

# Third Quarter 2025 Conference Call

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**Kathy Warden**  
Chair, Chief Executive Officer  
and President

**Ken Crews**  
Corporate Vice President\*  
and Chief Financial Officer

October 21, 2025

# 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,” “strategy,” “project,” “forecast,” “achieve,” “believe,” “estimate,” “guidance,” “outlook,” “trends,” “goals,” “confident,” “on track” 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, including financial guidance, outlook, trends, expectations and other forward-looking statements for 2025 and beyond. 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, 2024, and from time to time in our other filings with the SEC. 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 or a prolonged government shutdown
- 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, changes in trade policies 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
- increased competition within our markets and bid protests
- continued pressures from macroeconomic trends, including on costs, schedules, performance and ability to meet expectations

## Legal and Regulatory Risks

- investigations, claims, disputes, enforcement actions, litigation (including criminal, civil and administrative) and/or other legal proceedings
- changes in procurement and other laws, SEC, DoW and other rules and regulations, including changes through executive orders, 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
- 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
- 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
- the performance and viability of our subcontractors and suppliers and the availability and pricing of raw materials, chemicals, parts and components, particularly with inflationary pressures, increased costs, shortages in labor and financial resources, supply chain disruptions, and extended material lead times
- our ability to attract and retain a qualified and talented workforce with the necessary security clearances to meet our performance obligations
- 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
- natural disasters, epidemics, pandemics and similar outbreaks and other significant disruptions
- 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
- 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 protect and exploit 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.



Strong demand drove a Q3 book-to-bill ratio of 1.17x  
Received a \$1.8B award for new missile defense capabilities to help defend the homeland



Delivered another quarter of outstanding operating performance  
Q3 organic sales<sup>1</sup> increased 5% year-over-year and segment OM rate<sup>1</sup> expanded to 12.3%



Expect<sup>2</sup> 2025 sales of \$41.7B to \$41.9B  
Increased guidance<sup>2</sup> for MTM-adjusted EPS<sup>1</sup> by \$0.65 to a range of \$25.65 to \$26.05



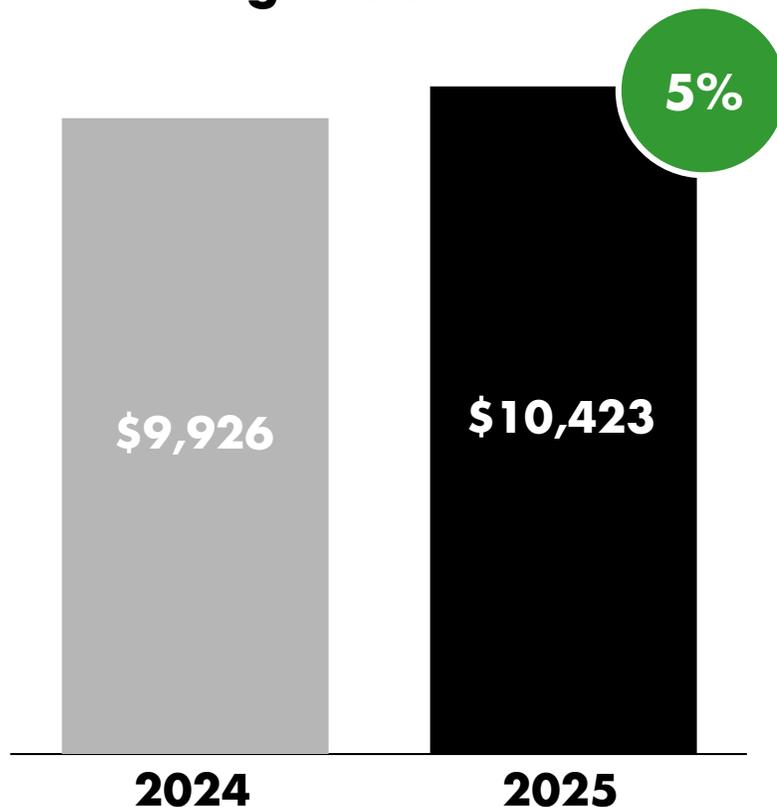
Balanced approach to capital deployment that prioritizes investments in our business and returning cash to shareholders

***Executing with agility and adaptability to foster rapid innovation***

1. Non-GAAP financial measure. See Appendix.

2. See the company's third quarter earnings release for a description of the underlying assumptions, judgments and factors that can affect the company's ability to achieve guidance or meet expectations.

## Organic Sales<sup>1</sup>



## Three Months Ended September 30

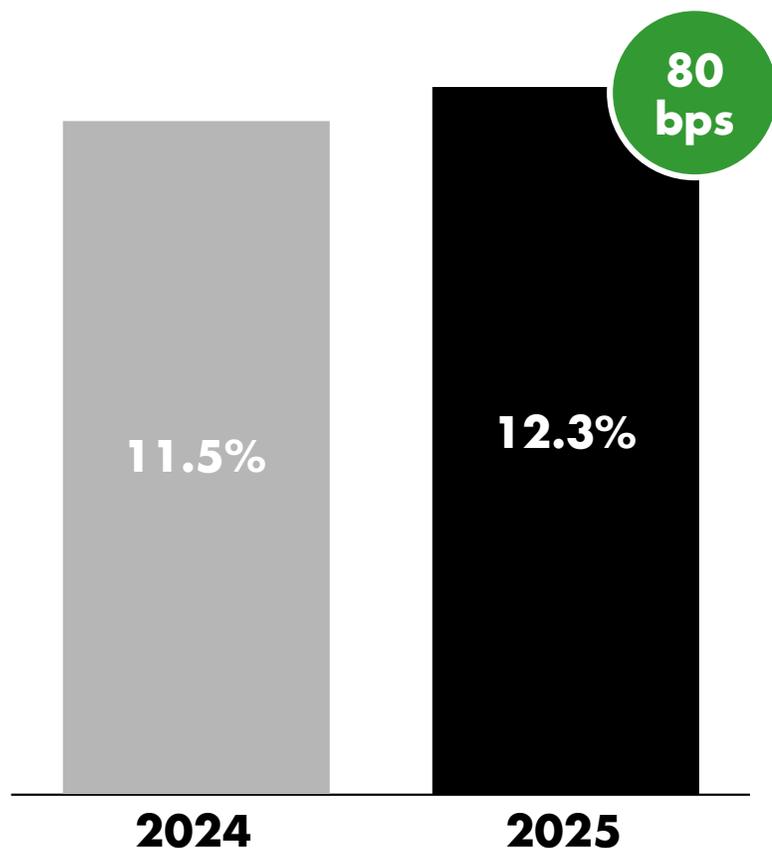
(\$M)	2024	2025	▲%
<b>Aeronautics Systems</b>	\$2,961	<b>\$3,142</b>	<b>6%</b>
<b>Defense Systems</b>	1,800	<b>2,059</b>	<b>14%</b>
<i>Organic Sales<sup>1</sup> Defense Systems</i>	1,730	<b>2,059</b>	<b>19%</b>
<b>Mission Systems</b>	2,823	<b>3,093</b>	<b>10%</b>
<b>Space Systems</b>	2,870	<b>2,698</b>	<b>(6)%</b>
<b>Intersegment Eliminations</b>	(458)	<b>(569)</b>	
<b>Total Sales</b>	\$9,996	<b>\$10,423</b>	<b>4%</b>
<i>Less: Training Services Sales</i>	\$(70)	\$—	
<b>Total Organic Sales<sup>1</sup></b>	\$9,926	<b>\$10,423</b>	<b>5%</b>

*Enduring demand continues to underpin sales growth*

1. Non-GAAP financial measure. See Appendix.

Note: Full year 2024 sales from Training Services business of ~\$300M.

# Segment Operating Income<sup>1</sup> and Margin Rate<sup>1</sup>



(\$M)	Three Months Ended September 30		
	2024	2025	▲%
<b>Aeronautics Systems</b>	\$309	<b>\$305</b>	<b>(1)%</b>
<b>Defense Systems</b>	160	<b>234</b>	<b>46%</b>
<b>Mission Systems</b>	390	<b>515</b>	<b>32%</b>
<b>Space Systems</b>	345	<b>298</b>	<b>(14)%</b>
<b>Intersegment Eliminations</b>	(58)	<b>(75)</b>	
<b>Total</b>	\$1,146	<b>\$1,277</b>	<b>11%</b>

*Q3 Margins reflect continued strong operational performance across the portfolio*

1. Non-GAAP financial measure. See Appendix.

# Q3 Diluted EPS Bridge



Q3 2024 Diluted EPS	\$7.00
Segment Performance	0.85
Marketable Securities	0.35
Net Pension <sup>1</sup>	0.10
Unallocated Corporate Expense	(0.31)
Federal Tax Rate	(0.29)
Interest Expense and Other	(0.03)
<b>Q3 2025 Diluted EPS</b>	<b>\$7.67</b>

*Growth in EPS driven by outstanding segment performance and marketable securities*

1. Net Pension tax effected on a 21% federal statutory tax rate and a 5.25% blended state tax rate.  
Note: Year over year benefit from share reduction embedded in individual items, tax effected at 21%.

# 2025 Company Level Guidance<sup>1</sup>

**(\$M), except per share amounts**

**As of 10/21/2025**

<b>Sales</b>	<b>\$41,700 – \$41,900</b> Prior: \$42,050 – \$42,250
<b>Segment operating income<sup>2</sup></b>	<b>\$4,275 – \$4,375</b>
<b>MTM-adjusted EPS<sup>2</sup></b>	<b>\$25.65 – \$26.05</b> Prior: \$25.00 – \$25.40
<b>Free cash flow<sup>2</sup></b>	<b>\$3,050 – \$3,350</b>

**Updated guidance at the midpoint reflects ~8% sales growth in Q4 and 65 cents EPS increase**

1. See the company's third quarter earnings release for a description of the underlying assumptions, judgments and factors that can affect the company's ability to achieve guidance or meet expectations.

2. Non-GAAP financial measure. See Appendix.

# 2025 Segment Guidance<sup>1</sup>

**As of 10/21/2025**

	<b>Sales (\$B)</b>	<b>OM Rate %</b>
<b>Aeronautics Systems</b>	<b>High \$12</b> Prior: Low \$13	<b>Low to Mid 6%</b>
<b>Defense Systems</b>	<b>Low \$8</b>	<b>High 10%</b> Prior: Mid 10%
<b>Mission Systems</b>	<b>Mid \$12</b> Prior: Low to Mid \$12	<b>Mid 14%</b>
<b>Space Systems</b>	<b>Mid to High \$10</b>	<b>High 10%</b>
<b>Intersegment Eliminations</b>	<b>~(\$2.25)</b> Prior: ~(\$2.1)	<b>High 13%</b>

***Adjusting sales guidance to reflect latest expectations; increasing margin guidance at DS***

1. See the company's third quarter earnings release for a description of the underlying assumptions, judgments and factors that can affect the company's ability to achieve guidance or meet expectations.

# 2026 Outlook as of 10/21/2025<sup>1</sup>

- **Mid-single digit organic sales<sup>2</sup> growth**
- **Segment OM rate<sup>2</sup> in the low to mid 11% range**
- **Reaffirm free cash flow<sup>2</sup> range of \$3.1 to \$3.5 billion**



*Well positioned for a broad range of new opportunities*

1. See the company's third quarter earnings release for a description of the underlying assumptions, judgments and factors that can affect the company's ability to achieve guidance or meet expectations.

2. Non-GAAP financial measure. See Appendix.





Dynamic global defense landscape presents significant opportunities for Northrop Grumman



Committed to accelerating development and production of new capabilities with speed



Diverse portfolio and strong backlog provides foundation for continued profitable growth



Laser focused on performance and delivering on our financial commitments



Balanced capital deployment...investing in our business and returning cash to shareholders



# Appendix

# 2025 Supplemental Guidance<sup>1</sup>

<b>(\$M)</b>	<b>As of 10/21/2025</b>
<b>Total Net FAS/CAS pension adjustment<sup>2</sup></b>	<b>~\$810</b> Prior: ~\$800
<b>Unallocated corporate expense:</b>	
Intangible asset amortization and PP&E step-up depreciation	<b>~\$(90)</b>
Other items	<b>~\$(250)</b> Prior: ~\$(280)
Training Services divestiture benefit	<b>~\$211</b>
<b>Operating income</b>	<b>\$4,415 – \$4,515</b> Prior: \$4,375 – \$4,475
<b>Interest expense</b>	<b>~\$(675)</b>
<b>Effective tax rate %</b>	<b>Mid 17%</b> Prior: High 17%
<b>Weighted average diluted shares outstanding</b>	<b>High 143</b>
<b>Capital expenditures</b>	<b>~\$1,500</b>

1. See the company's third quarter earnings release for a description of the underlying assumptions, judgments and factors that can affect the company's ability to achieve guidance or meet expectations.

2. Total Net FAS/CAS pension adjustment is presented as a single amount and includes \$480 million of expected CAS pension expense and \$215 million of FAS pension service expense, both of which are reflected in operating income. Non-operating FAS pension benefit of \$545 million is reflected below operating income, and the total net FAS/CAS pension adjustment is \$810 million.

# Segment Realignment

## Segment Sales

(\$M)	2023	2024				Total Year
	Total Year	Three Months Ended				
<b>REALIGNED, effective July 1, 2024<sup>1</sup></b>		Mar 31	Jun 30	Sep 30	Dec 31	
<b>Aeronautics Systems</b>	<b>\$10,786</b>	\$2,969	\$2,963	\$2,878	\$3,220	<b>\$12,030</b>
<b>Defense Systems</b>	<b>8,289</b>	1,990	2,153	2,084	2,333	<b>8,560</b>
<b>Mission Systems</b>	<b>10,895</b>	2,659	2,773	2,823	3,144	<b>11,399</b>
<b>Space Systems</b>	<b>11,873</b>	3,149	3,002	2,870	2,710	<b>11,731</b>
<b>Intersegment Eliminations</b>	<b>(2,553)</b>	(634)	(673)	(659)	(721)	<b>(2,687)</b>
<b>Total</b>	<b>\$39,290</b>	<b>\$10,133</b>	<b>\$10,218</b>	<b>\$9,996</b>	<b>\$10,686</b>	<b>\$41,033</b>

<b>FURTHER REALIGNED, effective January 1, 2025<sup>2</sup></b>						
<b>Aeronautics Systems</b>	<b>\$11,164</b>	\$3,044	\$3,060	\$2,961	\$3,331	<b>\$12,396</b>
<b>Defense Systems</b>	<b>7,185</b>	1,737	1,859	1,800	2,003	<b>7,399</b>
<b>Mission Systems</b>	<b>10,895</b>	2,659	2,773	2,823	3,144	<b>11,399</b>
<b>Space Systems</b>	<b>11,873</b>	3,149	3,002	2,870	2,710	<b>11,731</b>
<b>Intersegment Eliminations</b>	<b>(1,827)</b>	(456)	(476)	(458)	(502)	<b>(1,892)</b>
<b>Total</b>	<b>\$39,290</b>	<b>\$10,133</b>	<b>\$10,218</b>	<b>\$9,996</b>	<b>\$10,686</b>	<b>\$41,033</b>

1. "Realigned, effective July 1, 2024" summary operating results for periods prior to July 1, 2024 were recast to reflect the realignment of the Strategic Deterrent Systems (SDS) division from Space Systems to Defense Systems effective July 1, 2024 as described in the company's Form 8-K filed with the SEC on May 16, 2024. Results for periods subsequent to July 1, 2024 represent "As reported" actuals disclosed in the company's filings with the SEC.

2. "Further realigned, effective January 1, 2025" summary operating results for the periods presented were recast to reflect the realignment of the Strike and Surveillance Aircraft Solutions (SSAS) business unit from Defense Systems to Aeronautics Systems effective January 1, 2025.

# Segment Realignment

## Segment Operating Income<sup>3</sup>

(\$M)	2023	2024				Total Year
	Total Year	Three Months Ended				
<b>REALIGNED, effective July 1, 2024<sup>1</sup></b>		Mar 31	Jun 30	Sep 30	Dec 31	
<b>Aeronautics Systems</b>	<b>\$(473)</b>	\$297	\$295	\$298	\$292	<b>\$1,182</b>
<b>Defense Systems</b>	<b>829</b>	187	231	196	252	<b>866</b>
<b>Mission Systems</b>	<b>1,609</b>	378	361	390	469	<b>1,598</b>
<b>Space Systems</b>	<b>1,130</b>	330	304	345	275	<b>1,254</b>
<b>Intersegment Eliminations</b>	<b>(335)</b>	(88)	(90)	(83)	(95)	<b>(356)</b>
<b>Total</b>	<b>\$2,760</b>	<b>\$1,104</b>	<b>\$1,101</b>	<b>\$1,146</b>	<b>\$1,193</b>	<b>\$4,544</b>

<b>FURTHER REALIGNED, effective January 1, 2025<sup>2</sup></b>						
<b>Aeronautics Systems</b>	<b>\$(416)</b>	\$306	\$312	\$309	\$309	<b>\$1,236</b>
<b>Defense Systems</b>	<b>684</b>	156	191	160	209	<b>716</b>
<b>Mission Systems</b>	<b>1,609</b>	378	361	390	469	<b>1,598</b>
<b>Space Systems</b>	<b>1,130</b>	330	304	345	275	<b>1,254</b>
<b>Intersegment Eliminations</b>	<b>(247)</b>	(66)	(67)	(58)	(69)	<b>(260)</b>
<b>Total</b>	<b>\$2,760</b>	<b>\$1,104</b>	<b>\$1,101</b>	<b>\$1,146</b>	<b>\$1,193</b>	<b>\$4,544</b>

1. "Realigned, effective July 1, 2024" summary operating results for periods prior to July 1, 2024 were recast to reflect the realignment of the Strategic Deterrent Systems (SDS) division from Space Systems to Defense Systems effective July 1, 2024 as described in the company's Form 8-K filed with the SEC on May 16, 2024. Results for periods subsequent to July 1, 2024 represent "As reported" actuals disclosed in the company's filings with the SEC.

2. "Further realigned, effective January 1, 2025" summary operating results for the periods presented were recast to reflect the realignment of the Strike and Surveillance Aircraft Solutions (SSAS) business unit from Defense Systems to Aeronautics Systems effective January 1, 2025.

3. Non-GAAP financial measure. See Appendix.

**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 this presentation. Definitions for the non-GAAP measures are provided below and reconciliations are provided in this presentation, except that reconciliations of forward-looking non-GAAP measures are not provided because the company is unable to provide such reconciliations without unreasonable effort due to the uncertainty and inherent difficulty of predicting the occurrence and financial impact of certain items, including, but not limited to, the impact of any mark-to-market pension adjustment. Other companies may define these measures differently or may utilize different non-GAAP measures.

**MTM-adjusted EPS:** Diluted earnings per share excluding the per share impact of MTM benefit (expense) and related tax impacts. This measure may be useful to investors and other users of our financial statements as a supplemental measure in evaluating the company's underlying financial performance by presenting the company's diluted earnings per share results before the non-operational impact of pension and OPB actuarial gains and losses.

**Segment operating income and segment operating margin rate:** Segment operating income and segment operating margin rate (segment operating income divided by sales) reflect the combined operating income of our four segments less the operating income associated with intersegment sales. Segment operating income includes pension expense allocated to our sectors under FAR and CAS and excludes FAS pension service expense and unallocated corporate items. These measures may be useful to investors and other users of our financial statements as supplemental measures in evaluating the financial performance and operational trends of our sectors. These measures should not be considered in isolation or as alternatives to operating results presented in accordance with GAAP.

**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.

**Organic sales:** Total sales excluding sales attributable to the company's former training services business. This measure may be useful to investors and other users of our financial statements as a supplemental measure in evaluating the company's underlying sales growth as well as in understanding our ongoing business and future sales trends by presenting the company's sales adjusted for the impact of the divestiture.

# Non-GAAP Reconciliations

## Segment Operating Income and Margin Rate

(\$M)	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2025	2024	2025
Total sales	\$9,996	<b>\$10,423</b>	\$30,347	<b>\$30,242</b>
<b>Operating income</b>	\$1,120	<b>\$1,242</b>	\$3,281	<b>\$3,240</b>
Operating margin rate	11.2%	<b>11.9%</b>	10.8%	<b>10.7%</b>
Reconciliation to segment operating income:				
<b>FAS/CAS operating adjustment</b>	\$(20)	<b>\$(67)</b>	\$(32)	<b>\$(193)</b>
Unallocated corporate expense:				
Gain on sale of business	—	—	—	<b>(231)</b>
Training services divestiture – unallowable state taxes and transaction costs	2	—	2	<b>20</b>
Intangible asset amortization and PP&E step-up depreciation	23	<b>21</b>	72	<b>63</b>
Other unallocated corporate expense	21	<b>81</b>	28	<b>165</b>
<b>Unallocated corporate expense</b>	\$46	<b>\$102</b>	\$102	<b>\$17</b>
<b>Segment operating income</b>	\$1,146	<b>\$1,277</b>	\$3,351	<b>\$3,064</b>
Segment operating margin rate	11.5%	<b>12.3%</b>	11.0%	<b>10.1%</b>

# Non-GAAP Reconciliations

## Free Cash Flow

(\$M)	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2025	2024	2025
Net cash provided by operating activities	\$1,091	<b>\$1,557</b>	\$1,810	<b>\$860</b>
Capital expenditures	(361)	<b>(301)</b>	(951)	<b>(788)</b>
<b>Free cash flow</b>	<b>\$730</b>	<b>\$1,256</b>	\$859	<b>\$72</b>

# Non-GAAP Reconciliations

## Organic Sales

(\$M)	Three Months Ended September 30			Nine Months Ended September 30		
	2024	2025	% Change	2024	2025	% Change
Sales	\$9,996	<b>\$10,423</b>	<b>4%</b>	\$30,347	<b>\$30,242</b>	<b>–%</b>
Less: Training services sales	(70)	–		(226)	<b>(112)</b>	
<b>Organic Sales</b>	\$9,926	<b>\$10,423</b>	<b>5%</b>	\$30,121	<b>\$30,130</b>	<b>–%</b>

**NORTHROP**  
**GRUMMAN**

The logo graphic consists of a thick black horizontal line extending from the end of the word 'NORTHROP' to the right, and a thick black vertical line extending downwards from the end of the word 'GRUMMAN' to the right, meeting at a right-angle corner.