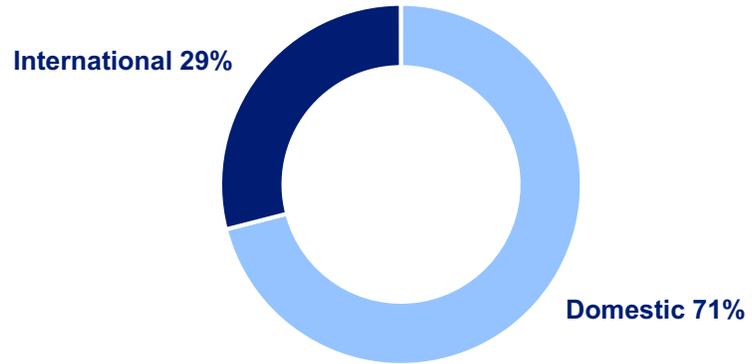
Employees

2023 Defense Systems Sales Mix

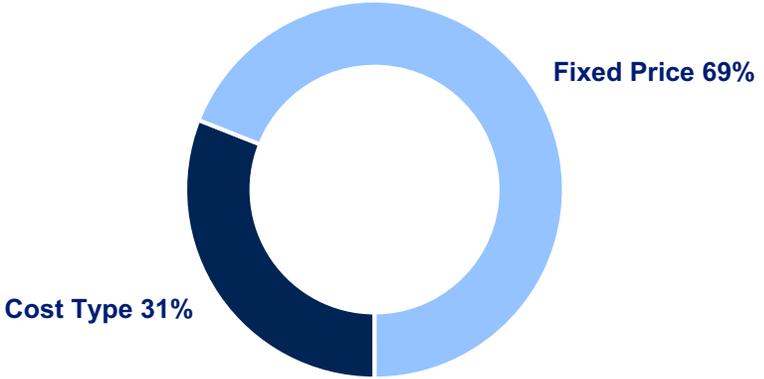


Sales Distributions⁽¹⁾

Domestic vs. International



Contract Type



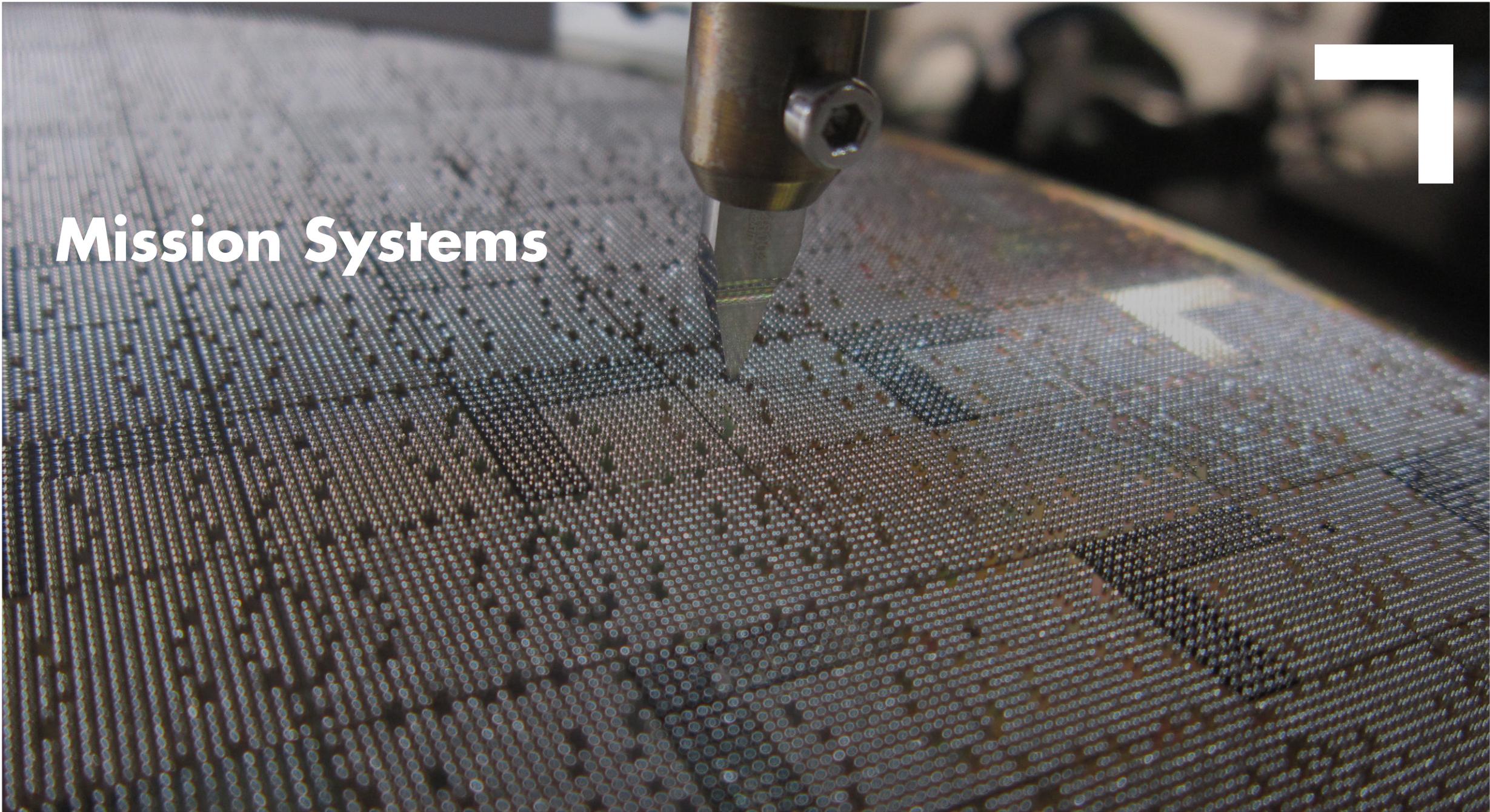
1. Represents ultimate end user customer where we are a subcontractor, percentages calculated based on external customer sales.

Program Descriptions & Acronyms

Defense Systems

- Integrated Air and Missile Defense Battle Command System (IBCS) for the U.S. Army and Poland, which is an open architecture system that seamlessly integrates sensors and effectors to deliver among the most advanced C2 systems for joint and coalition forces;
- Medium (30mm and 20mm) and Large (120mm) caliber tactical and training ammunition production;
- Guided Multiple Launch Rocket System (GMLRS) propulsion and warhead subsystems for a surface-to-surface system used to defeat targets using indirect precision fires;
- U.S. Navy's Advanced Anti-Radiation Guided Missile (AARGM), a medium-range, air-to-surface missile, and its extended range variant, AARGM-ER;
- U.S. Air Force's Stand-In Attack Weapon (SiAW), an advanced capability air-to-surface tactical missile for the F-35;
- Hypersonic Attack Cruise Missile (HACM) air-breathing, scramjet propulsion subsystem for the hypersonic air-launched cruise missile to travel at speeds of Mach 5 or greater;
- Global system sustainment and operations support for the F-35, B-2, P-3 Orion, E-6B Mercury, KC-30A multi-role tanker, C-27J transport, NATO AGS, Triton and restricted programs;
- Precision Guidance Kit (PGK), replaces conventional fuzes for artillery and mortar munitions and transforms them into Global Positioning System enabled precision guided weapons.

Mission Systems



Mission Systems Sector Overview

Strategy & Capabilities

Mission Systems is a leader in advanced mission solutions and multifunction systems, primarily for the U.S. defense and intelligence community, and international customers.

Major products and services include command, control, communications and computers, intelligence, surveillance and reconnaissance (C4ISR) systems; radar, electro-optical/infrared (EO/IR) and acoustic sensors; electronic warfare systems; advanced communications and network systems; full spectrum cyber solutions; intelligence processing systems; advanced microelectronics; navigation and positioning sensors; and maritime power, propulsion and payload launch systems.

Key Programs



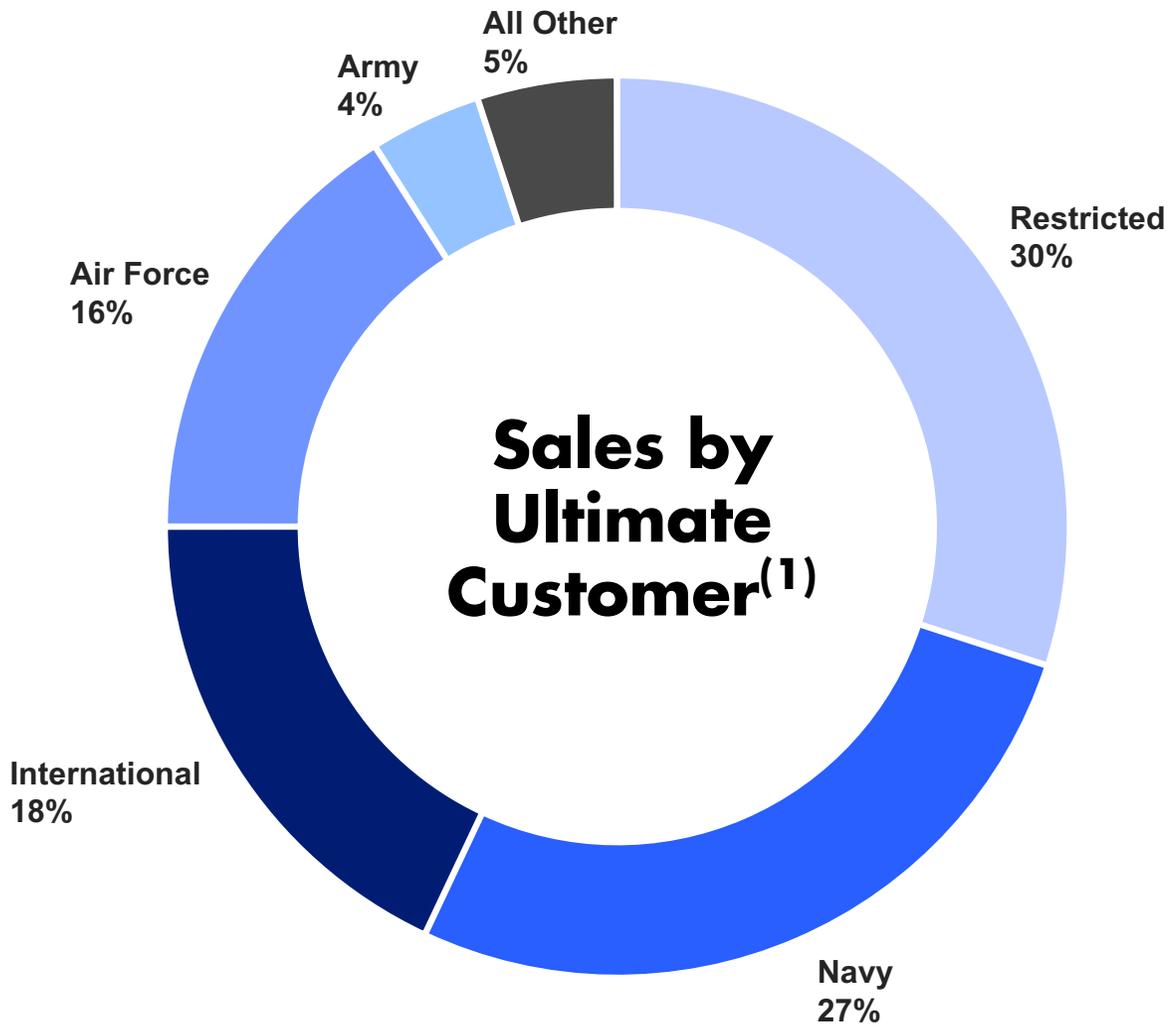
 **\$16.1B**
2023 Backlog

 **\$10.9B**
2023 Sales

 **14.8%**
2023 OM Rate

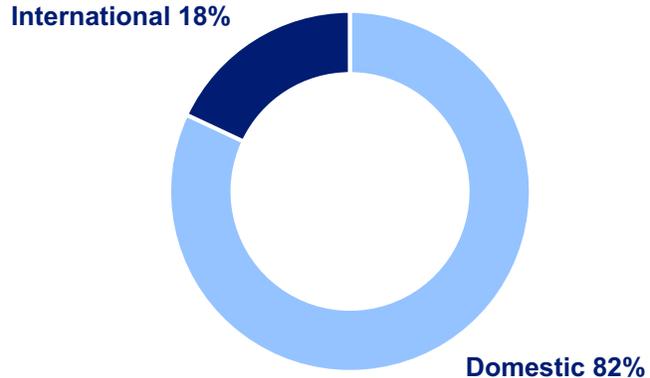
 **~27K**
Employees

2023 Mission Systems Sales Mix

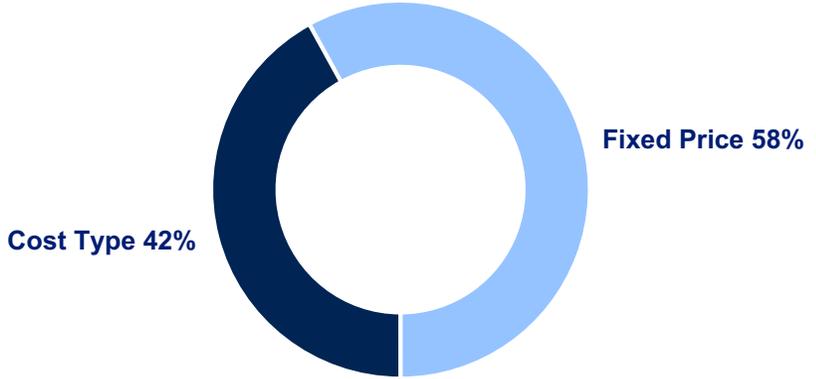


Sales Distributions⁽¹⁾

Domestic vs. International



Contract Type



1. Represents ultimate end user customer where we are a subcontractor, percentages calculated based on external customer sales.

Program Descriptions & Acronyms

Mission Systems

- Scalable Agile Beam Radar (SABR), an active electronically scanned array fire control radar system for F-16 aircraft;
- F-35 fire control radar and Distributed Aperture System (DAS), which provides 360 degree field of view tracking, identifying, missile warning and night vision capabilities;
- F-35 Communications, Navigation and Identification (CNI) integrated avionics system, which provides secure communications and interoperability capabilities;
- Ground/Air Task Oriented Radar (G/ATOR), a mobile multi-mode active electronically scanned array;
- Surface Electronic Warfare Improvement Program (SEWIP) Block III, which protects surface ships from anti-ship missiles, provides early detection, signal analysis and threat warning;
- Airborne Early Warning & Control (AEW&C). The centerpiece of the E-7 AEW&C aircraft is the Multi-role Electronically Scanned Array (MESA) radar which enables 360 degree long range advanced air moving target indicator (AMTI) capabilities for Battle Management, Command and Control, and Maritime Surveillance
- Large Aircraft and Common Infrared Countermeasures (LAIRCM, DoN LAIRCM, CIRCM) systems, which protect large aircraft as well as rotary wing and medium fixed wing aircraft from infrared missiles using advanced laser technology;
- Battlefield Airborne Communications Node (BACN), one of the first airborne gateway systems that allows platforms to communicate and securely share data.

Space Systems



Space Systems Sector Overview

Strategy & Capabilities

Space Systems is a leader in delivering end-to-end mission solutions through the design, development, integration, production and operation of space, missile defense, launch and strategic missile systems for national security, civil government, commercial and international customers.

Major products include satellites and spacecraft systems, subsystems, sensors and payloads; ground systems; missile defense systems and interceptors; launch vehicles and related propulsion systems; and strategic missiles.

Key Programs



GBSD SENTINEL



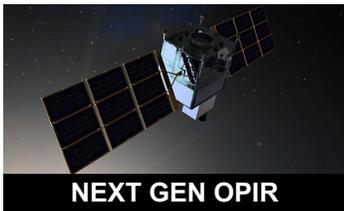
NGI



GWS



SDA Programs



NEXT GEN OPIR



SLS



GEM 63



CYGNUS SPACECRAFT



\$40.5B

2023 Backlog



\$13.9B

2023 Sales



8.7%

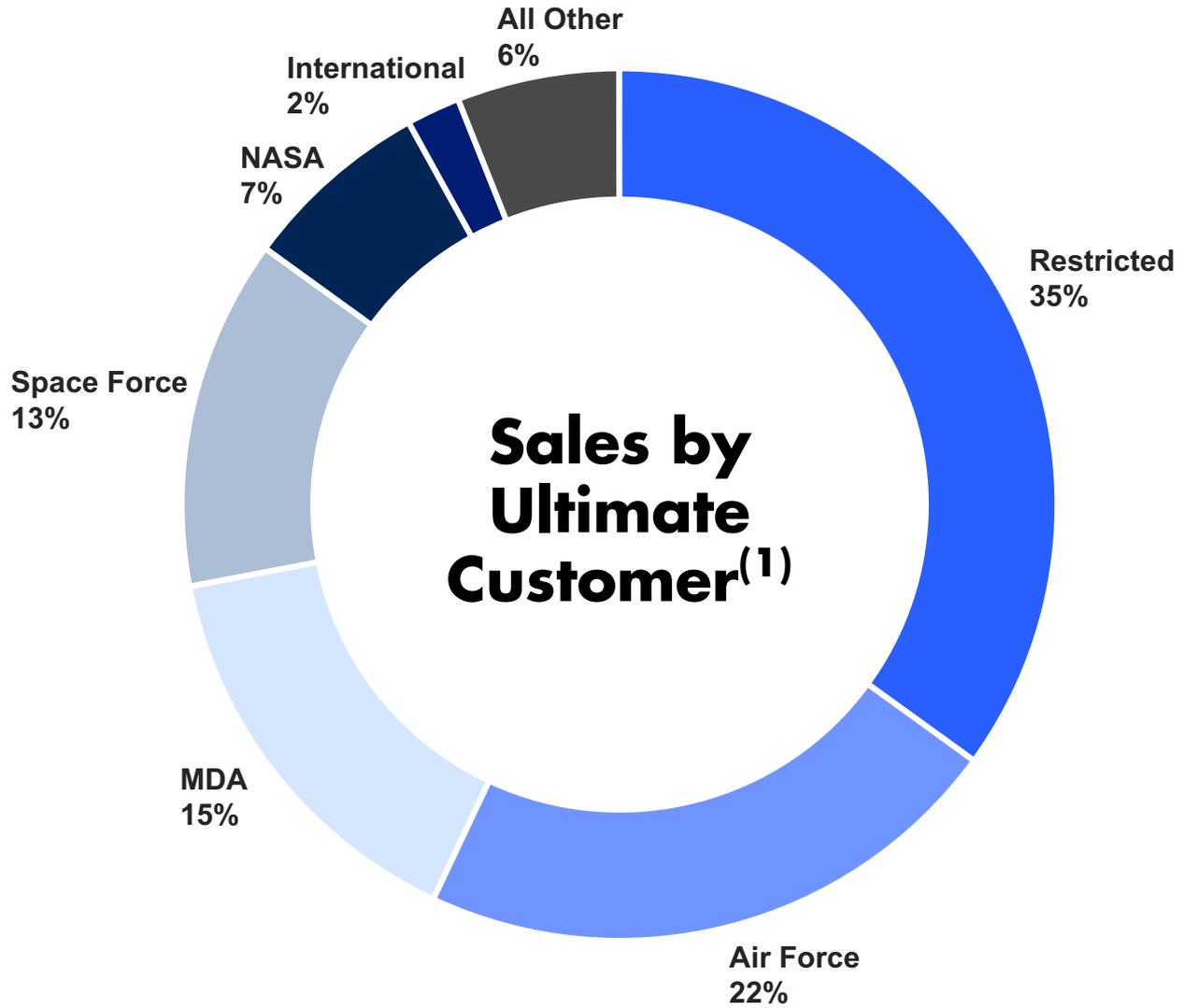
2023 OM Rate



~32K

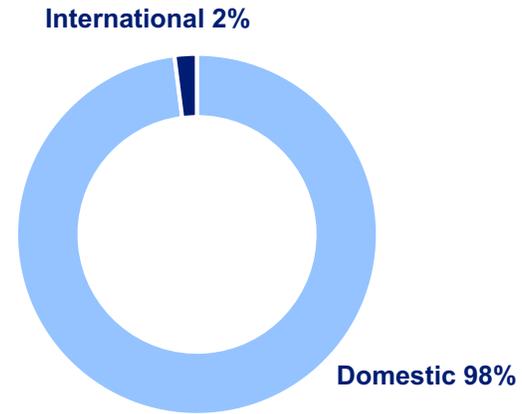
Employees

2023 Space Systems Sales Mix

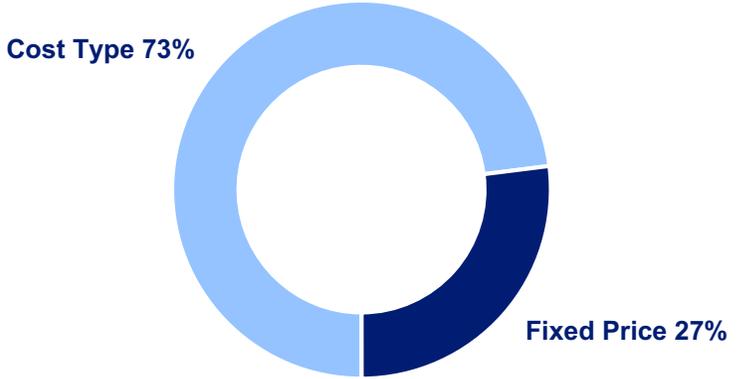


Sales Distributions⁽¹⁾

Domestic vs. International



Contract Type



1. Represents ultimate end user customer where we are a subcontractor, percentages calculated based on external customer sales.

Program Descriptions & Acronyms

Space Systems

- Ground Based Strategic Deterrent (GBSD) Engineering & Manufacturing Development (EMD) program;
- Missile defense systems, interceptors, targets, mission processing and boosters for the Missile Defense Agency's (MDA) Next-Generation Interceptor (NGI) and Ground-based Midcourse Defense Weapon Systems (GWS);
- Space Development Agency Tracking and Transport layers providing missile warning/tracking and resilient, low-latency, high-volume data transport communication systems
- Next-Generation Overhead Persistent Infrared (Next Gen OPIR) program satellites and payloads providing data for missile defense;
- Development and production of solid rocket motors for NASA's Space Launch System (SLS) heavy lift vehicle;
- 63-inch diameter Graphite Epoxy Motor (GEM 63) and the extended length variation (GEM 63XL) solid rocket boosters used to provide lift capability for the ATLAS V and Vulcan launch vehicles;
- Cygnus spacecraft, used in the execution of our Commercial Resupply Services (CRS) contracts with NASA.



Appendix

Non-GAAP Definitions & Reconciliations

Adjusted Free Cash Flow

Non-GAAP Financial Measures Disclosure: This presentation contains non-GAAP (accounting principles generally accepted in the United States of America) financial measures, as defined by SEC Regulation G and indicated by a footnote in the text of the presentation. Definitions and reconciliations for the non-GAAP measures are provided below. Other companies may define these measures differently or may utilize different non-GAAP measures.

Free cash flow: Net cash provided by or used in operating activities less capital expenditures. We use free cash flow as a key factor in our planning for, and consideration of, acquisitions, the payment of dividends and stock repurchases. This measure may be useful to investors and other users of our financial statements as a supplemental measure of our cash performance, but should not be considered in isolation, as a measure of residual cash flow available for discretionary purposes, or as an alternative to operating cash flows presented in accordance with GAAP.

Adjusted free cash flow: Net cash provided by or used in operating activities, less capital expenditures, plus proceeds from the sale of equipment to a customer (not otherwise included in net cash provided by or used in operating activities) and the after-tax impact of discretionary pension contributions, if any. Adjusted free cash flow includes proceeds from the sale of equipment to a customer as such proceeds were generated in a customer sales transaction. It also includes the after-tax impact of discretionary pension contributions for consistency and comparability of financial performance. This measure may not be defined and calculated by other companies in the same manner. We use adjusted free cash flow as a key factor in our planning for, and consideration of, acquisitions, the payment of dividends and stock repurchases. This non-GAAP measure may be useful to investors and other users of our financial statements as a supplemental measure of our cash performance, but should not be considered in isolation, as a measure of residual cash flow available for discretionary purposes, or as an alternative to operating cash flows presented in accordance with GAAP.

(\$M)	Three Months Ended December 31			Year Ended December 31		
	2022	2023	▲%	2022	2023	▲%
Net cash provided by operating activities	\$2,251	\$2,430	8%	\$2,901	\$3,875	34%
Capital expenditures	(632)	(803)	27%	(1,435)	(1,775)	24%
Free cash flow	\$1,619	\$1,627	—%	\$1,466	\$2,100	43%
Proceeds from sale of equipment to a customer	55	—	NM	155	—	NM
Adjusted free cash flow	\$1,674	\$1,627	(3)%	\$1,621	\$2,100	30%

NORTHROP
GRUMMAN

The logo graphic consists of a thick black horizontal line extending from the end of the word "NORTHROP" to the right. From the right end of this line, a thick black vertical line extends downwards, forming an L-shape.