Thanks, Doug, and thanks for having us. Before we begin I'd like to remind everyone regarding forward-looking statements. Today's discussion will include forward-looking statements, those statements include risks and uncertainties, and I would refer you to our SEC filings that detail those risks and uncertainties. Kathy?

that we're doing, particularly with NASA and the Artemis program, and we even have commercial activity. We noted the MEV, the mission extension vehicle, work that we're doing to extend the life of satellites, which today is predominantly a commercial business that we see Department of Defense application for that technology as well. So space is expected to be our fastest-growing sector. And as you noted, it's about 20% of our revenue today.

And if I were to set GBSD aside for the moment and think of space, this gets difficult, I know because so much of what you're doing in military space is classified. But is there a way for us to think about how you're playing in this area with respect to satellites and launch? I know the budgets for that area, they're growing quite rapidly, and we've gotten a good backlog increase. I mean how can we on the outside get a sense of the kind of growth we should expect there?

So in terms of classified space, it is difficult for us to talk about what's in that collection of programs. But what I can say is we're seeing a recapitalization of almost every mission area in space as these assets need to be more survivable and more capable, given the role space will play in the future surveillance and war fighting domain. We are seeing that areas where we have traditionally had a presence are being renewed and modernized and then areas where we have not been a prime integrator, and we're having the opportunity to compete and enter those parts of the market. And that's what's driving our anticipated growth in space. It’s what’s driving the awards that we spoke about earlier this year. And so just think about it as missions that we understand well, that we have been participating in, and one of 3 things is happening: we’re getting new work on existing franchises, we're getting the opportunity to step up and do more work because now we have an expanded portfolio with the addition of Orbital ATK or we're competing in new adjacent parts of that market. And it's across all of those dimensions that we see growth in our classified space.
In the Orbital ATK integration, that is -- I mean that -- I mean our sense has always been that one of the most important reasons for doing that acquisition in the first place was participation in space and the areas you're talking about. But now you're doing the integration, you've developed a new organization, which we would assume will play even more into the synergies you can get out of that merger. Can you talk about from here, I mean, should we expect to see more cost synergies? I know you've gotten a lot of them already, that you've exceeded your original target. But should we expect the next level now that you put these organizations together in what I would say is a more logical way given the businesses that they're in?

Well, we absolutely are focused on continuing to harvest cost synergies as we've now done the restructuring. As you noted, we had set an original target of $150 million of cost synergies at the start of this calendar year. We did meet that target, but we didn't stop identifying ways to drive efficiency across the portfolio. And it was just in January of this year that we started operating in the new structure. So we clearly are finding additional cost synergies as we bring that business together. But the real reason for realigning the portfolio and bringing our space assets together was to realize the revenue synergy that we anticipate. By now having all of our space team working together, engaging with customers, defining solutions and able to use the whole of the team's abilities to execute our work, we believe that, that will lead to more program awards and improved performance on those programs, all of which will contribute to the growth and the margin performance of the business over time.

Well, as you describe a lot of this, I mean clearly, a major focus is on technology, winning new development programs that build positions for the future. But when you get more development work, typically, you're seeing work come in on a cost-plus basis, may have some risks as well through the development phase. How should we think about the evolution of margins here given the nature of your portfolio?

We clearly are going to see some margin rate pressure as we continue to build the development portion of our portfolio. And yet I noted, we are taking underway cost structure changes. This realignment is helping us to identify more cost synergy across the business. And so we're looking to, in some ways, counter that margin pressure that the portfolio is naturally experiencing as a result of bringing more early phase development work into the programs. We also, as we think about the long term, are very focused on margin dollar expansion. And so this work, while it's bringing both base, which creates opportunity for cost synergy across the portfolio, will, over time, give us volume that translates into higher-margin opportunity as these programs move into late phase development or production. So clearly, the right thing to do to bring this work into the portfolio, even though in the near term, it is going to have some margin rate pressure, as you alluded to.

And then a question that came in here is on GBSD. And I guess it's about -- I mean, kind of answered it earlier on the timing curve with receiving the GBSD award. But also, I'd add to this, what do you see -- some people have speculated that GBSD being a very large long-term program, if there is budget pressure, that there's potential that, that could get stretched out. Are you seeing any evidence of that as a possibility that this could take a little bit longer to push through development than perhaps we had thought?

We're actually seeing quite the opposite focus, a focus on schedule and the importance of getting through the engineering phase of this program on time, which is to achieve IOC in 2029 and the reason is, our ICBMs are aging, and they need to be replaced. And in order to do that, we have to get through the engineering, manufacturing and development phase of this contract. And therefore, it is important that we both get started now
as the Air Force has indicated their intent with an award later this summer and then to stay on schedule to be able to reach that IOC target in 2029 and begin the replacement of the system so that we have a fully capable third leg of the triad.

Douglas Stuart Harned - Sanford C. Bernstein & Co., LLC, Research Division - SVP and Senior Analyst
And on the other leg of the triad you’re working on, I have to ask the question. It’s always the impossible question. But can you tell us anything about how B-21, the bomber, is proceeding here?

Kathy J. Warden - Northrop Grumman Corporation - Chairman, CEO & President
Well, the Air Force is out and making public statements, both about their pleasure with how the program is proceeding and also their intentions long-term for the bomber fleet, which is an indication that they have confidence that we will have a solid B-21 that is able to grow and expand as part of the bomber fleet as they had anticipated. So while I can’t say anything, I would simply point you to statements that the Air Force is making about their intentions for the program.

Douglas Stuart Harned - Sanford C. Bernstein & Co., LLC, Research Division - SVP and Senior Analyst
Okay. I know that’s -- that is always a difficult one here. So F-35, a big program for you. Right now, we’re heading to a point where it looks like we’re going to soon be in kind of a steady-state production rate within the next couple of years. So how do you think of F-35 as a growth program when we go out far in the next 3 to 5 years?

Kathy J. Warden - Northrop Grumman Corporation - Chairman, CEO & President
So we think of our work on F-35 in 3 major areas: one, we’re involved in the production program, which is, of course, the biggest portion of the program for us, and we are delivering systems ahead of Lockheed’s delivery to their customers because we are building center fuselage and mission systems that need to be integrated into the aircraft. And so we are about 1 year to 18 months ahead of the ramp that you hear on the program overall in terms of delivery cycle.

There are 2 other important parts of the program, though, to keep in mind. One is the modernization effort. And particularly for the mission systems, we are involved in modernizing those mission systems, which will include not only producing the new sensors that go on to the future production aircraft but also retrofitting the existing to the extent that that’s planned for each of the mission systems.

And then the third is sustainment, and that will be an increasingly important part of the program. We are both on performance-based logistics contracts, particularly for those sensors that we build. And then we also have work share with Lockheed Martin as the prime on the overall sustainment contract for the U.S. government, and we have pursued international opportunities for sustainment as well. So that piece of the program for us today is relatively small, but we expect will grow over time. So with these 3 pieces of the program we see steady growth for the foreseeable future.

Douglas Stuart Harned - Sanford C. Bernstein & Co., LLC, Research Division - SVP and Senior Analyst
And I’m interested to understand a little more about on the sustainment side. How does this work with Lockheed Martin, Northrop Grumman, BAE Systems? I mean what’s the approach to sharing the work on that -- on sustainment?

Kathy J. Warden - Northrop Grumman Corporation - Chairman, CEO & President
Well, it’s very much like the workshare arrangements that we have on the aircraft itself. It’s based on the expertise of each company and what we’re able to contribute, and those decisions in terms of exact work scope are made based on the needs of the program at any given time. And with
Lockheed as the prime, we take our direction through them, but we also are able to contribute. Our expertise is, clearly, with the mission systems
and the support, as I mentioned, that we’re providing through the performance-based logistics. But on the aircraft itself, we also are providing
quite a bit of support for the Navy variants of the platform.

**Douglas Stuart Harned** - Sanford C. Bernstein & Co., LLC., Research Division - SVP and Senior Analyst

Staying within aerospace here, can you talk a little bit about unmanned systems and autonomous systems and how you see that growing? And
clearly, the HALE systems have been your most important area there. But how should we think of this in the future, growth on the HALE systems,
but then also perhaps other areas that can come into play here?

**Kathy J. Warden** - Northrop Grumman Corporation - Chairman, CEO & President

Well, certainly, with unmanned, we have some programs that have been in existence now for almost 2 decades. We talk about unmanned as a new
technology, but in the case of Global Hawk, those systems have been flying for a while. And we do see the Air Force expressing some intent to
phase out some of the Global Hawk aircraft over time. Then we have Triton, which is just coming online and starting production. We reached our
operational capability milestones and they’re operating now out of Guam and providing great intelligence out in the Pacific. So we see different
phases in the programs that we’re operating for the U.S., but then we also see continued opportunity for expansion internationally. We have Triton
going to Australia. And we anticipate another award for more aircraft coming out of Australia this year. And of course, we’re delivering Global
Hawks to NATO, to Korea and to Japan. So we’ll continue to support those aircraft in the long run as well.

**Douglas Stuart Harned** - Sanford C. Bernstein & Co., LLC., Research Division - SVP and Senior Analyst

And when you think of that on the international side, on one hand, we often look at an international program, not necessarily Northrop Grumman’s,
but others, as they can sometimes be episodic. In other words, they’ll -- a country will buy a certain quantity, and then you’re done and you have
to move on. With respect to Global Hawk and Triton, how do you see that evolving in terms of can it grow more internationally? Can you get
approvals that expand the number of countries that you can get approvals for this to be sold to? How should we think about this in the international
growth terms?

**Kathy J. Warden** - Northrop Grumman Corporation - Chairman, CEO & President

Well, we’re certainly looking at the ability to sell unmanned systems to more countries. And it’s governed largely under the missile control regime.
And as we look at that set of requirements, we are constantly reminded that unmanned aircraft are in the international space quite new. And as
the technology becomes better understood, we do think there is opportunity for the export controls to become more limited but still very potent
in terms of what we are trying to control with the technology. And so there is opportunity there. We aren't necessarily counting on that. As we look
forward in the near term, we think that there are nations like Australia that will grow thereby over time as these systems are put into operation.
They understand the value of them. They create the maintenance infrastructure needed to support them, and they are then able to just add quantity.
But it will be much like manned aircraft. And to your point, it will be a sale to each country. And each country will grow that by over time, based
on both their budgetary environment as well as the mission capability that the aircraft is able to demonstrate.

**Douglas Stuart Harned** - Sanford C. Bernstein & Co., LLC., Research Division - SVP and Senior Analyst

I mean do you see your growth in unmanned as being more driven by the U.S. or more driven international needs?
Certainly -- it's still more driven by the U.S. in that the U.S. budget is significant, and we already now have an infrastructure in place for all of the services to operate autonomous systems. And that's still being formulated in many of the international countries that I mentioned.

Douglas Stuart Harned - Sanford C. Bernstein & Co., LLC., Research Division - SVP and Senior Analyst

You did refer a little bit to missiles there. And we've talked over time in the past about Northrop Grumman's desire to become a third missile supplier potentially in the U.S., you have the -- certainly the AARGM contract. Can you talk about how you see the role that Northrop Grumman could play in that area?

Kathy J. Warden - Northrop Grumman Corporation - Chairman, CEO & President

We do, and certainly, we have been clear that in the right circumstances, we see the opportunity to be a prime system integrator. And AARGM-ER is a good example of that, where we are the lead, and we've integrated expertise from across our company on propulsion, on the navigation, on the composite structures to bring together what's needed to lead as a prime system integrator. But there are plenty of opportunities still where we believe the right approach to market is through partnering. And we are doing that on a number of systems with other prime system integrators, where we're bringing a piece. Perhaps it's navigation, perhaps in guidance and perhaps it's propulsion. But we're more than happy to bring those technologies through other primes when they're best positioned to integrate. And we believe that's what the competition that is healthy in the industrial base is all about, that we are able to both choose to integrate our own capabilities and prime when we feel we are competitive, but work with other parties when we feel that technology is best in the hands of someone else to integrate and provide to the U.S. government.

Douglas Stuart Harned - Sanford C. Bernstein & Co., LLC., Research Division - SVP and Senior Analyst

I know that certainly, recently, demand for missiles has been very, very high. And certainly, Lockheed Martin, Raytheon, I mean, there's been a lot of demand there. So it does appear it does set up to be a space that I would think should be attractive. But if you think 5 years out, do you have confidence that the kind of demand we're seeing today is still going to be there in 5 years to make it sensible to be investing in this area and playing a greater role?

Kathy J. Warden - Northrop Grumman Corporation - Chairman, CEO & President

I certainly think over the long term, the market is big enough for 3 providers of weapon systems. And I certainly believe that while maybe episodic in terms of the level of production that we see today, one, because budgets are healthy, two, because we have been in conflict in the Middle East for a number of years and needed to replenish supplies and third, just being in a natural life cycle of having a number of mature weapon systems in production simultaneously have led to what we've seen for the last few years. That won't sustain. It hasn't sustained in the weapon systems business. But certainly, when you look over the long term, we believe the demand signal will be there, and there will be new requirements that create the potential for companies like ours to enter in particular areas. Again, AARGM-ER is an example, but we look at other future advanced weapon systems. We talked about hypersonics. We see that as part of this broader market space over the long term, and we do believe that there will be enough demand signal to support 3 suppliers.

Douglas Stuart Harned - Sanford C. Bernstein & Co., LLC., Research Division - SVP and Senior Analyst

Well, going back to international, we talked about demand. But today, I believe your international exposure is about 15% of revenues. And do you see that percentage increasing over time? And if so, what areas other than unmanned should we expect you to be growing in?
Kathy J. Warden - Northrop Grumman Corporation - Chairman, CEO & President

So we are at about 15% of sales outside the U.S., as you noted. And we see that growing, but modestly. And the reason is our portfolio is focused on high-end technologies, much of which is not exportable. And that's still very important to us, and you'll see growth in areas like B-21 and GBSD over time where there won't be an export market. We can't take what we're developing there to other customers, and so domestic revenue will be growing at a nice clip as well, which means our international as a percent will be kept in check, even if we are growing it. And that's what's been happening. We've been growing our international portfolio at about the same rate, maybe a little higher than our domestic portfolio in recent years.

And so over time, the kinds of products that you would see us sell internationally, certainly, we believe weapon systems that we are building today will have the opportunity to go on global platforms. We also see our sensors business continuing to have a robust international opportunity set. You know that we've been building the radars for the modernization of F-16s around the globe, that continues to grow nicely. But even ground-based radars, we see the opportunity for international sales there as well. And then as I noted, with our unmanned portfolio growing outside the U.S., there's also a maintenance tail, so we see our Defense Systems business, where we do our sustainment, also having a nice growth trajectory outside the U.S.

Douglas Stuart Harned - Sanford C. Bernstein & Co., LLC., Research Division - SVP and Senior Analyst

What you did not mention there was E-2D. Can you talk about that potential?

Kathy J. Warden - Northrop Grumman Corporation - Chairman, CEO & President

Sure. So we do have international customers for E-2D. We noted the Japan purchases. And we have now a nice backlog for E-2D in Japan, and we're also exploring other countries who might look at E-2D as an upgrade in their portfolio as well.

Douglas Stuart Harned - Sanford C. Bernstein & Co., LLC., Research Division - SVP and Senior Analyst

Okay. Because in principle, people who have an E-2 today could -- are natural customers, I would assume. So..

Kathy J. Warden - Northrop Grumman Corporation - Chairman, CEO & President

Absolutely.

Douglas Stuart Harned - Sanford C. Bernstein & Co., LLC., Research Division - SVP and Senior Analyst

One other thing on international. Given the COVID-19 environment, given even changes in oil prices, I mean, have you seen any changes in how your international customers are looking at their budgets and their ability to pay for some of your programs?

Kathy J. Warden - Northrop Grumman Corporation - Chairman, CEO & President

Well, we certainly are mindful of what is happening, particularly in the Middle East and the impacts not only to payment on existing programs, but what the future holds for new sales in that area. We have quite limited exposure. When you look at the amount of revenue outside of a few countries in the Middle East and even within the core countries where we do business, like the Kingdom of Saudi Arabia, our revenue is quite small as a percentage of our overall international business. So we don't see a tremendous amount of exposure there, but it is something that we certainly are monitoring as we engage in new contracts.
Now I want to turn it over to thinking about cash for a little bit because certainly, with GBSD, you've been looking at an elevated period of CapEx. Can you talk about how you see that trajectory going forward, given all the development work that you have underway?

Kathy J. Warden - Northrop Grumman Corporation - Chairman, CEO & President
We can. And I'm actually going to turn to Dave so that he gets an opportunity to speak as well.

David F. Keffer - Northrop Grumman Corporation - Corporate VP & CFO
Sure. Happy to do it. As we think about GBSD, as we mentioned on the last few earnings calls, that number has led to the $1.35 billion CapEx projection that we anticipated this year, which is about the same level that we told people to expect in 2021 before reducing over time as a percentage of revenue. And so we continue to focus on investing in the business, particularly in areas that can be key growth drivers for the business like GBSD over the next several decades. And CapEx will remain an important use of our cash. But it's just more of a number of uses that we'll talk about because of a very balanced capital deployment approach. We'll continue to pay down debt. We have $1.7 billion coming up over the next year or so we intend to pay down and to continue on the path to achieving a BBB+ credit rating. We'll continue to deliver a healthy dividend, as you saw from the 10% increase we just announced. On the share repurchase side, we repurchased almost $500 million. We will, on earnings call as we mentioned, achieve our full year target earlier than expected in the year, and we continue to plan for returning to shareholders to be a key part of our cash deployment strategy. So a very balanced strategy. [We are on track that we have] healthy cash flows this year and projected going forward.

Douglas Stuart Harned - Sanford C. Bernstein & Co., LLC., Research Division - SVP and Senior Analyst
Well, I'm curious because when you think of CapEx as it relates to GBSD, that's sort of 1 big program that's kind of one big slug there. But certainly, Northrop Grumman has, as we discussed, a large array of new development programs. Can you be pretty confident -- I mean in a way, you could be a victim of your own success on this, if you continue to win work and you have to invest alongside it. But can you give us a sense, do you feel pretty confident that as you move through this GBSD investment over the next couple of years, that CapEx can come down? And then would we expect to see more cash deployed to shareholders in that time frame?

David F. Keffer - Northrop Grumman Corporation - Corporate VP & CFO
We will continue to assess those alternatives as GBSD CapEx ramps down. To your point, those are great problems to have where you have key programs today, driving that level of CapEx investment opportunity for tremendous long-term growth, and we're happy to make those tradeoff decisions over time. And...

Douglas Stuart Harned - Sanford C. Bernstein & Co., LLC., Research Division - SVP and Senior Analyst
Okay. Then -- go ahead.
the dynamic each quarter and each year. Of course, as CapEx pressures ease, that creates more opportunity on the -- each of the other elements of that funding.

**Douglas Stuart Harned** - Sanford C. Bernstein & Co., LLC., Research Division - SVP and Senior Analyst

Well, to wrap up in a way here, I wanted to ask about when we get through the pandemic and we're on the other side of this, hopefully, in not too long, are there ways that you're thinking about the business differently? In other words, do you expect any change in your priorities as it relates to cost cutting, levels of investment once we move through the COVID-19 issues?

**Kathy J. Warden** - Northrop Grumman Corporation - Chairman, CEO & President

We have certainly found opportunity through the new environment that we're operating in, and we are going to continue to mine those opportunities. And a few are in the cost reduction category. So we have been more focused on cost reduction this year as a result of COVID-19. And we look at things like facilities on a long-term basis that we now envision not needing as much facility capacity given the changes that we're making and the way we're operating. We look at areas like travel and don't expect to be traveling at the pace that we were any time soon. So these are natural changes that will result from COVID-19.

But if I look more longer term, I would say that our commitment to investing in this portfolio, our commitment to creating technologies that are differentiating and that are providing our customers with the capability to counter very sophisticated adversaries, that focus won't change. We are as committed to that as we have been, if not more so. I think what we've all observed in the last few months is that while the U.S. has been very focused, as it should be, on COVID-19 response, there are activities going on around the globe that remind us every day about our adversaries' intent and ability to continue to demonstrate weapons capability that we need to be able to counter to protect the citizens of the U.S. and our allies around the globe. And we are absolutely committed to continue to do that and put the resources toward it that are both appropriate and necessary to create value.

**Douglas Stuart Harned** - Sanford C. Bernstein & Co., LLC., Research Division - SVP and Senior Analyst

Well, with that, I think we'll wrap it up here, but I want to thank you, Kathy and Dave, very much for joining us. Hopefully, next year, we can do it physically, but this has been great. I also want to encourage everyone that is listening to complete the Procensus call at the end here, and you'll get some immediate feedback. But again, Kathy, Dave, thank you, and I look forward to talking soon.

**Kathy J. Warden** - Northrop Grumman Corporation - Chairman, CEO & President

Thanks, Doug. Stay well.

**David F. Keffer** - Northrop Grumman Corporation - Corporate VP & CFO

Thanks.

**Douglas Stuart Harned** - Sanford C. Bernstein & Co., LLC., Research Division - SVP and Senior Analyst

You too. Thanks.