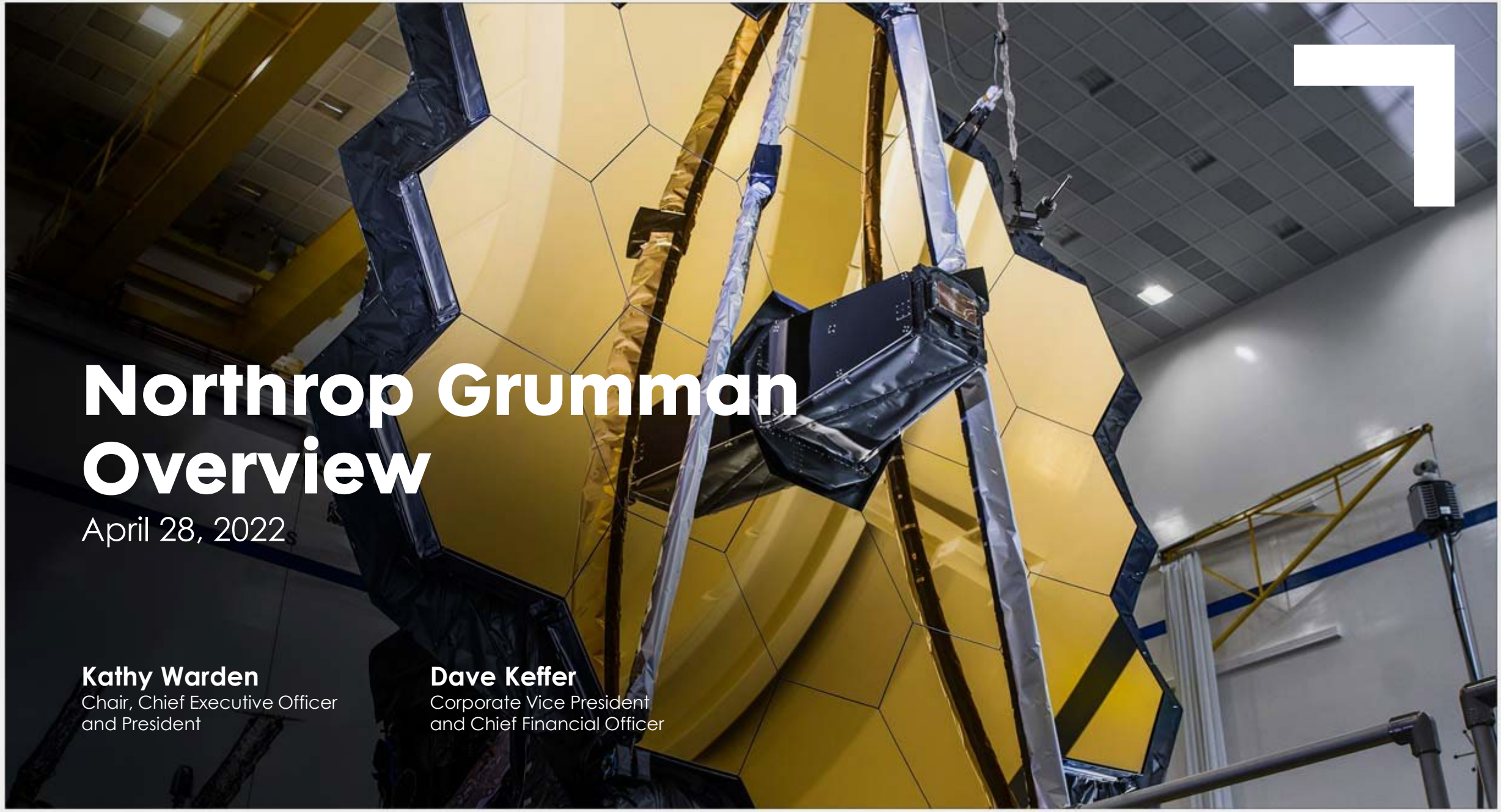


Northrop Grumman Overview

April 28, 2022

Kathy Warden
Chair, Chief Executive Officer
and President

Dave Keffer
Corporate Vice President
and Chief Financial Officer

Forward-Looking Statements

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

Forward-looking statements include, among other things, statements relating to our future financial condition, results of operations and/or cash flows. Forward-looking statements are based upon assumptions, expectations, plans and projections that we believe to be reasonable when made, but which may change over time. These statements are not guarantees of future performance and inherently involve a wide range of risks and uncertainties that are difficult to predict. Specific risks that could cause actual results to differ materially from those expressed or implied in these forward-looking statements include, but are not limited to, those identified and discussed more fully in the section entitled "Risk Factors" in the Form 10-K for the year ended December 31, 2021 and from time to time in our other filings with the Securities and Exchange Commission (SEC). These risks and uncertainties are amplified by the global COVID-19 pandemic and the related effects on the broader economic environment, which have caused and will continue to cause significant challenges, instability and uncertainty. They include:

Industry and Economic Risks

- our dependence on the U.S. government for a substantial portion of our business
- significant delays or reductions in appropriations for our programs, and U.S. government funding and program support more broadly, including related to hostilities and other global events
- the use of estimates when accounting for our contracts and the effect of contract cost growth and/or changes in estimated contract revenues and costs
- increased competition within our markets and bid protests

Legal and Regulatory Risks

- investigations, claims, disputes, enforcement actions, litigation and/or other legal proceedings
- the improper conduct of employees, agents, subcontractors, suppliers, business partners or joint ventures in which we participate and the impact on our reputation and our ability to do business
- changes in procurement and other laws, SEC and other regulations, contract terms and practices applicable to our industry, findings by the U.S. government as to our compliance with such requirements, and changes in our customers' business practices globally
- environmental matters, including 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

- impacts of the COVID-19 pandemic (or future health epidemics, pandemics or similar outbreaks), including potential new variants, case surges or prolonged recovery periods, their effects on the broader environment, and varying related government requirements, on: our business, our ability to maintain a qualified and productive workforce, work slowdowns or stoppages, labor shortages, supply chain and logistics challenges, costs we cannot recover and liabilities for which we are not compensated, performance challenges (including cost and schedule), government funding, changes in government acquisition priorities and processes, government payment rules and practices, insurance challenges, and potential impacts on access to capital, the markets and the fair value of our assets
- cyber and other security threats or disruptions faced by us, our customers or our suppliers and other partners, and changes in related regulations
- the ability to maintain a qualified workforce with the required security clearances and requisite skills
- the performance and viability of our subcontractors and suppliers and the availability and pricing of raw materials and components
- climate change, its impacts on our company, our operations and our stakeholders (employees, suppliers, customers, shareholders and regulators), and changes in laws, regulations and priorities related to greenhouse gas emissions and other climate change related concerns
- our exposure to additional risks as a result of our international business, including risks related to geopolitical and economic factors, suppliers, laws and regulations
- our ability to meet performance obligations under our contracts, including obligations that require innovative design capabilities, are technologically complex, require certain manufacturing expertise or are dependent on factors not wholly within our control
- natural disasters
- products and services we provide related to hazardous and high risk operations, including the production and use of such products, which subject us to various environmental, regulatory, financial, reputational and other risks
- our ability appropriately to exploit and/or protect intellectual property rights
- our ability to develop new products and technologies and maintain technologies, facilities, and equipment to win new competitions and meet the needs of our customers

General and Other Risk Factors

- the adequacy and availability of our insurance coverage, customer indemnifications or other liability protections
- the future investment performance of plan assets, 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

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.

Motivated by our Mission, Vision and Values

Mission

At Northrop Grumman, our purpose is to protect national security and advance our understanding of our universe and how we sustain it for the future. We are transforming technology at speed to give our customers the ability to connect and protect around the globe.



Vision

We are exploring burgeoning research areas and creating revolutionary technology that will not only power the mission but also connect, advance and protect the U.S. and its allies. No matter what the future holds, the greater the problem, the more prepared we are to help solve it.

Values

We do the right thing

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

We do what we promise

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

We commit to shared success

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

We Pioneer

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

Northrop Grumman Today

About Us

Northrop Grumman solves the toughest problems in **space, aeronautics, defense and cyberspace** to meet the ever evolving needs of our customers worldwide.

Our **90,000 employees** are Defining Possible every day **using science, technology and engineering** to create and deliver **advanced systems, products and services.**



$76B
2021 Backlog

$35.7B
2021 Sales

11.8%
2021 Segment OM Rate*

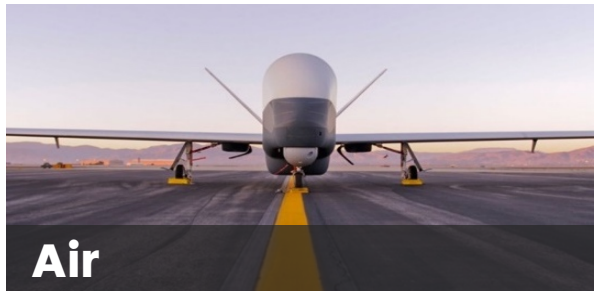
$3.6B
2021 Operating Cash Flow

~90K
Employees

Technology company focused on global security and human discovery

*Non-GAAP financial measure. See Appendix.

What We Do



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



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



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



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



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



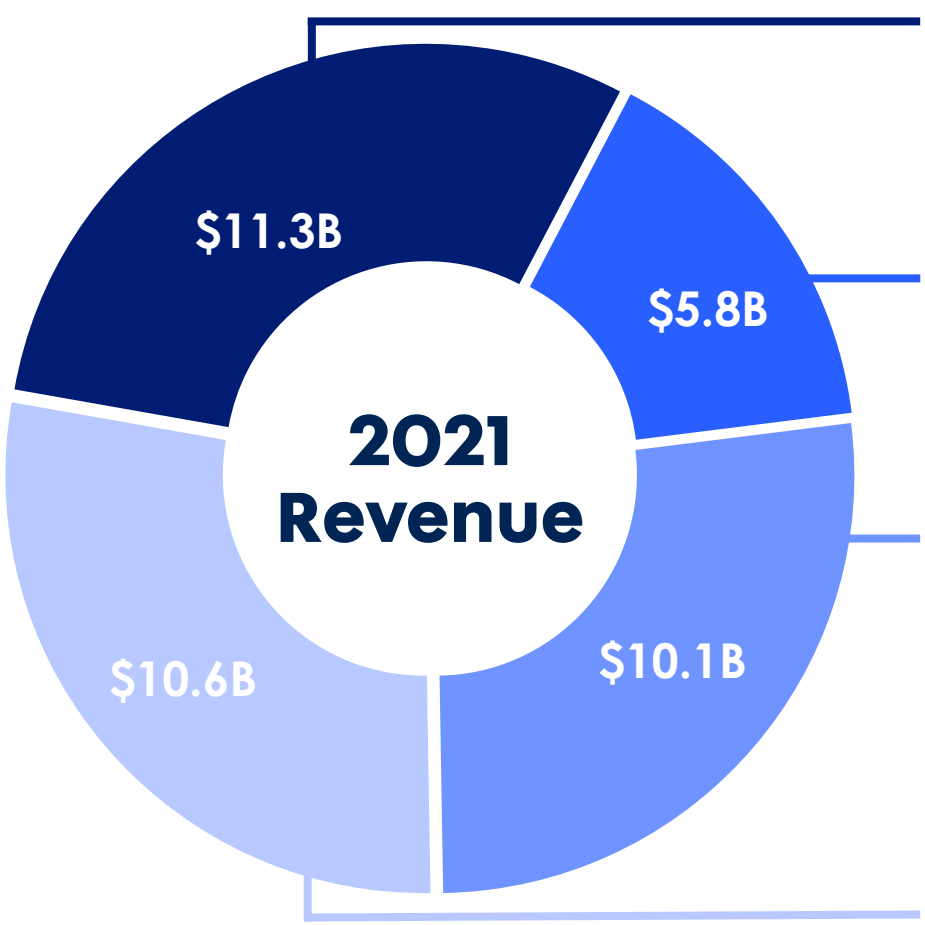
In the future, more than ever before, mission advantage will go to military forces who can coordinate and act together across all domains. Observing, orienting, deciding and acting together, faster and with greater effect than their adversaries is the next-gen technological edge for Joint Forces.



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

Technology company focused on global security and human discovery

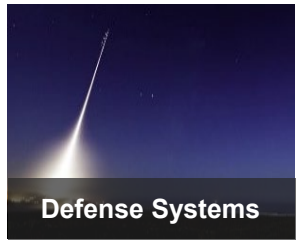
Four Operating Sectors at-a-Glance





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

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



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

Leader in the design, development, production, integration, sustainment and modernization of weapon and mission systems for U.S. military and civilian agency customers, and a broad range of international customers.



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

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



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

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

2021 Highlights

Strong Financial Results

- 2021 Sales of $35.7B, Organic Sales* Growth of ~3%
- Expanded 2021 Segment Margin Rate* by 40 bps to 11.8%
- EPS of $43.54; Transaction-adjusted EPS* increased 8% to $25.63
- 2021 Cash from Operations of $3.6B, Transaction-adjusted FCF* of $3.1B

Balanced Capital Deployment

- Returned record $4.7B to shareholders via dividends and share repurchases
- Increased our dividend by 8%; 18th consecutive annual increase
- Retired over $2.2B of debt; credit ratings upgraded
- Invested $1.4B into the business via Capex

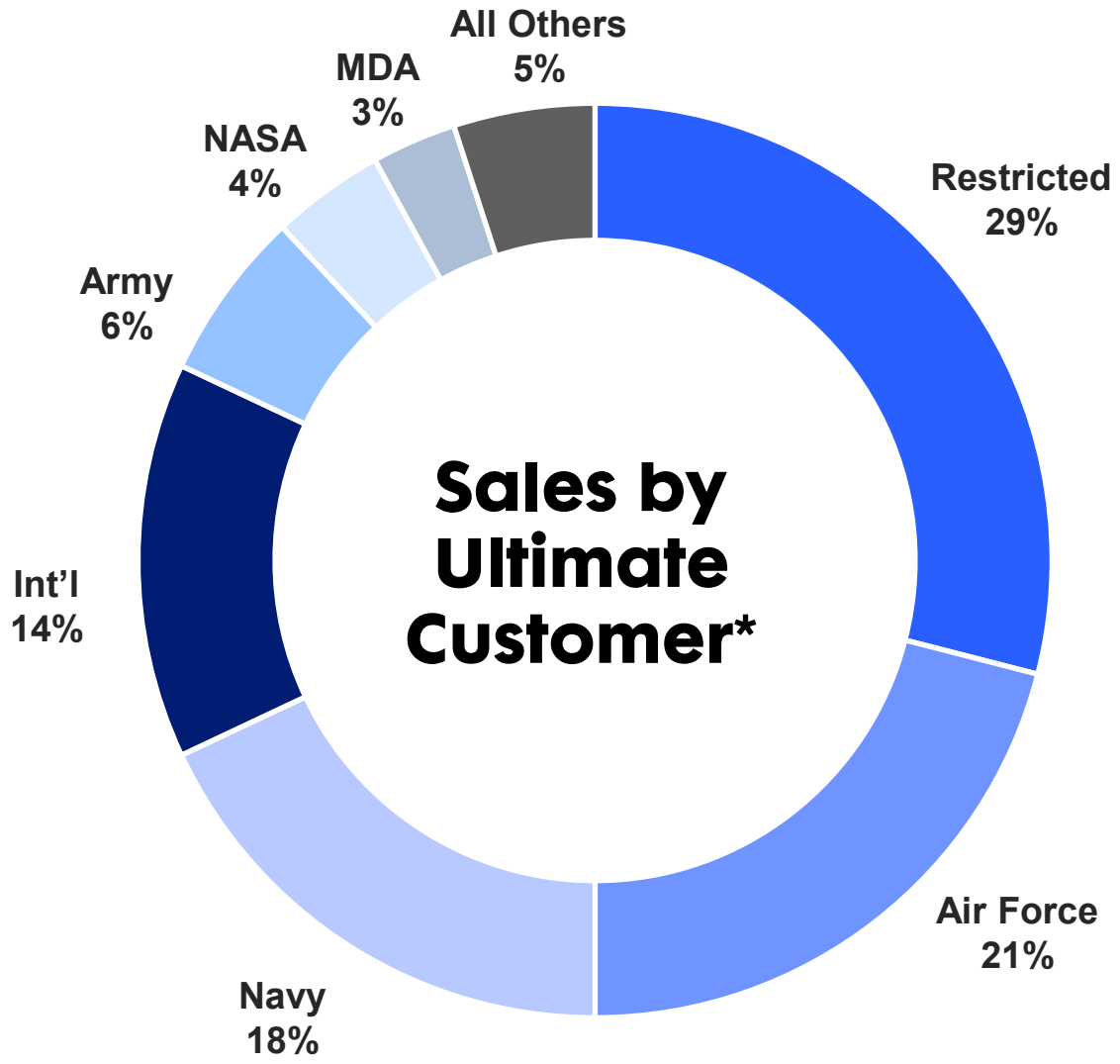
Distinguished ESG Record

- Reduced greenhouse gas emissions by 44% compared to 2010
- Scored in 96th percentile on S&P Global Corporate Sustainability Assessment
- Included in DJSI World Index for first time
- MSCI ESG Rating of AA



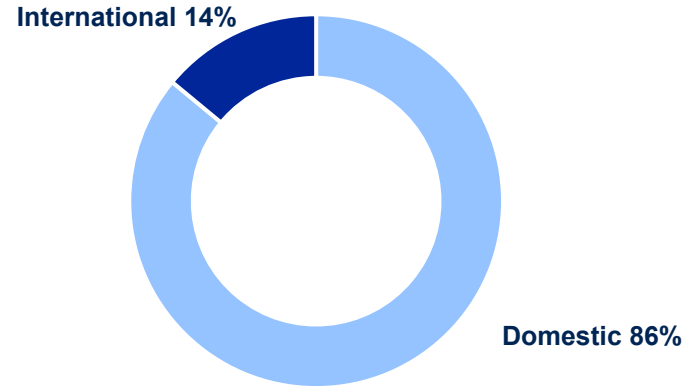
*Non-GAAP financial measure. See Appendix.

2021 Sales Mix

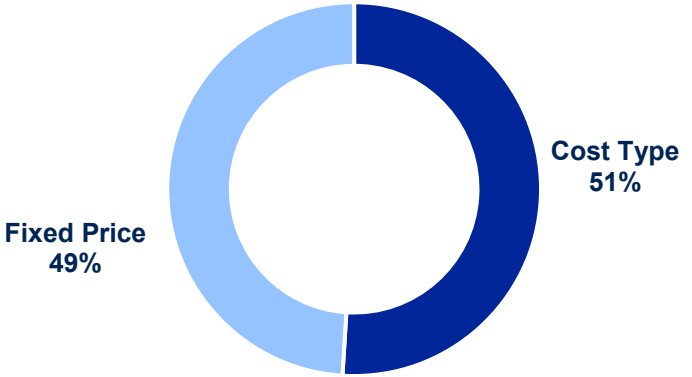


Sales Distributions

Domestic vs. International



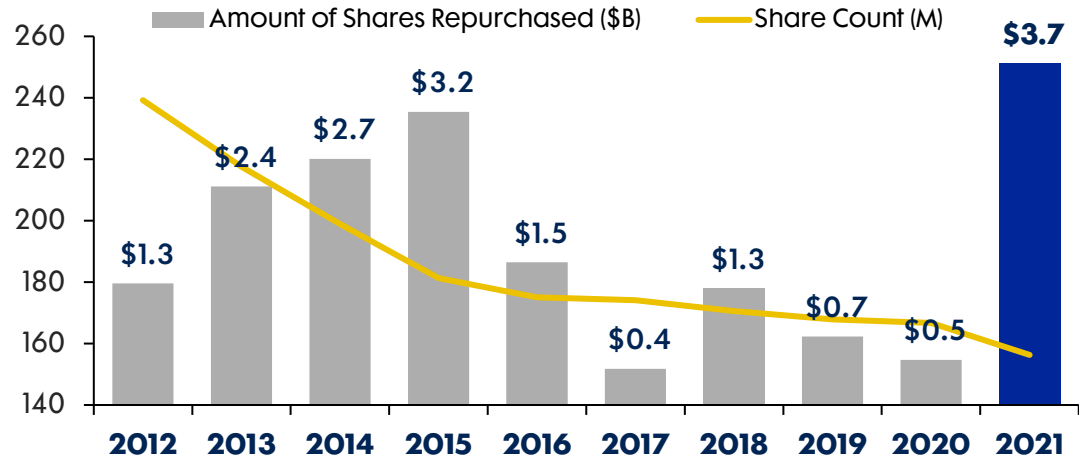
Contract Type



*Represents ultimate end user customer where we are a subcontractor

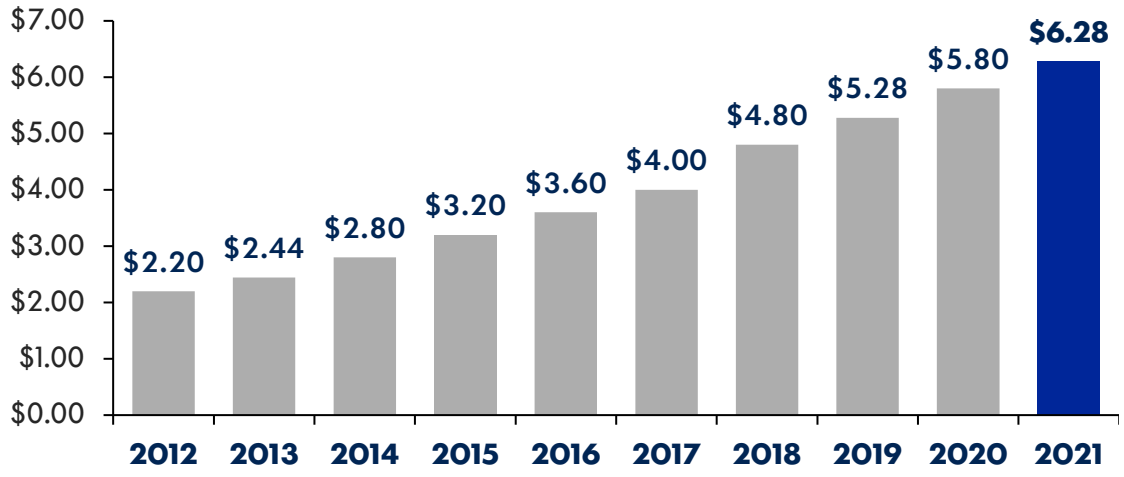
Consistent Return of Cash to Shareholders

Share Repurchases & Share Count



Average Purchase Price:	$64	$87	$124	$164	$213	$240	$271	$312	$335	$344

Annualized Dividend



Average Dividend Price:	10%	11%	15%	14%	13%	11%	20%	10%	10%	8%

Share Repurchases

- Share count reduced by ~38% between 2012 and 2021
  - Average purchase price of $147
- Approximately $3.7B in 2021 Share Repurchases including
  - $2.0B ASR announced in 1Q21, retiring 6.1M shares
  - $0.5B ASR announced in 4Q21, retiring 1.3M shares

Dividends

- Dividend Growth CAGR of ~12% from 2012-2021
- 18 consecutive annual dividend increases
- Dividend increased 8% in May 2021

ESG Highlights

NORTHROP GRUMMAN

Environmental

Committed to achieving
Net Zero GHG
emissions in our operations by 2035

Published our First
TCFD Report

Source 50%
of total electricity from renewable sources by 2030

49%
solid waste diversion rate from landfill achieved in 2021

Social

Recognized corporate culture and ethics program

Diverse employee population including

25% Female

18% Veteran

36% People of color

9% People with Disabilities

Generated
$39M
In social value from Northrop Grumman, the Northrop Grumman Foundation and our employees

Have an active, executive-led human rights working group and a **comprehensive human rights policy**

Governance

Board of Directors

92% Independent

31% Women on the board

23% People of color on the board

2021 Non-Financial Metrics part of Executive Compensation

People
- Diversity
- Employee Experience
- Safety

Environment
- Environmental Sustainability

Customer
- Quality
- Customer Satisfaction

ESG Recognition

NORTHROP GRUMMAN

Investor Focused

Sustainability Award
Industry Mover 2022
S&P Global

Member of DJSI World Index and North America Index

MSCI ESG RATINGS AA
CCC B BB BBB A AA AAA

AA rating from MSCI

CDP DISCLOSER 2021

CDP Leadership score of A- in climate change questionnaire for **10th consecutive year**

Reputation

3BL MEDIA 100 BEST CORPORATE CITIZENS 2021

3BL Media's 100 Best Corporate Citizens

CENTER FOR POLITICAL ACCOUNTABILITY

CPA-Zicklin Index for Corporate Political Contributions
Only A&D company to receive a 100% Score

wtw

Designated as a "High Performing Company" by Willis Tower Watson for high levels of employee engagement

Diversity, Equity & Inclusion

DiversityInc 2021 TOP 50 COMPANIES FOR DIVERSITY

DiversityInc's Top 50 Companies for Diversity

DEI BEST PLACE TO WORK FOR DISABILITY INCLUSION 2021
100% DISABILITY EQUALITY INDEX

Disability Equality Index "Best Place to Work for Disability Inclusion"
Highest ranking for 7th year in a row

BEST PLACES TO WORK 2021 for LGBTQ Equality
100% CORPORATE EQUALITY INDEX

Corporate Equality Index "Best Place to Work for LGBTQ+ Equality"
Received a 100% Rating

Leader in ESG



Aeronautics Systems

Investor Relations

April 28, 2022

Aeronautics Systems Sector Overview

NORTHROP GRUMMAN

Strategy & Capabilities

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

These aircraft systems support four mission areas: strike; air dominance; airborne battle management and control; and intelligence, surveillance and reconnaissance (ISR).

Business Segments

Autonomous Systems



Manned Aircraft



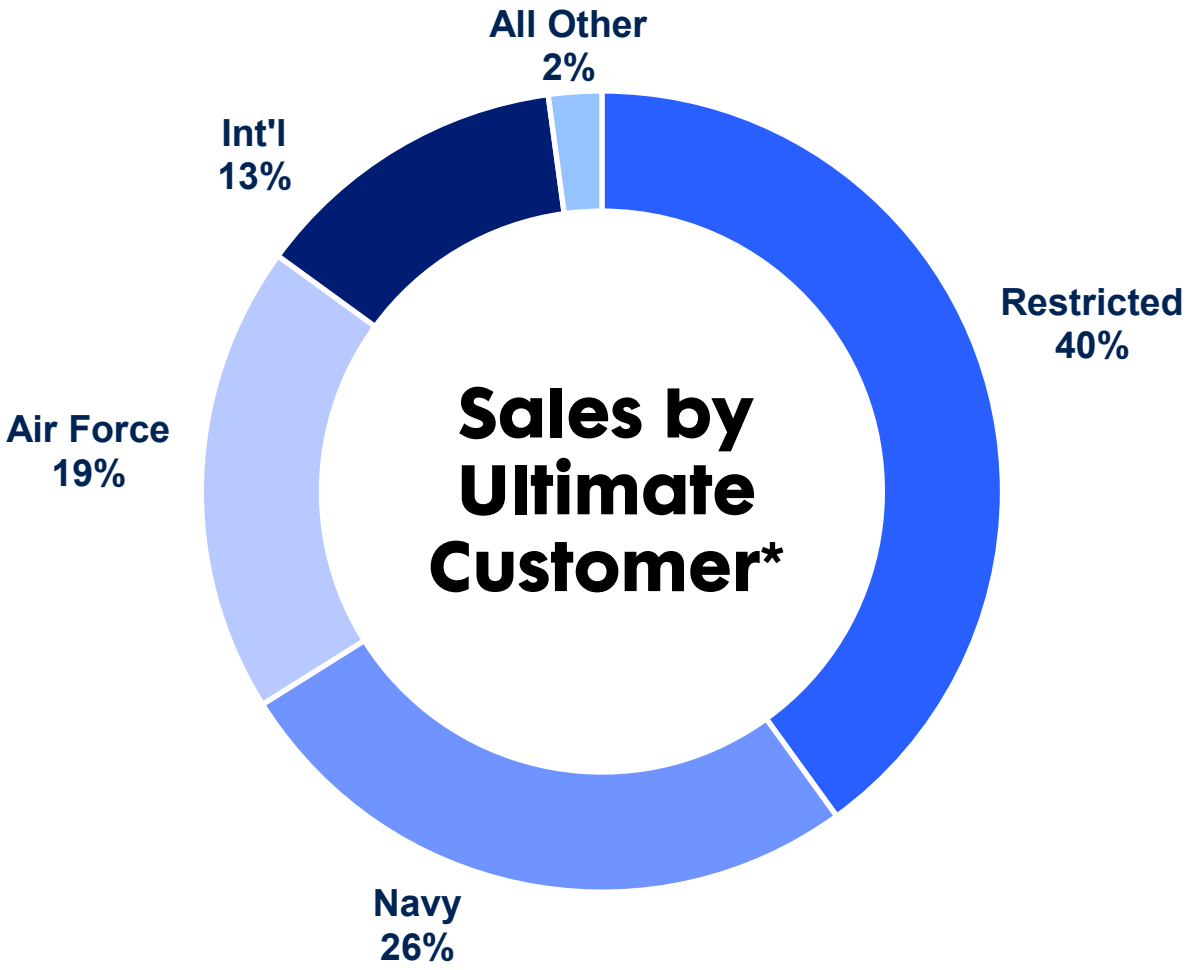
$18.3B
2021 Backlog

$11.3B
2021 Sales

9.7%
2021 OM Rate

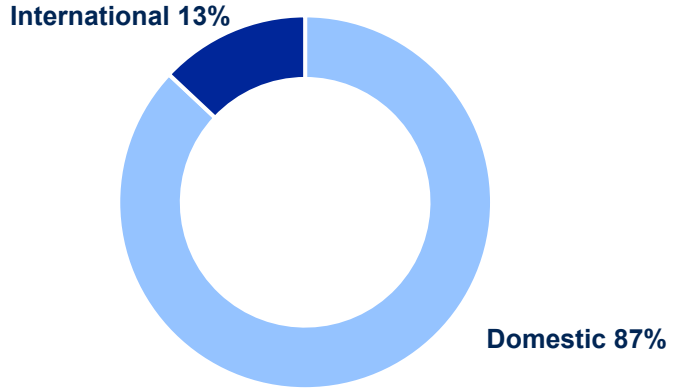
~20K
Employees

2021 Aeronautics Systems Sales Mix

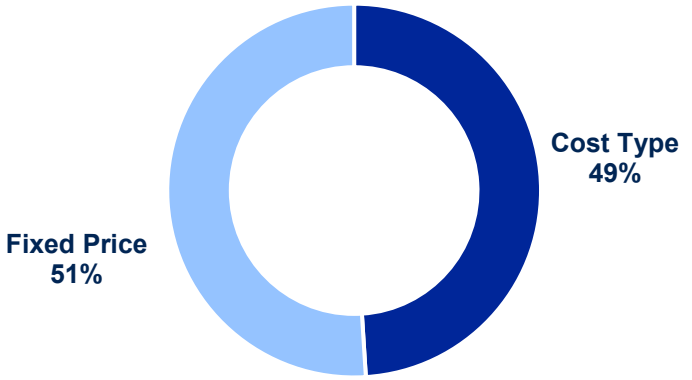


Sales Distributions

Domestic vs. International



Contract Type

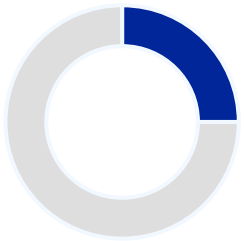


*Represents ultimate end user customer where we are a subcontractor

Aeronautics Systems Key Programs

Autonomous Systems

~$11.3B
2021 Sales




Triton


Global Hawk


NATO AGS


Fire Scout

Manned Aircraft




B-21 Raider


E-2D


F-35 Fuselage


B-2


E-8C JSTARS


F/A-18 Fuselage

Pie chart distribution for illustrative purposes only

Program Descriptions & Acronyms

NORTHROP GRUMMAN

Aeronautics Systems

Autonomous Systems

- MQ-4C Triton, which provides wide area strategic ISR over vast ocean and coastal regions for maritime domain awareness to the U.S. Navy and Australia
- RQ-4 Global Hawk, which provides high resolution imagery of land masses for theater awareness and strategic ISR to the U.S. Air Force, Japan, and the Republic of Korea
- North Atlantic Treaty Organization (NATO) Alliance Ground Surveillance (AGS), a Global Hawk variant, for strategic ISR missions conducted in multinational theater operations
- MQ-8B and MQ-8C Fire Scout, ship-based, VTOL tactical ISR systems that provide situational awareness and precision targeting for the U.S. Navy

Manned Aircraft

- Development and production of the U.S. Air Force B-21 Raider long-range strike bomber, as well as modernization and sustainment services for the B-2 Spirit bomber
- Fuselage production for the F/A-18 Super Hornet and the F-35 Lighting II Joint Strike Fighter for use by U.S. and international forces
- E-2D Advanced Hawkeye battle management aircraft production for the U.S. Navy, Japan, and France
- E-8C Joint Surveillance Target Attack Radar System (JSTARS) aircraft sustainment and modernization for the U.S. Air Force



Defense Systems

Investor Relations

April 28, 2022

Defense Systems Sector Overview

Strategy & Capabilities

Defense Systems is a leader in the design, development, production, integration, sustainment and modernization of weapon and mission systems for U.S. military and civilian agency customers, and a broad range of international customers.

Major products and services include integrated battle management systems, weapons systems and aircraft and mission systems sustainment and modernization.

Business Segments

Mission Readiness



Battle Management & Missile Systems



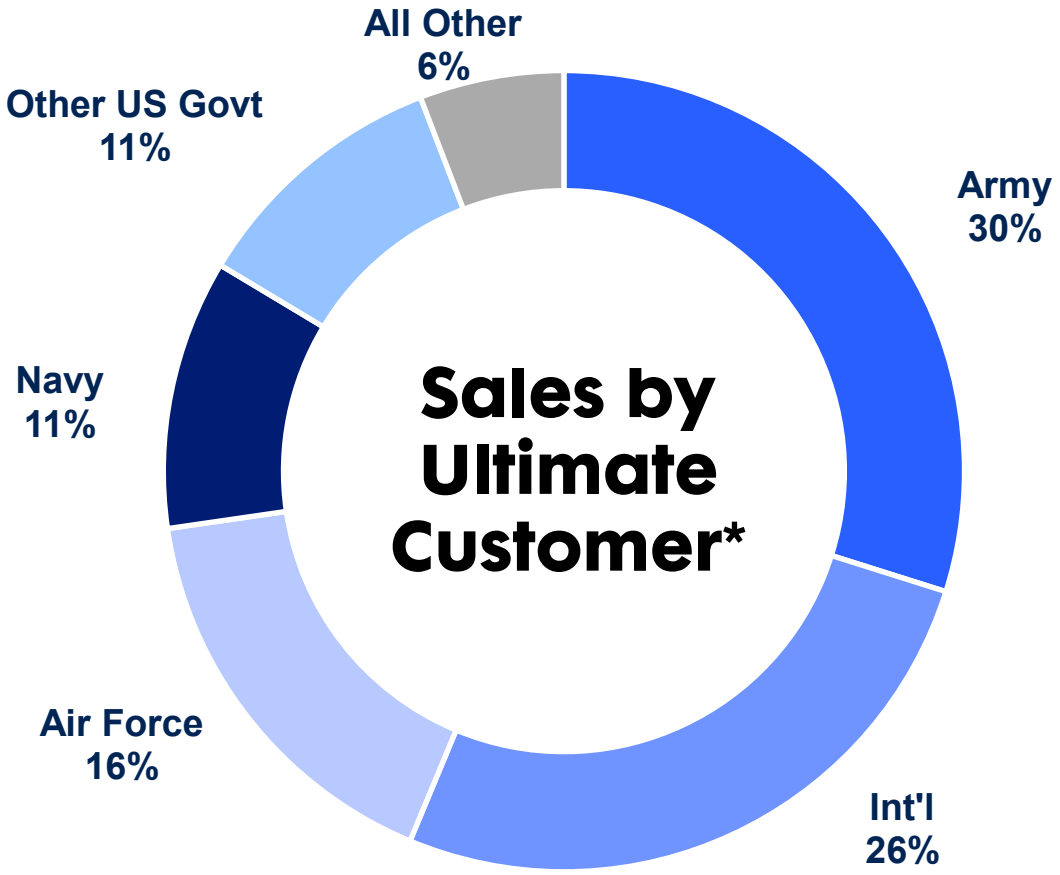
$6.3B
2021 Backlog

$5.8B
2021 Sales

12.0%
2021 OM Rate

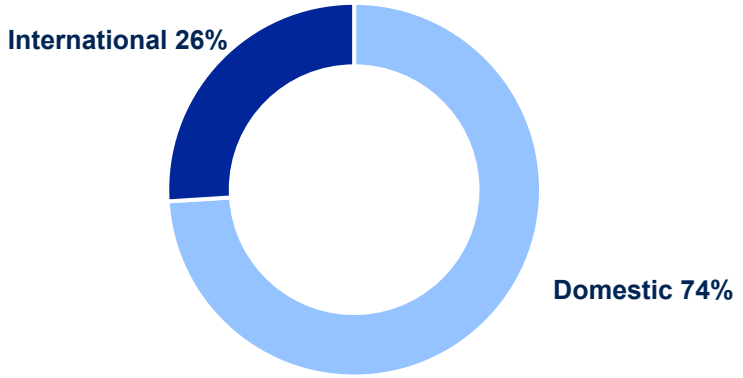
~13K
Employees

2021 Defense Systems Sales Mix

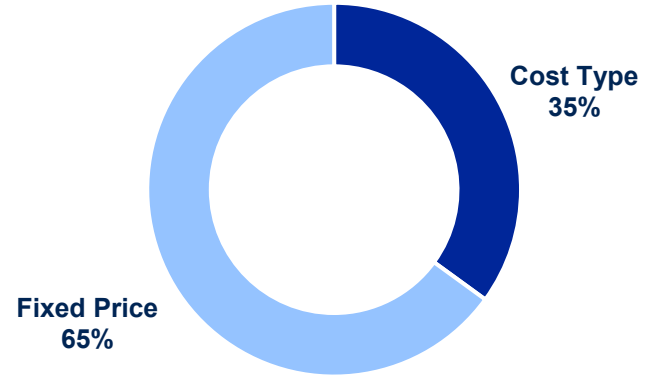


Sales Distributions

Domestic vs. International



Contract Type

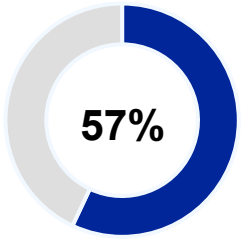


* Represents ultimate end user customer where we are a subcontractor

Defense Systems Key Programs

Battle Management & Missile Systems

~$5.8B
2021 Sales




IBCS


C-RAM

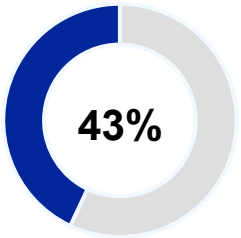

AARGAM


GMLRS


PGK

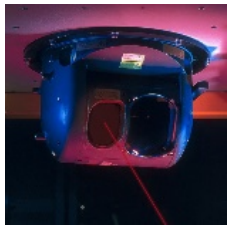

MCTP

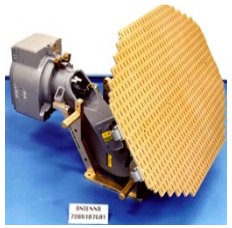
Mission Readiness




Global system sustainment and operations support


SEMA


AAQ-24


APN-241

Program Descriptions & Acronyms

NORTHROP GRUMMAN

Defense Systems

Battle Management & Missile Systems

- Integrated Air and Missile Defense Battle Command System (IBCS) for the U.S. Army and Poland, which is a system that integrates sensors and effectors to deliver among the most advanced C2 systems for joint and coalition forces
- Counter Rocket, Artillery and Mortar (C-RAM), a set of systems used to detect and destroy incoming threats
- U.S. Navy's Advanced Anti-Radiation Guided Missile (AARGM), a medium-range, air-to-surface missile, and its extended range variant, AARGM-ER
- Guided Multiple Launch Rocket System (GMLRS) propulsion and warhead subsystems for a surface-to-surface system used to defeat targets using indirect precision fires up to 70-plus kilometers
- Precision Guidance Kit (PGK), replaces conventional fuzes for artillery and mortar munitions and transforms them into Global Positioning System enabled precision guided weapons
- U.S. Army's Mission Command Training Program (MCTP), providing the design, development and support to train and exercise senior Army Commanders on modern warfighting operations

Mission Readiness

- Global system sustainment and operations support for the F-35, B-2, E-8C JSTARS surveillance aircraft, P-3 Orion, KC-30A multi-role tanker, C-27J transport, Global Hawk and Triton programs
- Special Electronics Mission Aircraft (SEMA) intelligence, surveillance and reconnaissance support
- AAQ-24 sensor sustainment and repair for U.S. military customers
- APN-241 radar sustainment, repair and production for U.S. military and foreign military sales (FMS) customers



Mission Systems

Investor Relations

April 28, 2022

Mission Systems Sector Overview

NORTHROP GRUMMAN

Strategy & Capabilities

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

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

Business Segments

Airborne Multifunction Sensors



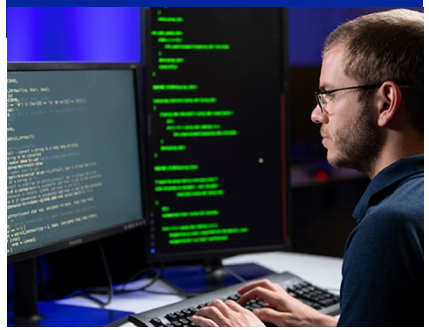
Maritime/Land Systems & Sensors



Navigation/Targeting & Survivability



Networked Information Solutions



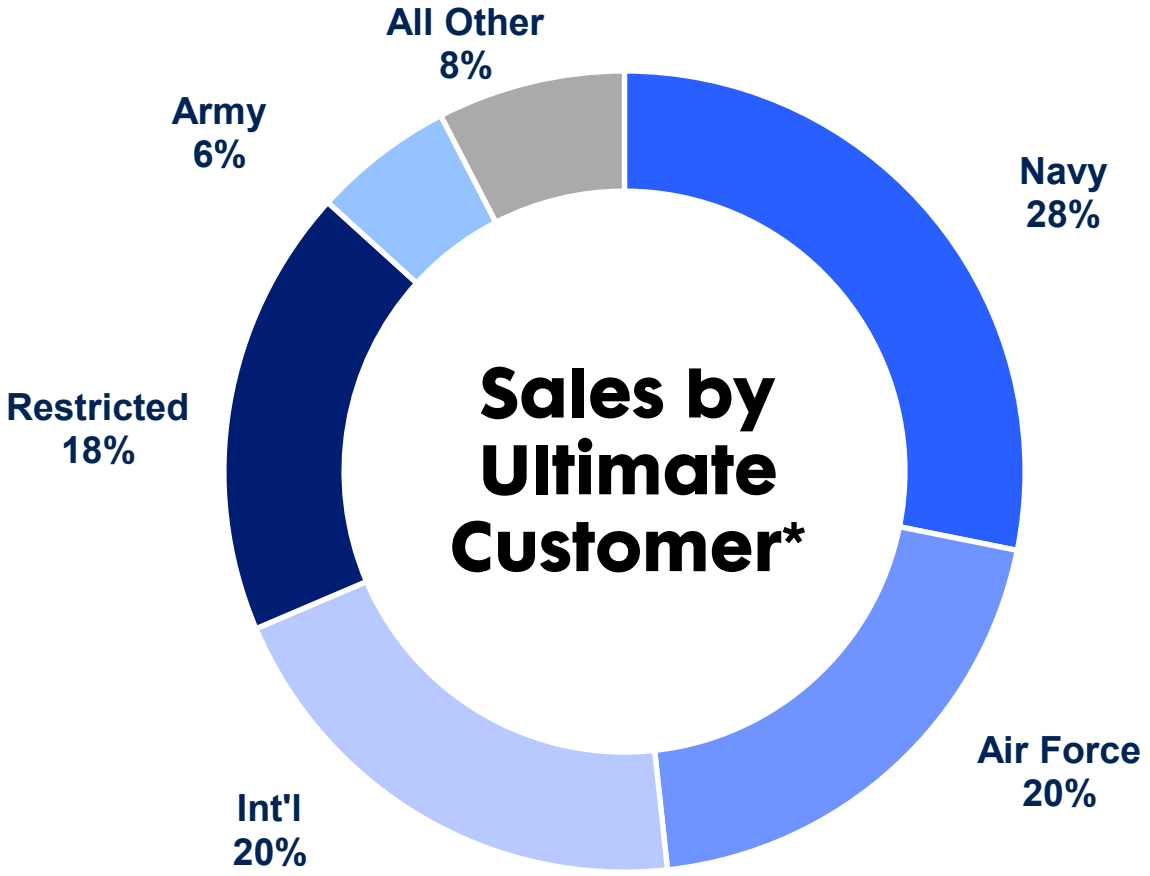
$14.3B
2021 Backlog

$10.1B
2021 Sales

15.6%
2021 OM Rate

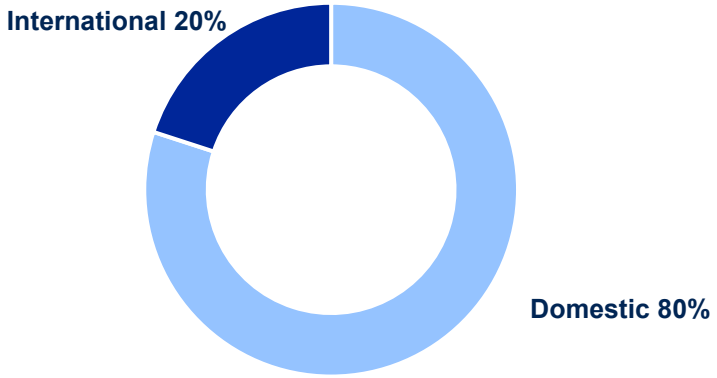
~24K
Employees

2021 Mission Systems Sales Mix

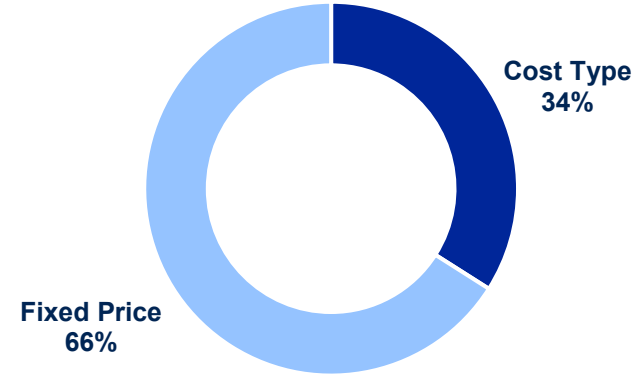


Sales Distributions

Domestic vs. International



Contract Type



*Represents ultimate end user customer where we are a subcontractor

Mission Systems Key Programs

~$10.1B
2021 Sales

Airborne Multifunction



MESA


F-35 FCR


Longbow FCR


SABR

Maritime/ Land



SEWIP

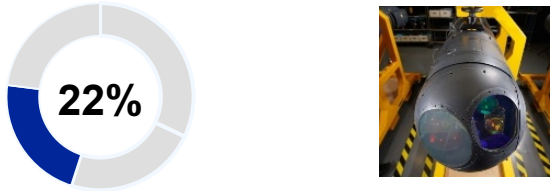

G/ATOR


DDG Modernization


OPC


LCS Mission Integrator

Navigation, Targeting & Survivability



LITENING


AC/MC 130J


LAIRCM


GPS/EGI-M


APR-39 DV(2)


UH-60V Black Hawk

Networked Information Solutions



Exploitation and Cyber


BACN


F-35 CNI


ASIP


JCREW

Program Descriptions & Acronyms

Mission Systems

Airborne Multifunction Sensors

- Airborne Early Warning & Control (AEW&C). The center piece of the E-7 AEW&C aircraft is the Multi-role Electronically Scanned Array (MESA) radar which enables 360 degree long range advanced air moving target indicator (AMTI) capabilities for Battle Management, Command and Control, and Maritime Surveillance
- F-35 fire control radar and Distributed Aperture System (DAS), which provides 360 degree field of view tracking, identifying, missile warning and night vision capabilities
- LONGBOW Fire Control Radar (FCR), which provides fire control radar capabilities for the global AH-64 helicopter fleet
- Scalable Agile Beam Radar (SABR), an active electronically scanned array fire control radar system for F-16 aircraft

Maritime/Land Systems & Sensors

- Surface Electronic Warfare Improvement Program (SEWIP) Block III, which protects surface ships from anti-ship missiles, provides early detection, signal analysis and threat warning
- Ground/Air Task Oriented Radar (G/ATOR), a mobile multi-mode active electronically scanned array
- Littoral Combat Ship Mission Module Integration, which provides engineering design, support and production of mission modules for U.S. Navy littoral combat ships
- DDG Modernization, which is comprised of several subsystems to support modernization of Arleigh Burke-class guided missile destroyers including Integrated Bridge and Navigation Systems (IBNS) and ship control systems
- Offshore Patrol Cutter (OPC), the integrator for C5ISR systems on the U.S. Coast Guard OPC including integrated bridge, navigation, command and control, computing network, machinery and propulsion control

Navigation, Targeting & Survivability

- LITENING Advanced Targeting Pod, an electro-optical infrared sensor system for targeting and surveillance that enables aircrews to detect, acquire, identify and track targets at long ranges
- Large Aircraft and Common Infrared Countermeasures (LAIRCM, DoN LAIRCM, CIRCM) systems, which protect large aircraft as well as rotary wing and medium fixed wing aircraft from infrared missiles using advanced laser technology
- APR-39 DV(2) and EV(2) Radar Warning Receiver programs, which produce a digital radar warning receiver for the U.S. Army, Navy and Marines
- AC/MC 130J Radio Frequency Countermeasures system, which provides superior situational awareness and better enables aircraft survivability in operationally relevant environments
- Embedded Global Positioning System (GPS) / Inertial Navigation Systems-Modernization (EGI-M) program, which provides state-of-the-art airborne navigation capabilities with an open architecture that enables rapid responses to future threats
- UH-60V Black Hawk integrated mission equipment package, which modernizes the U.S. Army's Black Hawk helicopters with a glass cockpit, including an integrated computational system, visual display system and control display units, extending the life and mission capabilities of the UH-60 platform

Networked Information Solutions

- Battlefield Airborne Communications Node (BACN), one of the first airborne gateway systems that allows platforms to communicate and securely share data
- F-35 Communications, Navigation and Identification (CNI) integrated avionics system, which provides secure communications and interoperability capabilities
- Joint Counter Radio-Controlled Improvised Explosive Device Electronic Warfare (JCREW), a software-programmable jammer that provides protection from improvised explosive devices (IEDs)
- Exploitation and cyber programs, which provide cyber and intelligence domain support through unique intelligence and cyber capabilities
- Airborne Signals Intelligence Payload (ASIP), which delivers key signals intelligence capabilities to the warfighter by detecting, identifying, and locating radar and other types of electronic and modern communication signals



Space Systems

Investor Relations

April 28, 2022

Space Systems Sector Overview

Strategy & Capabilities

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

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

Business Segments

Launch & Strategic Missiles



Space



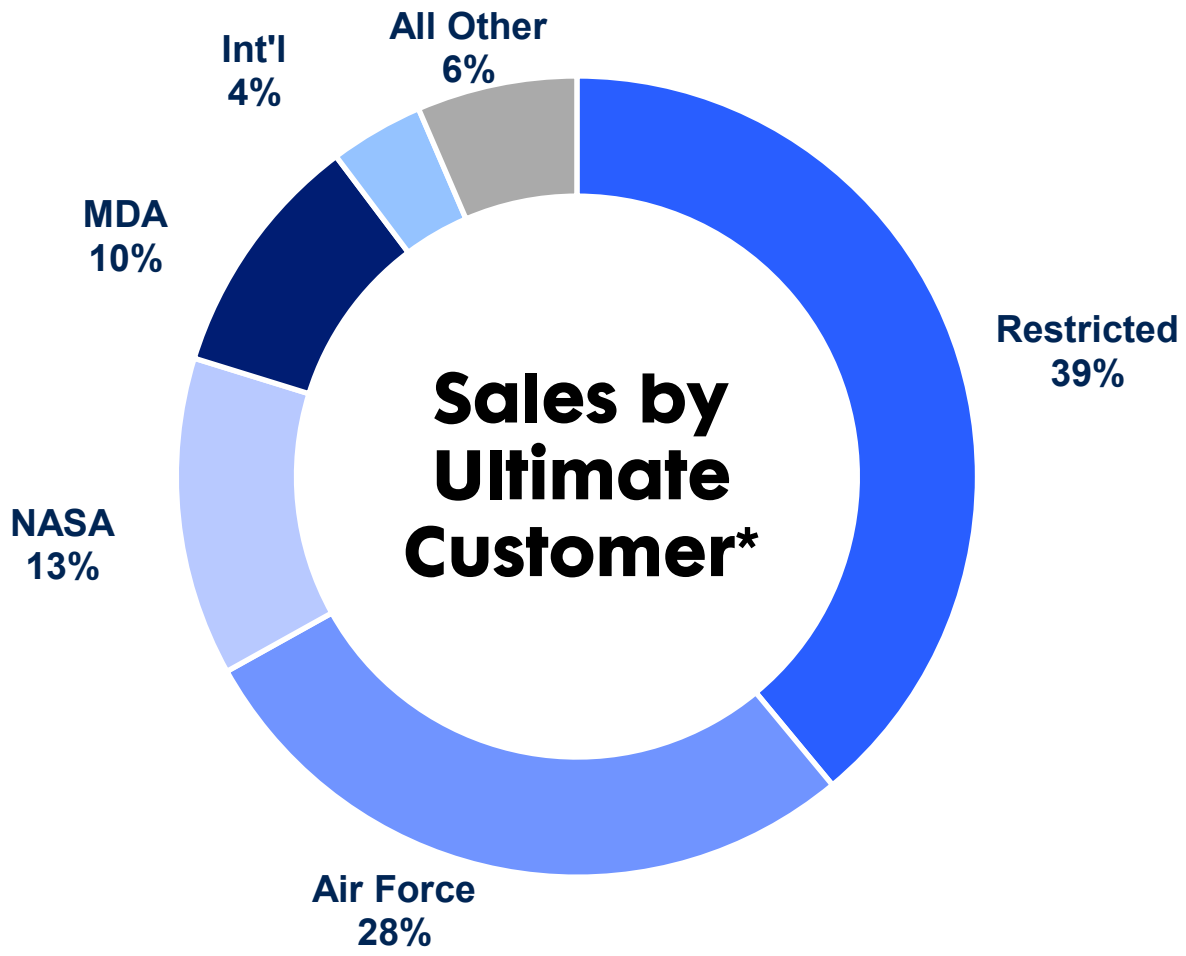
$37.1B
2021 Backlog

$10.6B
2021 Sales

10.6%
2021 OM Rate

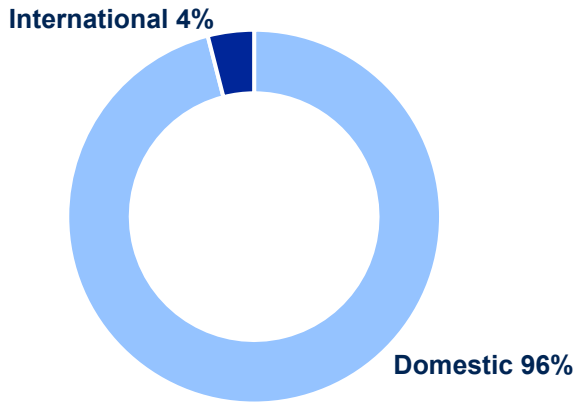
~26K
Employees

2021 Space Systems Sales Mix

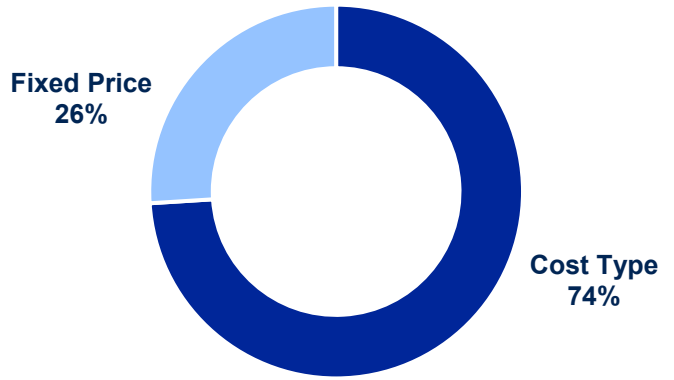


Sales Distributions

Domestic vs. International



Contract Type

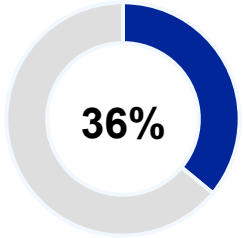


*Represents ultimate end user customer where we are a subcontractor

Space Systems Key Programs

Launch & Strategic Missiles

~$10.6B
2021 Sales




GBSD


Antares

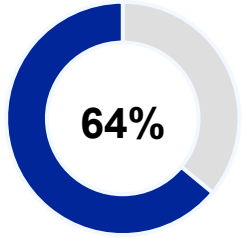

Trident II


SLS


GMD


NGI

Space




Cygnus spacecraft


HALO

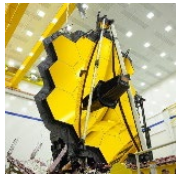

AEHF


EPS


ESS


Next Gen OPIR


MEV


JWST

Program Descriptions & Acronyms

NORTHROP GRUMMAN

Space Systems

Launch & Strategic Missiles

- Antares rocket, used in the execution of our Commercial Resupply Services (CRS) contracts with the National Aeronautics and Space Administration (NASA); Development and production of solid rocket motors for NASA's Space Launch System (SLS) heavy lift vehicle
- Missile defense systems, interceptors, targets, mission processing and boosters for the Missile Defense Agency's (MDA) Next-Generation Interceptor (NGI), Ground-based Midcourse Defense (GMD) system and Ground Based Interceptor (GBI); Ground Based Strategic Deterrent (GBSD) Engineering & Manufacturing Development (EMD) program
- Medium-class solid rocket motors for the U.S. Navy's Trident II Fleet Ballistic Missile program

Space

- Cygnus spacecraft, used in the execution of our CRS contracts with NASA; Habitation and Logistics Outpost (HALO) module in support of NASA's Gateway
- Advanced Extremely High Frequency (AEHF), Enhanced Polar System (EPS), Evolved Strategic SATCOM (ESS), and Protected Tactical SATCOM (PTS) satellites and payloads providing survivable, protected communications to U.S. forces
- Next-Generation Overhead Persistent Infrared (Next Gen OPIR) program satellites and payloads providing data for missile defense; Space sustainability driven by on orbit servicing vehicles Mission Extension Vehicle (MEV) 1 and 2
- James Webb Space Telescope (JWST), a large infrared telescope built for NASA that was launched on December 25, 2021 to study the origins of the universe



NOC 2022 Guidance

Investor Relations

April 28, 2022

2022 Sector Guidance*

NORTHROP GRUMMAN

	2022 Guidance* as of 1/27/2022		2022 Guidance* as of 4/28/2022	
	Sales ($B)	OM Rate %	Sales ($B)	OM Rate %
Aeronautics Systems	Mid to High $10	~10%	**Mid to High $10**	**~10%**
Defense Systems	High $5	High 11%	**Mid to High $5**	**High 11%**
Mission Systems	Mid $10	Low 15%	**Mid $10**	**Low 15%**
Space Systems	Mid $11	Low 10%	**Mid to High $11**	**Low 10%**
Eliminations	~$(2.1)	Mid to High 12%	**Low ($2)**	**Mid to High 12%**

*See Page 36 – "Financial Guidance" regarding the company's underlying assumptions, judgments and select factors that can affect the company's ability to achieve guidance or meet expectations.

2022 Company-Level Guidance[1] Unchanged

NORTHROP GRUMMAN

$ in millions, except per share amounts	As of 1/27/2022	As of 4/28/2022
Sales	$36,200 — $36,600	**$36,200 — $36,600**
Segment operating margin %[2]	11.7% — 11.9%	**11.7% — 11.9%**
Total Net FAS/CAS pension adjustment[3]	~1,310	~1,310
Unallocated corporate expense:		
Intangible asset amortization and PP&E step-up depreciation	~240	~240
Other items	~270	~270
Operating margin %	9.8% — 10.0%	9.8% — 10.0%
Interest expense	~540	~540
Effective tax rate %	~17.0%	~17.0%
Weighted average diluted shares outstanding	~155	~155
Transaction-adjusted EPS[2]	~$24.50 — ~$25.10	**~$24.50 — ~$25.10**
Transaction-adjusted free cash flow[2] assuming Section 174 Tax deferral	~$2,500 — ~$2,800	**~$2,500 — ~$2,800**
Transaction-adjusted free cash flow[2] based on current law	~$1,500 — ~$1,800	**~$1,500 — ~$1,800**

1 See Page 36 – "Financial Guidance" regarding the company's underlying assumptions, judgments and select factors that can affect the company's ability to achieve guidance or meet expectations.

2 Non-GAAP financial measure. See Appendix.

3 Total Net FAS/CAS pension adjustment is presented as a single amount consistent with our historical presentation, and includes $170 million of expected CAS pension expense and $370 million of FAS pension service expense, both of which are reflected in operating income. Non-operating FAS pension benefit of $1,510 million is reflected below operating income, and the total net FAS/CAS pension adjustment is $1,310 million.

Appendix

Financial Guidance

Financial guidance, as well as outlook, trends, expectations and other forward looking statements provided by the company for 2022 and beyond, reflect the company's judgment based on the information available to the company as of the date of this presentation. The company's 2022 financial guidance and outlook beyond 2022 reflect what the company currently anticipates as of the date of this presentation will be the impacts on the company from the global COVID-19 pandemic (including related effects on the broader economic environment), based on what the company understands as of the date of this presentation and what the company has experienced to date as of the date of this presentation. However, the company cannot predict how the pandemic will evolve or what impact it will continue to have, including the potential impact of another variant of COVID-19, another surge of cases, or a prolonged recovery period, and there can be no assurance that the company's underlying assumptions are correct. As discussed more fully in the company's Form 10-K and in the recent Form 10-Q, and among other factors, disruptions to the company's operations or those of its customers, supply chain and logistics challenges, effects on the labor market and our workforce, including labor shortages, vaccine mandates and other evolving government requirements, additional liabilities, disruptions in the financial markets and inflation, impacts on programs or payments, and changes in our customers' priorities, resources and requirements, relating to the global COVID-19 pandemic, as of the date of this presentation and as it may evolve, can be expected to affect the company's ability to achieve guidance or meet expectations. In addition, global events, such as the conflict in Ukraine, and the government budget, appropriations and procurement priorities and processes can impact our customers, programs and financial results. These events, priorities and processes, including the timing of appropriations and the occurrence of an extended continuing resolution and/or prolonged government shutdown, as well as a breach of the debt ceiling, extraordinary measures taken in connection with a breach, changes in support for our programs, or changes in federal corporate tax or securities laws and regulations, can impact the company's ability to achieve guidance or meet expectations.

Non-GAAP Definitions

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

Transaction-adjusted net earnings: Net earnings excluding impacts related to the company's IT services divestiture, including the gain on sale of the business, associated federal and state income tax expenses, transaction costs, and the make-whole premium for early debt redemption, as well as 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 operating results before the non-operational impact of divestiture activity and pension and OPB actuarial gains and losses. This measure is also consistent with how management views the underlying performance of the business as the impact of the IT services divestiture and MTM accounting is not considered in management's assessment of the company's operating performance or in its determination of incentive compensation awards. Transaction-adjusted net earnings is reconciled in the "Non-GAAP Reconciliations – Transaction-adjusted net earnings and Transaction-adjusted EPS" table within this Appendix.

Transaction-adjusted EPS: Diluted earnings per share excluding the per share impacts related to the company's IT services divestiture, including the gain on sale of the business, associated federal and state income tax expenses, transaction costs, and the make-whole premium for early debt redemption, as well as 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 per share by presenting the company's diluted earnings per share results before the non-operational impact of the IT services divestiture and pension and OPB actuarial gains and losses. Transaction-adjusted EPS is reconciled in the "Non-GAAP Reconciliations – Transaction-adjusted net earnings and Transaction-adjusted EPS" table within this Appendix.

Organic sales: Total sales excluding sales attributable to the company's IT services divestiture. 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 providing an understanding of our ongoing business and future sales trends by presenting the company's sales before the impact of divestiture activity. Organic sales is reconciled in the "Non-GAAP Reconciliations – Organic Sales" table within this Appendix.

Segment operating income and segment operating margin rate: Segment operating income, as reconciled in the "Non-GAAP Reconciliations – Segment Operating Income" table within this Appendix, 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.

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

Transaction-adjusted free cash flow: Net cash provided by or used in operating activities less capital expenditures, plus proceeds from the sale of equipment to a customer (not otherwise included in net cash provided by or used in operating activities), the after-tax impact of discretionary pension contributions and cash paid for federal and state taxes and transaction costs associated with the IT services divestiture. Transaction-adjusted free cash flow includes proceeds from the sale of equipment to a customer as such proceeds were generated in a customer sales transaction. It also includes the after-tax impact of discretionary pension contributions and cash paid for federal and state taxes and transaction costs associated with the IT services divestiture for consistency and comparability of financial performance. This measure may not be defined and calculated by other companies in the same manner. We use transaction-adjusted free cash flow as a key factor in our planning for, and consideration of, acquisitions, the payment of dividends and stock repurchases. This non-GAAP measure may be useful to investors and other users of our financial statements as a supplemental measure of our cash performance, but should not be considered in isolation, as a measure of residual cash flow available for discretionary purposes, or as an alternative to operating cash flows presented in accordance with GAAP. Transaction-adjusted free cash flow is reconciled in the "Non-GAAP Reconciliations – Transaction-adjusted Free Cash Flow" table within this Appendix.

Non-GAAP Reconciliations
Organic Sales

($M)	Three Months Ended December 31						
	Q4 2020			Q4 2021			
	Sales	IT Services Sales	Organic Sales	Sales	IT Services Sales	Organic Sales	Organic sales ▲%
Aeronautics Systems	$3,487	$—	$3,487	**$2,631**	**$—**	**$2,631**	**(25)%**
Defense Systems	1,917	(407)	1,510	**1,378**	**—**	**1,378**	**(9)%**
Mission Systems	2,736	(133)	2,603	**2,521**	**—**	**2,521**	**(3)%**
Space Systems	2,550	(47)	2,503	**2,658**	**—**	**2,658**	**6%**
Intersegment Eliminations	(478)	4	(474)	**(549)**	**—**	**(549)**	
Total	$10,212	$(583)	$9,629	**$8,639**	**$—**	**$8,639**	**(10)%**

($M)	Year Ended December 31						
	2020			2021			
	Sales	IT Services Sales	Organic Sales	Sales	IT Services Sales	Organic Sales	Organic sales ▲%
Aeronautics Systems	$12,169	$—	$12,169	**$11,259**	**$—**	**$11,259**	**(7)%**
Defense Systems	7,543	(1,637)	5,906	**5,776**	**(106)**	**5,670**	**(4)%**
Mission Systems	10,080	(527)	9,553	**10,134**	**(42)**	**10,092**	**6%**
Space Systems	8,744	(182)	8,562	**10,608**	**(16)**	**10,592**	**24%**
Intersegment Eliminations	(1,737)	17	(1,720)	**(2,110)**	**2**	**(2,108)**	
Total	$36,799	$(2,329)	$34,470	**$35,667**	**$(162)**	**$35,505**	**3%**

Non-GAAP Reconciliations
Segment Operating Income

NORTHROP GRUMMAN

($M)	Three Months Ended December 31		Year Ended December 31	
	Q4 2020	Q4 2021	2020	2021
Total sales	$10,212	**$8,639**	$36,799	**$35,667**
Operating income	$1,152	**$742**	$4,065	**$5,651**
Reconciliation to segment operating income:				
FAS/CAS operating adjustment	(102)	**(32)**	(418)	**(130)**
Gain on sale of business	—	**—**	—	**(1,980)**
IT services divestiture – unallowable state taxes and transaction costs	—	**—**	—	**192**
Intangible asset amortization and PP&E step-up depreciation	82	**63**	322	**254**
MTM-related deferred state tax (benefit) expense[1]	(54)	**124**	(54)	**124**
Other unallocated corporate expense	63	**73**	273	**106**
Unallocated corporate expense (income)	91	**260**	541	**(1,304)**
Segment operating income	$1,141	**$970**	$4,188	**$4,217**
Segment operating margin rate	11.2%	**11.2%**	11.4%	**11.8%**

1. Represents the deferred state tax benefit associated with MTM benefit (expense), which is recorded in Unallocated corporate expense consistent with other changes in deferred state.

Non-GAAP Reconciliations
Transaction-adjusted net earnings and Transaction-adjusted EPS

NORTHROP GRUMMAN

$ in millions, except per share amounts	Three Months Ended December 31		Year Ended December 31	
	Q4 2020	Q4 2021	2020	2021
Transaction-adjusted net earnings				
Net earnings	$330	**$2,710**	$3,189	**$7,005**
MTM (benefit) expense	1,034	**(2,355)**	1,034	**(2,355)**
MTM-related deferred state tax expense (benefit)[1]	(54)	**124**	(54)	**124**
Federal tax expense (benefit) of items above[2]	(206)	**469**	(206)	**469**
MTM adjustment, net of tax	$774	**$(1,762)**	$774	**$(1,762)**
Gain on sale of business	—	**—**	—	**(1,980)**
State tax impact[3]	—	**—**	—	**160**
Transaction costs	—	**—**	—	**32**
Make-whole premium	—	**—**	—	**54**
Federal tax impact of items above[4]	—	**—**	—	**614**
Transaction adjustment, net of tax	$—	**$—**	$—	**$(1,120)**
Transaction-adjusted net earnings	$1,104	**$948**	$3,963	**$4,123**
Transaction-adjusted per share data				
Diluted EPS	$1.97	**$17.14**	$19.03	**$43.54**
MTM (benefit) expense per share	6.18	**(14.90)**	6.17	**(14.64)**
MTM-related deferred state tax expense (benefit) per share[1]	(0.33)	**0.78**	(0.32)	**0.77**
Federal tax expense (benefit) of items above per share[2]	(1.23)	**2.98**	(1.23)	**2.92**
MTM adjustment per share, net of tax	$4.62	**$(11.14)**	$4.62	**$(10.95)**
Gain on sale of business per share	—	**—**	—	**(12.31)**
State tax impact per share[3]	—	**—**	—	**0.99**
Transaction costs per share	—	**—**	—	**0.20**
Make-whole premium per share	—	**—**	—	**0.34**
Federal tax impact of line items above per share[4]	—	**—**	—	**3.82**
Transaction adjustment per share, net of tax	$—	**$—**	$—	**$(6.96)**
Transaction-adjusted EPS	$6.59	**$6.00**	$23.65	**$25.63**

1. The deferred state tax impact was calculated using the company's blended state tax rate of 5.25 percent and is included in Unallocated corporate expense within operating income.
2. The federal tax impact in each period was calculated by subtracting the deferred state tax impact from MTM benefit (expense) and applying the 21 percent federal statutory rate.
3. The state tax impact includes $62 million of incremental tax expense related to $1.2 billion of nondeductible goodwill in the divested business.
4. The federal tax impact was calculated by applying the 21 percent federal statutory rate to the adjustment items and also includes $250 million of incremental tax expense related to $1.2 billion of nondeductible goodwill in the divested business.

Non-GAAP Reconciliations
Transaction-adjusted Free Cash Flow

NORTHROP GRUMMAN

($M)	Three Months Ended December 31			Year Ended December 31		
	Q4 2020	Q4 2021	▲%	2020	2021	▲%
Net cash provided by operating activities	$1,602	**$1,442**	**(10)%**	$4,305	**$3,567**	**(17)%**
Capital expenditures	(592)	**(733)**	**24%**	(1,420)	**(1,415)**	**—%**
Proceeds from sale of equipment to a customer	205	**—**	**NM**	205	**84**	**(59)%**
After-tax discretionary pension contributions	593	**—**	**NM**	593	**—**	**NM**
Adjusted free cash flow	$1,808	**$709**	**(61)%**	$3,683	**$2,236**	**(39)%**
IT services divestiture transaction costs	—	**—**	**NM**	—	**39**	**NM**
IT services divestiture federal and state taxes	—	**197**	**NM**	—	**785**	**NM**
Transaction-adjusted free cash flow	$1,808	**$906**	**(50)%**	$3,683	**$3,060**	**(17)%**


NORTHROP
GRUMMAN