LSEG STREETEVENTS

EDITED TRANSCRIPT

NOC.N - Northrop Grumman Corp at Citi Global Industrial Tech and Mobility Conference

EVENT DATE/TIME: FEBRUARY 18, 2026 / 2:40PM GMT

OVERVIEW:

Company Summary

©2026 LSEG. All rights reserved. Republication or redistribution of LSEG content, including by framing or similar means, is prohibited without the prior written consent of LSEG. 'LSEG' and the LSEG logo are registered trademarks of LSEG and its affiliated companies.

LSEG DATA & ANALYTICS

CORPORATE PARTICIPANTS

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

CONFERENCE CALL PARTICIPANTS

John Godyn *Citi Investment Research (US) - Analyst*

PRESENTATION

John Godyn - *Citi Investment Research (US) - Analyst*

We're very excited to have Kathy Warden, CEO of Northrop Grumman, with us for a great discussion on all things defense.

Kathy, the way that I've been kicking these things off, I always pass to the executive. If you want to make any introductory, opening comments, anything you want to bring to light, and then we'll dig right in.

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

Great. Thank you, John. It's terrific to be here with you again this morning.

I do want to start by making some safe harbor statements. We are likely to discuss forward-looking statements. Those statements have inherent risks and uncertainties. For a full disclosure of those risks and uncertainties, you can reference our SEC filings on the Northrop Grumman website.

But now let me get to the fun stuff. We are in an unprecedented demand cycle within defense, not just within the United States, but globally. And it appears that this is going to be a sustaining demand signal. So as a company, we have been focused on performance and investment.

And this is not a new strategy for Northrop Grumman. We have been investing in our business over several years to build up the capabilities and capacity that the U.S. and our allies need to compete in this environment.

As a result, we have seen strong top-line growth, and we expect that to continue. Our 2026 guidance calls for mid-single-digit growth. We are seeing expanding margins, and we expect that to continue again this year, with low to mid-11% segment operating margins. And we have seen expanding free cash flow, and continued again this year to reaffirm our free cash flow guidance, in the case of this year, $3.1 billion to $3.5 billion. So very much see a business that is leaning in, in this demand environment, and able to perform and execute on our contractual commitments, while also investing to scale our programs and support the delivery expectations of our customers.

We are working on some of the world's most important capabilities, particularly in the area of deterrence, and we're often most known for that technology leadership position. But we also are remaining agile in developing new capabilities, ones that can scale both in cost and fast delivery, so that our customers have the capability they need sooner. And we'll talk about some of those examples today that span everything from munitions to unmanned aircraft to missile defense technologies. So we really feel like we've got a portfolio that is purpose-built for this moment in the world, and proud to be participating to the extent that we are, and see growth ahead.

©2026 LSEG. All rights reserved. Republication or redistribution of LSEG content, including by framing or similar means, is prohibited without the prior written consent of LSEG. 'LSEG' and the LSEG logo are registered trademarks of LSEG and its affiliated companies.

LSEG DATA & ANALYTICS

QUESTIONS AND ANSWERS

John Godyn - *Citi Investment Research (US) - Analyst*

That's fantastic. I appreciate that. We share in your bullishness on defense. We've got this moniker, mega trends, things like space, missile defense, and other things we'll talk about. It sounds like you're well-aligned with that, but can you walk us through some of the more specific big-picture tailwinds and themes that you're most excited about for Northrop specifically?

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

Well, I noted that we play an important role in all three legs of the nation's strategic triad, and that that capability is being recapitalized. It's an important focus for our company. You noted the expansive growth that we've seen in space across all domains: communications, missile tracking and warning, ISR. And that continues to grow in the recapitalization of the nation's space assets.

But I'm equally excited about the things that we do in solid rocket motors, supporting a significant expansion in tactical missile production capability, and capacity, for the nation and our allies. And our missile defense capabilities, which, of course, are even more important in the U.S. homeland now, with a focus on building a Golden Dome for the United States, but are equally important to nations around the world seeking to protect their own homeland. Particularly in Europe, we've seen much stronger demand for the capabilities that we bring in that arena. And our missile defense capabilities are growing and coming up on about 10% of revenue. So even though we're not often thought of in that space, it is a space that is significant for our portfolio.

John Godyn - *Citi Investment Research (US) - Analyst*

Excellent. And before we dive into the segments, you had made the comment that it's a very performance-oriented organization. We have this Trump executive order that's been out there, DOW performance reviews. What do you expect to come from that? And any sort of reaction?

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

Well, I believe the executive order very much is aligned to getting the industry to be responsive to the urgency that the administration feels for developing and delivering capability and meeting commitments. And that's how I define performance – do you deliver on the commitments that you make. And we work hard every day to put in the discipline in our organization and in our operations so that we can execute on those commitments while doing very hard things, because the nation relies on advancing the state of technology so that we can outpace adversaries, and that's an important aspect of what we do.

And at the same time, if the capability can't be delivered in a timely and relevant fashion, it's not going to serve our nation. So, we feel a strong sense of responsibility to do that, and we believe that's what the administration is asking of us and our industry peers.

We are investing to make that happen. I think the most important aspect of the conversations I have with the administration is when we can point to the investments that we've made and how that is positioning us to perform and execute well in this environment, but also to recognize that we need to continue to transform, that this environment calls for us to be more responsive, to move at pace, and we are making changes in our organization to do that, while still maintaining the discipline that makes us good at what we do.

John Godyn - *Citi Investment Research (US) - Analyst*

Makes a lot of sense. Maybe we can dive into some of the segments here. Kick it off with AS or Aeronautic Systems. We obviously can't talk about Aeronautics without discussing the B-21. Could we just start with an update on the program and how it's performing?

©2026 LSEG. All rights reserved. Republication or redistribution of LSEG content, including by framing or similar means, is prohibited without the prior written consent of LSEG. 'LSEG' and the LSEG logo are registered trademarks of LSEG and its affiliated companies.

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

Yes. The program continues to perform exceedingly well as we now have more assets in test. We are progressing through the test program and demonstrating the key performance points of the aircraft. It is performing even better than we modeled, and the early stage of performance on this program has been exceptional.

We are also focused on transitioning into production and scaling production. I've talked about the work we are currently doing with the Air Force to create a framework agreement for accelerating the rate at which we build the aircraft. I am still optimistic that we will have that agreement in place by the end of this quarter. And then we will collectively, with the Air Force, move out to make the investments necessary to scale production even further on the program.

John Godyn - *Citi Investment Research (US) - Analyst*

That last point. Maybe you could just elaborate on that. In the world of a potentially accelerating defense budget backdrop, can you just remind us how you framed the outlook? And is there a case to be made for even more upside over time?

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

So as I talked about on our last quarterly earnings call, we expect to invest in the capital necessary to support an additional build rate on the program. And I estimate that between $2 billion and $3 billion of investment that we would make to support that accelerated rate of build.

The government is also bringing resources to the table to support that acceleration, and we are in the process of nailing down the exact timeline and contributions in this framework agreement that I referenced. We do expect that it will improve our returns over the long term on the program, particularly as we get into later lots of the program and accelerate revenue, of course, as we build faster.

Ultimately, it improves the return that we would make on this program if we perform in accordance with this plan to ramp in the timeline that we've estimated. This is good for the government and for our investors because building faster allows us to accelerate, as I said, those long-term returns on the program.

It also supports consideration for a larger program of record, which the Air Force is evaluating. And of course, that would be contingent on our ability to build at a faster rate. So, all of these things increase my confidence that we will be positioned to offer the government what they want... is more aircraft faster.

John Godyn - *Citi Investment Research (US) - Analyst*

That's fantastic. That was a great overview of the B-21. Basically, similar questions on the F-35. Could you give us an update and what do we have to look forward to there?

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

Yes. We continue to perform well on the F-35 program. Of course, we build the center fuselage for the body of the aircraft, and we are well into production. We just celebrated delivering our 1,500th center fuselage for that airframe. And we are focused on continuing to build at our max capacity to support the program overall. We are looking at a fairly steady and modest growth rate because we are already building at capacity in that area for production.

©2026 LSEG. All rights reserved. Republication or redistribution of LSEG content, including by framing or similar means, is prohibited without the prior written consent of LSEG. 'LSEG' and the LSEG logo are registered trademarks of LSEG and its affiliated companies.

LSEG DATA & ANALYTICS

But sustainment continues to grow on the program, and modernization dollars are supporting some modest growth both in Aeronautics and in our Mission Systems sector. Our focus there, because it's a mature production program, is all about performance. It's delivering to schedule, delivering to our cost targets and being able to have a mature production program that is delivering high-quality product at a high rate. We're delivering 156 a year.

John Godyn - *Citi Investment Research (US) - Analyst*

Can we talk a bit about unmanned? I feel like Northrop's unmanned portfolio, we're hearing about it more and more on the conference calls, Project Talon and the partnership with Kratos, anything else you'd like to elaborate on unmanned?

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

Well, this is a good example where we have a legacy predominantly in providing unmanned aircraft for the purposes' of surveillance and reconnaissance. And now as the U.S. Air Force and Navy are looking at having a combat collaborative aircraft, one that can work alongside fighter aircraft, that's a different mission set. We're bringing our decades of experience, the hundreds of thousands of flight hours that we already have, and the data that comes from those experiences, and packaging that not only into our own offerings...

But as we noted with our Talon IQ, we have created a test bed that – we can bring other companies, autonomy software in, fire control software, and look at how it's going to perform on the aircraft based on our experience with vehicle management systems. And that's really an asset, not just to us but to the government, to have that ability to integrate partners into an ecosystem.

As we see this area mature, we are participating on multiple programs. We participate with the Air Force and just got a designator for our Talon aircraft so that we can continue to test and expand on the design for that aircraft. We're working with the Navy on a program, and we announced our award from the Marine Corps, alongside Kratos with their Valkyrie platform, to deliver for something they call MUX TACAIR. So, we take very much a portfolio approach as we think about our unmanned product lines.

There are building blocks that we are working on, both with the aircraft and the systems that go on the aircraft. And we can configure those differently based on how requirements evolve across multiple services in the U.S. but also see those then as products that we can take to the global market, which is in its infancy, but certainly the demand signal there is real.

John Godyn - *Citi Investment Research (US) - Analyst*

Yes. And I know it's early, but 6th-gen fighters are coming up more and more. Can you just help us think about the opportunities in front of Northrop for 6th gen?

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

Yes. So we are actively pursuing the Navy's 6th-generation fighter program. We are in competition now and performing on a risk reduction program for the Navy. We are hopeful that award will happen within the next 12 months. And we are continuing to position ourselves to be prepared to hit the ground running and execute on that program. We have high confidence in our offering and our teammates.

John Godyn - *Citi Investment Research (US) - Analyst*

Yes, it sounds like quite a lot of growth opportunities in Aeronautics. If we could just move to Defense Systems. I'd love to chat a bit more about Sentinel. Obviously, Northrop is playing a critical role in modernizing the nuclear triad. Maybe you could just talk about where the program stands today? And to the extent we're close to any agreement with the Air Force on restructuring the program?

©2026 LSEG. All rights reserved. Republication or redistribution of LSEG content, including by framing or similar means, is prohibited without the prior written consent of LSEG. 'LSEG' and the LSEG logo are registered trademarks of LSEG and its affiliated companies.

LSEG DATA & ANALYTICS

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

Well, just yesterday, General White, who leads the Sentinel program, along with a few others, announced that he expects the restructure to be complete later this year and gave credit to the entire team, Air Force and industry, for the work that has progressed over these last couple of years to position him with confidence to complete the restructure and commit to initial operating capability being delivered in the early 2030s, which is an acceleration from what the government had estimated coming out of the review a year ago. So, we are very positive about the working relationship that we have with the Air Force and our industry team to drive through these next phases of the development program.

We are in early tests on many components of the missile system. We're making good progress on the command-and-control arm of the system and defining its design. And we are doing some early prototyping that will begin at our Promontory facility this month on the missile silo work itself. So, really phenomenal progress being made on all elements of that weapon system that are leading to the confidence in our cost and schedule estimates for the program.

John Godyn - *Citi Investment Research (US) - Analyst*

That's fantastic. And in the earlier remarks, you mentioned missile defense, missile technology, perhaps being an underappreciated opportunity for Northrop. Can you just remind us what percentage of it is the portfolio, and maybe elaborate on the growth outlook there?

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

It's a little under 10% of the portfolio today and growing. And we see that growth coming in many dimensions. There is a space layer, there's a ground layer. And when you think about what each of those layers need to contain, its sensing of incoming missiles or other unmanned objects like aircraft or underwater craft. It is the ability to then detect and control that asset until you can intercept it and all of that work, whether it's the interceptor itself, the tracking layer, or the command and control supporting the fires that intercept the missile, are areas that we perform in in each of the layers of the architecture.

So I'm painting a picture for you that suggests we have a broad set of capabilities to bring to any solution, whether that's the U.S. government's homeland defense now under the Golden Dome umbrella, or whether that is our allies, who are also looking to protect their borders against very similar threats.

And we have a couple of product lines that you've heard us talk about, IBCS is one. Think of that as a near and mid-course intercept solution. It does the missile defense tracking layer. It then integrates sensors to identify those threats and then pairs them with the appropriate kinetic effector to intercept that incoming threat. We are able to scale that solution for our U.S. defense, but also for partners abroad, and it's a program now that's in production. So, it's mature. It’s being built, and we are ahead of schedule on the build, so we can actually deploy these fairly rapidly.

John Godyn - *Citi Investment Research (US) - Analyst*

Yes. That's fantastic. Just continuing to step through the segments, Mission Systems. Can we just talk about that a little bit more? On the last call, you mentioned opportunities in restricted content, F-35 and international radars as big growth drivers. Maybe you could just elaborate a little bit more on the sustainability of revenue growth in this segment. And particularly if the budget continues to accelerate, what opportunities can we look forward to?

©2026 LSEG. All rights reserved. Republication or redistribution of LSEG content, including by framing or similar means, is prohibited without the prior written consent of LSEG. 'LSEG' and the LSEG logo are registered trademarks of LSEG and its affiliated companies.

LSEG DATA & ANALYTICS

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

Mission Systems has been a consistent grower in that mid-single-digit range, and it had a particularly strong year last year with 10% growth. We're looking at low- single-digits this year, just a result of timing as programs are phased, but returning to that mid-single-digit growth next year. So really strong, steady demand, and it's coming from many sources.

As you noted, it's the recapitalization of 4th and 5th gen, but mainly aircraft and the drive for increased capability in the mission systems on those platforms, both in the U.S. and abroad. It's being driven by component level demand, like microelectronics that go into many of the products we build and that others build for space, for airborne assets.

We also support systems in shipbuilding that are a key part of that Mission Systems growth, particularly this year and over the next several. So it is a wide capability portfolio that stretches every domain from space to undersea and is involved in keeping pace with advanced threats even for -- especially for self-protection on those vehicles, or the identification and fire control of radars and EW systems that support survivability of the platform.

John Godyn - *Citi Investment Research (US) - Analyst*

It's also the highest margin segment. Maybe we can talk a little bit about what drives those outsized margins and how sustainable they are?

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

What drives those outsized margins largely is the rich technology content. We spend more as a percent of sales in R&D in that segment than any other, to stay in front of the advanced threat, which then creates a higher return opportunity on those programs. But we also perform well across product lines to drive cost out of the manufacturing process and continue to improve the operational performance in the segment. And then finally, mix. We have more fixed price work, generally speaking, in that portfolio than cost plus. And we have more international content, both of which are tailwind to margins.

Now I will say, in that segment over the last couple of years because of that strong demand I just spoke of, we have had more development work. So our mix has been more weighted toward cost plus contracts than usual. And over the next several years, we expect that to shift again, toward a predominance of fixed price, which will be a tailwind to margin, seeing us creep up even above the mid-14 where we're performing.

John Godyn - *Citi Investment Research (US) - Analyst*

So it sounds like even if we expect revenue growth to accelerate over the next few years, margins are not going to go down. In fact, there could be some upside?

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

We expect there to be more tailwinds than headwinds to margin.

John Godyn - *Citi Investment Research (US) - Analyst*

Okay. Got it. And then moving on to Space. Obviously, a very exciting segment for you guys. We've nearly lapped some of the top-line headwinds from restricted programs, NGI wind down. Does the return to growth in 2026 signal kind of a durable inflection for this business?

©2026 LSEG. All rights reserved. Republication or redistribution of LSEG content, including by framing or similar means, is prohibited without the prior written consent of LSEG. 'LSEG' and the LSEG logo are registered trademarks of LSEG and its affiliated companies.

LSEG DATA & ANALYTICS

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

We believe so. As you noted, the year-over-year headwinds that we experienced last year were largely related to two contracts, and those are behind us as we enter into 2026. As a matter of fact, fourth quarter of 2025, we saw 5% growth in that business. So we did return to growth just as we expected we would late last year.

As we come into this year, there is a significant backlog in that business already that supports the growth this year and beyond, but we also have a number of opportunities that are yet to be captured. Areas like Golden Dome are heavily weighted toward our space portfolio. We have a growing launch business in our space portfolio as more assets, both for the U.S. government as well as commercial customers are launching and scaling over these next several years. That is a key growth driver for us.

And then finally, what we call restricted space, but think of it as the recapitalization of assets the U.S. government relies on to support space-based surveillance, communications and other missions. That also is growing rapidly over these next several years and it's well supported in President's budget.

John Godyn - *Citi Investment Research (US) - Analyst*

Yes. Maybe we could dig into each of those, just starting off with Golden Dome. Obviously, an enormous opportunity for the industry. How would you frame the opportunity from here?

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

So there isn't a lot in the public domain about the Golden Dome architecture, but the government is making very good progress in decomposing that architecture into specific programs that we are pursuing or already supporting. And it is a multifaceted effort, as you would expect. It relies both on existing capabilities being scaled, as well as new development efforts.

And we are excited about the contribution that we can play across many areas. And we're being selective in what we pursue and where we support. But we also are ensuring that we are thinking differently and creatively, not only in the solutions that we're bringing forward, but in the ways that we're partnering with the government to move quickly because that is a key focus within Golden Dome that we'd be able to field capability quickly and scale it over time.

John Godyn - *Citi Investment Research (US) - Analyst*

And on launch. Obviously, launch cadence is expected to accelerate meaningfully. Can you just talk about your capabilities there and how you're playing that theme?

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

Yes. We have been investing in the capacity necessary. There isn't a lot of new design work that's needed here, as much as it is scaling to build more of these very large rocket motors faster, given the high level of demand for launch cadence.

And as I noted, more of that demand is coming in these next couple of years from the commercial market as communication satellites primarily are being launched in and put into orbit. But that infrastructure also supports our government scaling necessary for programs like Sentinel and other large rocket motor capabilities like Conventional Prompt Strike and the like, which will scale more towards the end of this decade and early into the next.

©2026 LSEG. All rights reserved. Republication or redistribution of LSEG content, including by framing or similar means, is prohibited without the prior written consent of LSEG. 'LSEG' and the LSEG logo are registered trademarks of LSEG and its affiliated companies.

LSEG DATA & ANALYTICS

John Godyn - *Citi Investment Research (US) - Analyst*

And you -- and finally, you mentioned restricted space. And I don't know what you can talk about restricted space, obviously, but how would you discuss that growth opportunity?

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

It really is about recapitalizing assets in space, recognizing that a decade ago, space was not a contested domain. If you put an asset there, it was safe and it would operate under the conditions that you would expect for long periods of time, undergraded and not at risk. That's not the case anymore. So particularly in the area of resiliency, there are new requirements that have come into those architectures and most of the assets in space for any purpose are being recapitalized to reflect what those new operating conditions are, and we have a set of capabilities that are highly relevant in that world.

John Godyn - *Citi Investment Research (US) - Analyst*

And it sounds like when we put it all together, the idea of durable revenue growth in space for many years to come is how you would look at the world?

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

Yes. I believe that space as a domain is going to become as integral to war fighting plans, if not more so, than any other domain. And as a result, you've seen the stand up of a Space Force, but we are still in the early days of really building out the concept of operations for how space is integrated into every operation that we conduct as a nation and increasingly, our allies will also look to have space domain support for what they do. So today, this is largely a U.S. play. But I believe the international market will also be a growth driver over the next 10 to 15 years.

John Godyn - *Citi Investment Research (US) - Analyst*

That's fantastic color. Maybe we could just talk about a few topics that span multiple segments. International is a good starting point. It's no secret that international demand is particularly robust. Can you just talk about the areas of Northrop's portfolio that are resonating internationally, in particular, and where we see upside tailwinds?

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

Yes. I would say munitions is number 1, 2, and 3 in terms of what is resonating internationally as our allies work to replenish stockpiles of munitions, either because they have supported Ukraine or they just recognize that they themselves need more. We also are seeing missile defense, I talked earlier about the IBCS product line and the interest that there is globally for that product line.

And then there are assets in our portfolio that have become the workhorse of surveillance assets, particularly in support of the Ukrainians and European allies having intelligence as to Russian operations, things like E-2D and the Triton platform. So we are seeing increased demand, particularly in Europe for those platforms that are mature production platforms.

And then finally, I mentioned the emerging areas, like unmanned aircraft or space, where there isn't a high level of program specificity, but there is a high level of interest and demand signal that we are engaging on so that we can convert those to opportunities in the three- to five-year time horizon. So we very much think about our international portfolio as building out product lines and building blocks that can be exported and support sustainable international growth.

©2026 LSEG. All rights reserved. Republication or redistribution of LSEG content, including by framing or similar means, is prohibited without the prior written consent of LSEG. 'LSEG' and the LSEG logo are registered trademarks of LSEG and its affiliated companies.

LSEG DATA & ANALYTICS

I often talk about the fact that when I became CEO, we had very few products that we could export, and we have tripled the number of product lines that we now have out in the marketplace, and that's what's leading to this very strong growth, backlog generation in international. We want that to continue. So we're already thinking about what is going to drive that growth in the 2030s, because it takes that long in international to really position yourselves to have an exportable product and the market demand materialize.

John Godyn - *Citi Investment Research (US) - Analyst*

We've talked about so many growth opportunities. And in the earlier comments, you were talking about desire to invest. Can we talk about the CapEx outlook? And where are the areas where it could be pressed a little bit higher if growth opportunities come through?

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

So we increased our CapEx outlook this year, and we did that because we saw demand coming from things like the B-21 accelerated build, the munitions ramp that we are seeing across many weapon systems, and the international demand materializing for things like IBCS and munitions.

At the same time, we have a large number of opportunities that are either awaiting award or we are seeing more clarity emerge on what the government buy plan will be that we would likely need to invest in. That's things like the Navy's future fighter or Golden Dome specific opportunities. And we are prepared and want to be in a position where we can increase our investment profile if those things materialize, and if we are afforded the opportunity to perform on them. So that's why we are thinking about capital deployment very much in the way we have, which is first invest in our business, pay a competitive dividend and return excess cash to shareholders. But at this point, we don't think there will be that excess because we see so many opportunities to invest in the work of our customers and that are in the long-term, interest of our shareholders.

John Godyn - *Citi Investment Research (US) - Analyst*

Yes. No, that makes a lot of sense. It sounds like to the extent CapEx goes higher from here, there's plenty of growth supporting that.

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

That's right.

John Godyn - *Citi Investment Research (US) - Analyst*

Okay. And you made the comment on buybacks, dividends. I just wanted to just revisit that topic in light of the executive order and what you're talking about with the growth opportunities. The buyback is paused. And I think you mentioned on the last call that the Board would review the dividend policy. Maybe you could just elaborate on those?

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

Right. So we have long focused on paying a competitive dividend when we have the resources to do so. And as I just outlined, this is an opportunity-rich environment. We see opportunity to invest more and get favorable returns on that investment than we have in the past. And so we are looking to do that.

But with that said, we know how important our dividend is to our investors, and we have positioned ourselves to be able to do both, to invest in all of the opportunities that we see and are being asked to support, and we feel really proud of our track record there, and our

©2026 LSEG. All rights reserved. Republication or redistribution of LSEG content, including by framing or similar means, is prohibited without the prior written consent of LSEG. 'LSEG' and the LSEG logo are registered trademarks of LSEG and its affiliated companies.

ability with our plans this year to continue to do that, and still pay a competitive dividend. So, our Board did just approve our quarterly dividend last week, and that is a reflection of us outlining for them and feeling confident that we are aligned to our customers' interest and our shareholders' interest when we invest first in the business and pay a competitive dividend.

John Godyn - *Citi Investment Research (US) - Analyst*

Okay. And will there be capacity for at least a reasonable degree of dividend growth? Or are we more talking about a flat dividend?

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

Well, just as I've told investors, we are looking at the set of opportunities that we are pursuing and how those progress before we lay out any future year cash flow targets, we are going to hold on any further capital outlay commitments until we have clear view. We don't normally even discuss the dividend increases until our May meeting. So, there's time between here and there that we expect to have further clarity and then we'll discuss that with the Board. But it will be the same disciplined process that I just outlined that we use every year.

John Godyn - *Citi Investment Research (US) - Analyst*

Okay. That makes sense. It sounds like we're moving into a world where the dividend is safe and a lot of the excess cash, perhaps all of it is going into CapEx, and we'll have more visibility on the growth opportunities behind that, hopefully, in the next few months. Can we talk about -- sort of another thing that's going on is co-investment, the government with defense companies. And maybe the best example out there, or the most interesting example out there that's topical right now, is what happened with LHX in the Missile Solution structure. I wanted to just sort of take your temperature on that, get your reaction to that. Is there any learning from that? And is there anything about that might be appropriate for Northrop?

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

Well, as we look at the solid rocket motor business that we own, we have been investing in it to build the capacity that positions us now to scale as is being requested. And so we believe that we are the best party to make that investment. We have not entertained any discussion with the government to make that investment, and certainly no discussion about equity in our company, or the model that has been utilized and communicated by L3Harris.

I think you'll see different companies take different approaches to this in different segments of the markets. But for us, in that segment of the market, we see enough long-term demand that we felt comfortable making that investment and positioning our company and managing that within our portfolio, and also appreciate the work there in tactical solid rocket motors has very much an interplay with our strategic missiles business, which sits in a different part of our company. There's just a lot of strategic synergy in those parts of our portfolio that we want to maintain an ownership structure of.

John Godyn - *Citi Investment Research (US) - Analyst*

Okay. Are there any other pros and cons to elaborate on with these sort of structures? It sounds like you're really seeing a lot of benefit toward keeping everything in-house.

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

We certainly work in the supply chain to ensure that our suppliers also have the resources they need. And in some of those cases, there may be an interest for those companies to take investment directly from the government. We're facilitating those conversations with the

©2026 LSEG. All rights reserved. Republication or redistribution of LSEG content, including by framing or similar means, is prohibited without the prior written consent of LSEG. 'LSEG' and the LSEG logo are registered trademarks of LSEG and its affiliated companies.

LSEG DATA & ANALYTICS

Office of Strategic Capital. Just because we, as a large company, see that strategic synergy across the portfolio and are choosing one model doesn't mean that other companies won't choose a different model. We want to make sure the entire ecosystem is healthy and that we can get the supply of materials and parts that we need as well. And so, we are looking at the pros and cons of those models. And as I said, right answer may be different for certain companies.

John Godyn - *Citi Investment Research (US) - Analyst*

Got it. That's very helpful. And then finally, I just wanted to talk about M&A. The portfolio at large. You've described the backdrop as opportunity rich. Many of the other companies we're talking to today agree with that. In some cases, that might lead to M&A to beef up capability or fill technology gaps. I was hoping to just get your perspective on that.

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

Yes. We have a portfolio management process that we use within the company to understand what, we believe, is going to be most important in our customers' portfolios 5, 10 years, and then we work ourselves back to the portfolio we have. And we think about our options for filling any strategic gaps that we have. It was what led us to make the acquisition of Orbital ATK and wanting to increase both our space portfolio and enter into the weapons business at that point in time. And we've done that successfully.

Our strategy since then has been to build on those parts of our portfolio through organic investment. And as I've talked about, we've done that successfully. We are constantly looking at that question and entertaining what is in the marketplace that could potentially be additive to our portfolio.

We also, though, look at divestiture and where we aren't the best owner, and we'd be better taking the capital proceeds and putting them back into the remaining part of our business. We've done that with the IT Services divestiture and our Training Services business divestiture most recently. So, we will stay active in that portfolio space.

Right now, we do not see a gap that we believe needs to be filled through M&A. The portfolio expansion that we are interested in doing, we believe can be done both from a capability perspective by investing R&D into ourselves. And from a capacity perspective, investing CapEx as we're doing to build out the plant and equipment that we need to perform.

John Godyn - *Citi Investment Research (US) - Analyst*

What we've heard from some other companies is that the CapEx outlook and investment outlook may be supplemented with M&A. It sounds to me like what you guys are talking about is that the organic growth opportunities are so significant that it's going to be much more levered with company-specific CapEx?

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

That's right. I mean that's always a lower-risk proposition if you believe that you can invest internally and get similar outcomes. And that's where we are right now because we have a portfolio that's not only very diverse but also very well aligned to where we expect the demand signal to be for the next decade.

John Godyn - *Citi Investment Research (US) - Analyst*

That makes a lot of sense. And then just on divestitures, any pruning, anything that makes sense there?

©2026 LSEG. All rights reserved. Republication or redistribution of LSEG content, including by framing or similar means, is prohibited without the prior written consent of LSEG. 'LSEG' and the LSEG logo are registered trademarks of LSEG and its affiliated companies.

LSEG DATA & ANALYTICS

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

Nothing significant. We have done what we thought were the clear value-creating divestitures. We largely now have divested all of the services-related aspects of our portfolio, and we're left with a portfolio that's rich and technology, deep as both prime and supplier in many areas. And our biggest challenge is figuring out where to place our bets because we can operate in so many different areas, and smart resource allocation within the company. And we feel like we're doing that well today and don't feel the need to divest any part of our portfolio to retain the focus that we have in the right areas.

John Godyn - *Citi Investment Research (US) - Analyst*

Okay. Fantastic. It looks like we're almost just about out of time. I just give you the floor for any concluding thoughts.

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

Well, I would simply bring you back to a couple of themes. We've talked throughout the last 35 minutes about this being an unprecedented demand environment. I've also shared that our company's focus is leaning into that demand environment by investing, anticipating our customers' needs and focusing on the performance and execution rigor that our company is known for to deliver, not just for our customers, but for our investors. And we are maintaining that focus into this environment.

And finally, that our capital deployment strategy is responsive to what the administration is asking but it is reflective of a balanced approach that recognizes we can do both. We can perform for our customers and lean in on their demand signals and invest appropriately, and support what our investors require to stay interested in investing in this part of the industry. So, thank you for your time and attention today.

John Godyn - *Citi Investment Research (US) - Analyst*

Thanks, Kathy. Truly appreciate it.

DISCLAIMER

LSEG reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES LSEG OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2026, LSEG. All Rights Reserved.

©2026 LSEG. All rights reserved. Republication or redistribution of LSEG content, including by framing or similar means, is prohibited without the prior written consent of LSEG. 'LSEG' and the LSEG logo are registered trademarks of LSEG and its affiliated companies.

LSEG DATA & ANALYTICS