**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**Washington, D.C. 20549**

**FORM 10-Q**

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended September 30, 2025

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 1-16411

# NORTHROP GRUMMAN CORPORATION

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **Delaware** | **80-0640649** |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| **2980 Fairview Park Drive** | |
| **Falls Church, Virginia** | **22042** |
| (Address of principal executive offices) | (Zip Code) |

**(703) 280-2900**
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Common Stock | NOC | New York Stock Exchange |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large Accelerated Filer ☒ Accelerated Filer ☐

Non-accelerated Filer ☐ Smaller Reporting Company ☐

Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.
As of October 16, 2025, 142,720,067 shares of common stock were outstanding.

NORTHROP GRUMMAN CORPORATION

## TABLE OF CONTENTS

NORTHROP GRUMMAN CORPORATION

## PART I. FINANCIAL INFORMATION

### Item 1. Financial Statements

### CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME (Unaudited)

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| *$ in millions, except per share amounts* | **2025** | 2024 | **2025** | 2024 |
| **Sales** | | | | |
| Product | **$ 8,369** | $ 7,939 | **$ 24,148** | $ 24,117 |
| Service | **2,054** | 2,057 | **6,094** | 6,230 |
| Total sales | **10,423** | 9,996 | **30,242** | 30,347 |
| **Operating costs and expenses** | | | | |
| Product | **6,631** | 6,280 | **19,523** | 19,079 |
| Service | **1,565** | 1,610 | **4,702** | 4,838 |
| General and administrative expenses | **985** | 986 | **3,008** | 3,149 |
| Total operating costs and expenses | **9,181** | 8,876 | **27,233** | 27,066 |
| Gain on sale of business | **—** | — | **231** | — |
| **Operating income** | **1,242** | 1,120 | **3,240** | 3,281 |
| Other (expense) income | | | | |
| Interest expense | **(161)** | (161) | **(490)** | (461) |
| Non-operating FAS pension benefit | **136** | 168 | **403** | 503 |
| Other, net | **106** | 61 | **175** | 142 |
| Earnings before income taxes | **1,323** | 1,188 | **3,328** | 3,465 |
| Federal and foreign income tax expense | **223** | 162 | **573** | 555 |
| **Net earnings** | **$ 1,100** | $ 1,026 | **$ 2,755** | $ 2,910 |
| | | | | |
| **Basic earnings per share** | **$ 7.69** | $ 7.02 | **$ 19.16** | $ 19.73 |
| Weighted-average common shares outstanding, in millions | **143.1** | 146.2 | **143.8** | 147.5 |
| **Diluted earnings per share** | **$ 7.67** | $ 7.00 | **$ 19.12** | $ 19.69 |
| Weighted-average diluted shares outstanding, in millions | **143.5** | 146.5 | **144.1** | 147.8 |
| | | | | |
| Net earnings (from above) | **$ 1,100** | $ 1,026 | **$ 2,755** | $ 2,910 |
| Other comprehensive income (loss), net of tax | | | | |
| Change in cumulative translation adjustment | **2** | 2 | **11** | 2 |
| Change in other, net | **(1)** | 8 | **18** | (10) |
| Other comprehensive income (loss), net of tax | **1** | 10 | **29** | (8) |
| **Comprehensive income** | **$ 1,101** | $ 1,036 | **$ 2,784** | $ 2,902 |

*The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.*

NORTHROP GRUMMAN CORPORATION

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**
**(Unaudited)**

| *$ in millions, except par value* | **September 30, 2025** | December 31, 2024 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | **$ 1,957** | $ 4,353 |
| Accounts receivable, net | **1,983** | 1,272 |
| Unbilled receivables, net | **7,030** | 5,908 |
| Inventoried costs, net | **1,615** | 1,455 |
| Prepaid expenses and other current assets | **1,520** | 1,286 |
| Total current assets | **14,105** | 14,274 |
| Property, plant and equipment, net of accumulated depreciation of $9,430 for 2025 and $8,733 for 2024 | **10,542** | 10,536 |
| Operating lease right-of-use assets | **1,783** | 1,770 |
| Goodwill | **17,436** | 17,512 |
| Intangible assets, net | **220** | 254 |
| Deferred tax assets | **1,255** | 1,599 |
| Pension and other postretirement benefit plan assets | **2,501** | 2,184 |
| Other non-current assets | **1,458** | 1,230 |
| **Total assets** | **$ 49,300** | $ 49,359 |
| | | |
| **Liabilities** | | |
| Trade accounts payable | **$ 2,797** | $ 2,599 |
| Accrued employee compensation | **1,946** | 2,271 |
| Advance payments and billings in excess of costs incurred | **3,562** | 4,070 |
| Other current liabilities | **4,413** | 5,188 |
| Total current liabilities | **12,718** | 14,128 |
| Long-term debt, net of current portion of $533 for 2025 and $1,582 for 2024 | **15,162** | 14,692 |
| Pension and other postretirement benefit plan liabilities | **1,100** | 1,120 |
| Operating lease liabilities | **1,796** | 1,798 |
| Other non-current liabilities | **2,536** | 2,331 |
| **Total liabilities** | **33,312** | 34,069 |
| **Commitments and contingencies (Note 7)** | | |
| **Shareholders' equity** | | |
| Preferred stock, $1 par value; 10,000,000 shares authorized; no shares issued and outstanding | **—** | — |
| Common stock, $1 par value; 800,000,000 shares authorized; issued and outstanding: 2025—142,790,278 and 2024—144,952,026 | **143** | 145 |
| Paid-in capital | **—** | — |
| Retained earnings | **15,968** | 15,297 |
| Accumulated other comprehensive loss | **(123)** | (152) |
| Total shareholders' equity | **15,988** | 15,290 |
| **Total liabilities and shareholders' equity** | **$ 49,300** | $ 49,359 |

*The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.*

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
**(Unaudited)**

| *$ in millions* | Nine Months Ended September 30 | |
|---|---|---|
| | **2025** | 2024 |
| **Operating activities** | | |
| Net earnings | **$ 2,755** | $ 2,910 |
| Adjustments to reconcile to net cash provided by operating activities: | | |
| Depreciation and amortization | **1,066** | 956 |
| Stock-based compensation | **65** | 72 |
| Deferred income taxes | **344** | (387) |
| B-21 loss provision | **477** | — |
| Gain on sale of business | **(231)** | — |
| Net periodic pension and OPB income | **(256)** | (339) |
| Pension and OPB contributions | **(94)** | (93) |
| Changes in assets and liabilities: | | |
| Accounts receivable, net | **(716)** | (155) |
| Unbilled receivables, net | **(1,240)** | (825) |
| Inventoried costs, net | **(179)** | (542) |
| Prepaid expenses and other assets | **(29)** | (15) |
| Accounts payable and other liabilities | **(642)** | (915) |
| Income taxes payable, net | **(421)** | 1,106 |
| Other, net | **(39)** | 37 |
| Net cash provided by operating activities | **860** | 1,810 |
| **Investing activities** | | |
| Capital expenditures | **(788)** | (951) |
| Divestiture of training services business | **333** | — |
| Other, net | **(36)** | — |
| Net cash used in investing activities | **(491)** | (951) |
| **Financing activities** | | |
| Net proceeds from issuance of long-term debt | **998** | 2,495 |
| Payments of long-term debt | **(1,500)** | — |
| Common stock repurchases | **(1,168)** | (2,073) |
| Cash dividends paid | **(964)** | (887) |
| Payments of employee taxes withheld from share-based awards | **(38)** | (57) |
| Other, net | **(93)** | (120) |
| Net cash used in financing activities | **(2,765)** | (642) |
| (Decrease) increase in cash and cash equivalents | **(2,396)** | 217 |
| Cash and cash equivalents, beginning of year | **4,353** | 3,109 |
| Cash and cash equivalents, end of period | **$ 1,957** | $ 3,326 |

*The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.*

NORTHROP GRUMMAN CORPORATION

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**
**(Unaudited)**

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| *$ in millions, except per share amounts* | **2025** | 2024 | **2025** | 2024 |
| **Common stock** | | | | |
| Beginning of period | **$ 143** | $ 146 | **$ 145** | $ 150 |
| Common stock repurchased | **—** | — | **(2)** | (4) |
| End of period | **143** | 146 | **143** | 146 |
| **Paid-in capital** | | | | |
| Beginning of period | **—** | — | **—** | — |
| End of period | **—** | — | **—** | — |
| **Retained earnings** | | | | |
| Beginning of period | **15,452** | 14,301 | **15,297** | 14,773 |
| Common stock repurchased | **(278)** | (313) | **(1,150)** | (2,076) |
| Net earnings | **1,100** | 1,026 | **2,755** | 2,910 |
| Dividends declared | **(332)** | (302) | **(963)** | (885) |
| Stock compensation | **26** | 26 | **29** | 16 |
| End of period | **15,968** | 14,738 | **15,968** | 14,738 |
| **Accumulated other comprehensive loss** | | | | |
| Beginning of period | **(124)** | (146) | **(152)** | (128) |
| Other comprehensive income (loss), net of tax | **1** | 10 | **29** | (8) |
| End of period | **(123)** | (136) | **(123)** | (136) |
| Total shareholders' equity | **$ 15,988** | $ 14,748 | **$ 15,988** | $ 14,748 |
| Cash dividends declared per share | **$ 2.31** | $ 2.06 | **$ 6.68** | $ 5.99 |

*The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.*

NORTHROP GRUMMAN CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Principles of Consolidation and Reporting**
These unaudited condensed consolidated financial statements (the "financial statements") include the accounts of Northrop Grumman Corporation and its subsidiaries and joint ventures or other investments for which we consolidate the financial results (herein referred to as "Northrop Grumman," the "company," "we," "us," or "our"). Intercompany accounts, transactions and profits are eliminated in consolidation. Investments in equity securities and joint ventures where the company has significant influence, but not control, are accounted for using the equity method.

Effective July 1, 2024, the company realigned the Strategic Deterrent Systems (SDS) division, which includes the Ground-Based Strategic Deterrent ("Sentinel") program, from Space Systems to Defense Systems. Effective January 1, 2025, the company realigned the Strike and Surveillance Aircraft Solutions (SSAS) business unit from Defense Systems to Aeronautics Systems. These realignments are reflected in the financial information contained in this report.

On May 24, 2025 (the "Divestiture date"), the company completed its previously announced sale of substantially all of the Immersive Mission Solutions (IMS) operating unit of Defense Systems (the "training services" business or "divestiture") for $333 million in cash, subject to a final working capital adjustment, and recorded a pre-tax gain on sale of $231 million. IMS is a provider of mission training and satellite ground network communications software for U.S. government customers. Operating results include sales and operating income for the training services business prior to the Divestiture date.

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP" or "FAS") and in accordance with the rules of the Securities and Exchange Commission (SEC) for interim reporting. The financial statements include adjustments of a normal recurring nature considered necessary by management for a fair presentation of the company's unaudited condensed consolidated financial position, results of operations and cash flows. For classification of certain current assets and liabilities, we consider the duration of our customer contracts when defining our operating cycle, which is generally longer than one year.

Results reported in the financial statements are not necessarily indicative of results that may be expected for the entire year. The financial statements should be read in conjunction with the information contained in the company's 2024 Annual Report on Form 10-K.

Quarterly information is labeled using a calendar convention; that is, first quarter is consistently labeled as ending on March 31, second quarter as ending on June 30 and third quarter as ending on September 30. It is the company's long-standing practice to establish actual interim closing dates using a "fiscal" calendar, in which we close our books on a Friday near these quarter-end dates in order to normalize the potentially disruptive effects of quarterly closings on business processes. This practice is only used at interim periods within a reporting year.

**Accounting Estimates**
Preparation of the financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the financial statements, as well as the reported amounts of sales and expenses during the reporting period. Estimates have been prepared using the most current and best available information; however, actual results could differ materially from those estimates.

**Revenue Recognition**
*Contract Estimates*
Contract sales may include estimates of variable consideration, including cost or performance incentives (such as award and incentive fees), un-priced change orders, requests for equitable adjustment (REAs) and contract claims. Variable consideration is included in total estimated sales to the extent it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. We estimate variable consideration as the most likely amount to which we expect to be entitled.

We recognize changes in estimated contract sales or costs and the resulting changes in contract profit on a cumulative basis. Net estimate-at-completion (EAC) adjustments represent the cumulative effect of the changes on current and prior periods; sales and operating margins in future periods are recognized as if the revised estimates had been used since contract inception. If it is determined that a loss is expected to result on an individual performance obligation, the entire amount of the estimable future loss, including an allocation of general and administrative expense, is charged against income in the period the loss is identified.

B-21 Program
During the fourth quarter of 2023, we recognized a projected loss of $1.56 billion across the five low-rate initial production (LRIP) options on the B-21 program. During the first quarter of 2025, we recognized an additional $477 million loss across the five LRIP options. As of September 30, 2025, the remaining loss accrual on the B-21 program totaled $1.6 billion, which is included in Other current liabilities.

*Net EAC Adjustments*
The following table presents the effect of aggregate net EAC adjustments:

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| *$ in millions, except per share data* | **2025** | 2024 | **2025** | 2024 |
| Revenue | **$ 181** | $ 131 | **$ 383** | $ 242 |
| Operating income | **81** | 136 | **107** | 268 |
| Net earnings[(1)] | **64** | 107 | **85** | 212 |
| Diluted earnings per share[(1)] | **0.45** | 0.73 | **0.59** | 1.43 |

[(1)] Based on a 21 percent federal statutory tax rate.

EAC adjustments on a single performance obligation can have a significant effect on the company's financial statements. When such adjustments occur, we generally disclose the nature, underlying conditions and financial impact of the adjustments. During the third quarter of 2025, the company recorded a $122 million unfavorable EAC adjustment on the first and second LRIP lots of the B-21 program at Aeronautics Systems largely driven by higher-than-expected costs to produce the EMD flight test aircraft, which increased our estimates to manufacture the LRIP units; this EAC adjustment was largely offset by a reduction in our loss contingency accrual on the remaining LRIP lots due to a contract restructure that occurred during the third quarter of 2025. Also during the third quarter of 2025, the company recorded a $68 million favorable EAC adjustment in the restricted advanced microelectronics portfolio at Mission Systems largely driven by program efficiencies and risk mitigations. During the second quarter of 2025, the company recorded a $76 million favorable EAC adjustment on the engineering and manufacturing development (EMD) phase of the Sentinel program at Defense Systems. During the first quarter of 2025, the company recorded a $226 million unfavorable EAC adjustment on the first and second LRIP lots of the B-21 program at Aeronautics Systems. During the third quarter of 2024, the company recorded a $39 million favorable EAC adjustment on the HALO program at Space Systems.

*Backlog*
Backlog represents the future sales we expect to recognize on firm orders received by the company and is equivalent to the company's remaining performance obligations at the end of each period. It comprises both funded backlog (firm orders for which funding is authorized and appropriated) and unfunded backlog. Unexercised contract options and indefinite delivery indefinite quantity (IDIQ) contracts are not included in backlog until the time an option or IDIQ task order is exercised or awarded. Backlog is converted into sales as costs are incurred or deliveries are made.

Company backlog as of September 30, 2025 was $91.4 billion and reflects a $150 million reduction to backlog in connection with the training services divestiture during the second quarter of 2025. Of our September 30, 2025 backlog, we expect to recognize approximately 40 percent as revenue over the next 12 months and 65 percent as revenue over the next 24 months, with the remainder to be recognized thereafter.

*Contract Assets and Liabilities*
For each of the company's contracts, the timing of revenue recognition, customer billings, and cash collections results in a net contract asset or liability at the end of each reporting period. Contract assets are equivalent to and reflected as Unbilled receivables in the unaudited condensed consolidated statements of financial position and are primarily related to long-term contracts where revenue recognized under the cost-to-cost method exceeds amounts billed to customers. Contract liabilities are equivalent to and reflected as Advance payments and billings in excess of costs incurred in the unaudited condensed consolidated statements of financial position. The amount of revenue recognized for the three and nine months ended September 30, 2025 that was included in the December 31, 2024 contract liability balance was $431 million and $3.1 billion, respectively. The amount of revenue recognized for the three and nine months ended September 30, 2024 that was included in the December 31, 2023 contract liability balance was $354 million and $3.4 billion, respectively.

*Disaggregation of Revenue*
See Note 10 for information regarding the company's sales by customer type, contract type and geographic region for each of our segments. We believe those categories best depict how the nature, amount, timing and uncertainty of our revenue and cash flows are affected by economic factors.

**Property, Plant, and Equipment**
Non-cash investing activities for the nine months ended September 30, 2025 and 2024 include capital expenditures incurred but not yet paid of $140 million and $251 million, respectively.

**Leases**
As of September 30, 2025, we have approximately $1.3 billion in rental commitments for real estate leases that have not yet commenced. These leases are expected to commence between 2025 and 2027 with lease terms of 5 to 26 years.

**Accumulated Other Comprehensive Loss**
The components of accumulated other comprehensive loss, net of tax, are as follows:

| *$ in millions* | **September 30, 2025** | December 31, 2024 |
|---|---|---|
| Cumulative translation adjustment | **$ (129)** | $ (140) |
| Other, net | **6** | (12) |
| Total accumulated other comprehensive loss | **$ (123)** | $ (152) |

**Related Party Transactions**
For all periods presented, the company had no material related party transactions.

**Accounting Standards Updates**
On December 14, 2023, the FASB issued ASU No. 2023-09 *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. ASU 2023-09 requires companies to disclose, on an annual basis, specific categories in the effective tax rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold. In addition, ASU 2023-09 requires companies to disclose additional information about income taxes paid. ASU 2023-09 will be effective for annual periods beginning January 1, 2025 and will be applied on a prospective basis with the option to apply the standard retrospectively. We are evaluating the disclosure impact of ASU 2023-09; however, the standard will not have an impact on the company's consolidated financial position, results of operations and/or cash flows.

On November 4, 2024, the FASB issued ASU No. 2024-03 *Disaggregation of Income Statement Expenses (Subtopic 220-40)*. ASU 2024-03 requires disaggregation of certain expense captions into specified categories in disclosures within the footnotes to the financial statements. ASU 2024-03 will be effective for annual periods beginning January 1, 2027 and interim periods beginning January 1, 2028 and will be applied on a prospective basis with the option to apply the standard retrospectively. We are evaluating the disclosure impact of ASU 2024-03; however, the standard will not have an impact on the company's consolidated financial position, results of operations and/or cash flows.

On September 18, 2025, the FASB issued ASU No. 2025-06 *Targeted Improvements to the Accounting for Internal-Use Software (Subtopic 350-40)*. ASU 2025-06 removes references to prescriptive and sequential development stages, requiring companies to capitalize internal-use software costs when management commits to funding the software project and it is probable the project will be completed. ASU 2025-06 will be effective for annual and interim periods beginning January 1, 2028, and can be applied on a prospective, modified prospective, or retrospective basis. We are currently evaluating the potential impact of ASU 2025-06 on the company's consolidated financial position, results of operations and cash flows.

Other accounting standards updates adopted and/or issued, but not effective until after September 30, 2025, are not expected to have a material effect on the company's consolidated financial position, results of operations and/or cash flows.

## 2. EARNINGS PER SHARE, SHARE REPURCHASES AND DIVIDENDS ON COMMON STOCK

**Basic Earnings Per Share**
We calculate basic earnings per share by dividing net earnings by the weighted-average number of shares of common stock outstanding during each period.

**Diluted Earnings Per Share**

Diluted earnings per share include the dilutive effect of awards granted to employees under stock-based compensation plans. The dilutive effect of these securities totaled 0.4 million shares and 0.3 million shares for the three and nine months ended September 30, 2025, respectively. The dilutive effect of these securities totaled 0.3 million shares for each of the three and nine months ended September 30, 2024.

**Share Repurchases**

*Share Repurchase Programs*

On January 24, 2022, the company's board of directors authorized a share repurchase program of up to $2.0 billion in share repurchases of the company's common stock (the "2022 Repurchase Program"). Repurchases under the 2022 Repurchase Program commenced in April 2023 and were completed in February 2024.

On December 6, 2023, the company's board of directors authorized a new share repurchase program of up to an additional $2.5 billion in share repurchases of the company's common stock (the "2023 Repurchase Program"). Repurchases under the 2023 Repurchase Program commenced in February 2024 and were completed in September 2025.

On December 11, 2024, the company's board of directors authorized a new share repurchase program of up to an additional $3.0 billion in share repurchases of the company's common stock (the "2024 Repurchase Program"). Repurchases under the 2024 Repurchase Program commenced in September 2025 upon completion of the 2023 Repurchase Program. As of September 30, 2025, repurchases under the 2024 Repurchase Program totaled $8 million; $2.99 billion remained under this share repurchase authorization. By its terms, the 2024 Repurchase Program will expire when we have used all authorized funds for repurchases.

*Accelerated Share Repurchase Agreements*

During the first quarter of 2024, the company entered into an accelerated share repurchase (ASR) agreement with Morgan Stanley & Co. LLC (Morgan Stanley) to repurchase $1.0 billion of the company's common stock as part of the 2022 Repurchase Program. Under the agreement, we made a payment of $1.0 billion to Morgan Stanley and received an initial delivery of 1.8 million shares valued at $800 million that were immediately canceled by the company. The remaining balance of $200 million was settled on May 1, 2024 with a final delivery of 0.4 million shares from Morgan Stanley. The final average purchase price was $455.73 per share.

Share repurchases take place from time to time, subject to market and regulatory conditions and management's discretion, in the open market or in privately negotiated transactions. The company retires its common stock upon repurchase and, in the periods presented, has not made any purchases of common stock other than in connection with these publicly announced repurchase programs.

The table below summarizes the company's share repurchases to date under the authorizations described above:

| Repurchase Program Authorization Date | Amount Authorized (in millions) | Total Shares Retired (in millions) | Average Price Per Share[1] | Date Completed | Shares Repurchased (in millions) Nine Months Ended September 30 **2025** | 2024 |
|---|---|---|---|---|---|---|
| January 24, 2022 | $ 2,000 | 4.4 | $ 455.01 | February 2024 | — | 2.5 |
| December 6, 2023 | $ 2,500 | 5.2 | $ 482.41 | September 2025 | **2.3** | 2.0 |
| December 11, 2024 | $ 3,000 | — | $ 589.50 | | — | — |

[1] Excludes brokerage commissions and other costs of execution, including taxes.

**Dividends on Common Stock**

In May 2025, the company increased the quarterly common stock dividend 12 percent to $2.31 per share from the previous amount of $2.06 per share.

### 3. INVENTORIED COSTS, NET

Inventoried costs, net consist of the following:

| *$ in millions* | **September 30, 2025** | December 31, 2024 |
|---|---|---|
| Raw materials | **$ 340** | $ 293 |
| Work in process | **1,203** | 1,118 |
| Finished goods | **72** | 44 |
| **Inventoried costs, net** | **$ 1,615** | $ 1,455 |

### 4. INCOME TAXES

On July 4, 2025, the One Big Beautiful Bill Act (OBBBA) was enacted. Key income tax-related provisions of the OBBBA include the repeal of mandatory capitalization of research and development expenditures under Internal Revenue Code (IRC) Section 174 (reinstating full expensing beginning in 2025), extension of bonus depreciation, and revisions to international tax regimes. The company recognized the income tax effects of the OBBBA in its third quarter 2025 financial statements.

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| *$ in millions* | **2025** | 2024 | **2025** | 2024 |
| Federal and foreign income tax expense | **$ 223** | $ 162 | **$ 573** | $ 555 |
| *Effective income tax rate* | **16.9 %** | 13.6 % | **17.2 %** | 16.0 % |

*Current Quarter*

Third quarter 2025 income tax expense increased $61 million, or 38 percent, due to a higher effective tax rate (ETR) and higher earnings before income taxes. The third quarter 2025 ETR increased to 16.9 percent from 13.6 percent primarily due to the prior year ETR reflecting a net reduction in tax reserves largely due to a federal court decision in 2024 as well as a reduction in research credits in the current year due to enactment of the OBBBA, partially offset by lower interest expense on unrecognized tax benefits. The third quarter 2025 ETR includes benefits of $66 million for research credits and $16 million for foreign derived intangible income (FDII), partially offset by $19 million of interest expense on unrecognized tax benefits. The third quarter 2024 ETR included benefits of $191 million for research credits, partially offset by $64 million of interest expense on unrecognized tax benefits and $41 million in tax expense related to FDII.

*Year to Date*

Year to date 2025 income tax expense increased $18 million, or 3 percent, due to a higher ETR, which more than offset lower earnings before income taxes. The year to date 2025 ETR increased to 17.2 percent from 16.0 percent primarily due to the prior year ETR reflecting a net reduction in tax reserves largely due to a federal court decision in 2024 as well as additional income tax expense in the current year related to nondeductible goodwill in the divested training services business, partially offset by lower interest expense on unrecognized tax benefits. The year to date 2025 ETR includes benefits of $169 million for research credits and $34 million for FDII, partially offset by $53 million of interest expense on unrecognized tax benefits and $17 million of tax expense related to nondeductible goodwill in the divested business. The year to date 2024 ETR included benefits of $280 million for research credits, partially offset by $110 million of interest expense on unrecognized tax benefits and $11 million in tax expense related to FDII.

Taxes receivable, which are included in Prepaid expenses and other current assets in the unaudited condensed consolidated statements of financial position, were $786 million as of September 30, 2025 and $517 million as of December 31, 2024. Enactment of the OBBBA resulted in an increase of $346 million to taxes receivable and a decrease of $383 million to deferred tax assets as of September 30, 2025.

During 2025, we increased our unrecognized tax benefits by approximately $180 million principally in connection with state apportionment matters and research credits. It is reasonably possible that within the next 12 months the company’s unrecognized tax benefits may increase by approximately $90 million.

We file income tax returns in the U.S. federal jurisdiction and in various state and foreign jurisdictions. During the fourth quarter of 2024, the company entered into an agreed Revenue Agent's Report ("RAR") for certain matters related to the company's 2018-2020 federal income tax returns, resulting in a $766 million reduction to our unrecognized tax benefits and an immaterial impact to income tax expense. The matters not addressed by the agreed RAR related to the company's 2018-2020 federal income tax returns are currently under Internal Revenue Service (IRS) examination. Certain matters related to the 2014-2017 federal income tax returns and refund claims related to its 2007-2016 federal tax returns are currently under review by the IRS Appeals Office.

The Organization for Economic Co-operation and Development issued Pillar Two model rules for a global minimum tax of 15% effective January 1, 2024. Pillar Two had no impact on our third quarter or year to date 2025 or 2024 ETR, and we do not currently expect Pillar Two to significantly impact our ETR going forward.

## 5. FAIR VALUE OF FINANCIAL INSTRUMENTS

The company holds a portfolio of marketable securities including investments to partially fund non-qualified employee benefit plans as well as investments in companies that are advancing or developing technologies applicable to our business. A portion of these securities are held in common/collective trust funds and are measured at fair value using net asset value (NAV) per share as a practical expedient; therefore, they are not categorized in the fair value hierarchy table below. Marketable securities are included in Other non-current assets in the unaudited condensed consolidated statements of financial position.

The company's derivative portfolio consists primarily of foreign currency forward contracts. Where model-derived valuations are appropriate, the company utilizes the income approach to determine the fair value using internal models based on observable market inputs.

The following table presents the financial assets and liabilities the company records at fair value on a recurring basis identified by the level of inputs used to determine fair value:

| | **September 30, 2025** | | | | December 31, 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| *$ in millions* | **Level 1** | **Level 2** | **Level 3** | **Total** | Level 1 | Level 2 | Level 3 | Total |
| **Financial Assets** | | | | | | | | |
| Marketable securities | **$ 496** | **$ —** | **$ 14** | **$ 510** | $ 325 | $ — | $ 14 | $ 339 |
| Marketable securities valued using NAV | | | | **6** | | | | 8 |
| Total marketable securities | **496** | **—** | **14** | **516** | 325 | — | 14 | 347 |
| Derivatives | **—** | **7** | **—** | **7** | — | (11) | — | (11) |

During the third quarter of 2025, the company transferred $50 million of securities from Level 3 to Level 1 in connection with the initial public offering ("IPO") of a company in which we hold an investment. As of September 30, 2025, the company's investment was valued at $115 million. The company is prohibited from selling this investment until the first quarter of 2026. There were no other transfers of financial instruments into or out of Level 3 of the fair value hierarchy during the nine months ended September 30, 2025.

Unrealized gains and losses from marketable securities, which are reflected in Other, net on the unaudited condensed consolidated statement of earnings and comprehensive income, were $82 million and $92 million for the three and nine months ended September 30, 2025, respectively. Unrealized gains and losses from marketable securities were not material for the three and nine months ended September 30, 2024.

The notional value of the company's foreign currency forward contracts at September 30, 2025 and December 31, 2024 was $334 million and $399 million, respectively. The portion of notional value designated as a cash flow hedge at September 30, 2025 and December 31, 2024 was $241 million and $273 million, respectively.

The derivative fair values and related unrealized gains/losses at September 30, 2025 and December 31, 2024 were not material.

The carrying value of cash and cash equivalents approximates fair value.

**Long-term Debt**

The estimated fair value of the company's long-term debt was $15.1 billion and $15.3 billion as of September 30, 2025 and December 31, 2024, respectively. We calculated the fair value of long-term debt using Level 2 inputs, based on interest rates available for debt with terms and maturities similar to the company's existing debt arrangements. The current portion of long-term debt is recorded in Other current liabilities in the unaudited condensed consolidated statements of financial position.

*Issuance of Senior Notes*
In May 2025, the company issued $1.0 billion of unsecured senior notes for general corporate purposes, including debt repayment, share repurchases, and working capital, as follows:

- $500 million of 4.65% senior notes due 2030 (the "2030 Notes") and
- $500 million of 5.25% senior notes due 2035 (the "2035 Notes").

In January 2024, the company issued $2.5 billion of unsecured senior notes for general corporate purposes, including debt repayment, share repurchases, and working capital, as follows:

- $500 million of 4.60% senior notes due 2029 (the "2029 Notes"),
- $850 million of 4.90% senior notes due 2034 (the "2034 Notes"), and
- $1.15 billion of 5.20% senior notes due 2054 (the "2054 Notes").

We refer to the 2029 Notes, 2030 Notes, 2034 Notes, 2035 Notes, and 2054 Notes together, as the "notes." Interest on the notes is payable semi-annually in arrears. The notes are generally subject to redemption, in whole or in part, at the company's discretion at any time, or from time to time, prior to maturity at a redemption price equal to the greater of 100% of the principal amount of the notes to be redeemed or an applicable "make-whole" amount, plus accrued and unpaid interest.

*Repayment of Senior Notes*
In January 2025, the company repaid $1.5 billion of 2.93% unsecured senior notes upon maturity.

## 6. INVESTIGATIONS, CLAIMS AND LITIGATION

For over 25 years, the company has worked closely with the United States Navy, the United States Environmental Protection Agency, the New York State Department of Environmental Conservation, the New York State Department of Health and other federal, state and local governmental authorities, to address environmental conditions allegedly resulting from historic operations at the former United States Navy and Grumman facilities in Bethpage, New York. We have incurred, and expect to continue to incur, as included in Note 7, substantial remediation costs related to these Bethpage environmental conditions, including potential costs relating to unanticipated developments such as new discoveries of potential contaminants. It is also possible that applicable remediation standards and other requirements to which we are subject may continue to change, and that our costs may increase materially. In 2022, we resolved several disputes and regulatory proceedings concerning the scope and allocation of remediation responsibilities and costs related to this site and we continue remediation consistent with agreements through which those disputes were resolved. The company continues to be involved in other remediation-related disputes, none of which are material individually or in the aggregate. We are also a party to various individual lawsuits and a putative class action in the Eastern District of New York alleging personal injury and property damage related to the legacy Bethpage environmental conditions (the "Bethpage EDNY cases"). The court has stayed the filed individual lawsuits, pending its decision on class certification. Although the court has ordered supplemental briefing on pending class certification and expert motions in the putative class action, the parties remain engaged in a mediation. We are also a party, and may become a party, to other lawsuits brought by or against insurance carriers, and by other individual plaintiffs and/or putative classes, as well as other parties. We cannot at this time predict or reasonably estimate the potential outcomes or ranges of possible liability of the Bethpage EDNY cases.

The company received from the U.S. Department of Justice (DOJ) a criminal subpoena on December 9, 2022, and a civil investigative demand (CID) on February 2, 2023, both seeking information regarding financial and cost accounting and controls focused on the interest rate assumptions the company used to determine our U.S. Government Cost Accounting Standards (CAS) pension expense, which we discuss in Note 7 below. The company is engaging with the government and responding to the requests. We cannot at this point predict the outcome of these matters.

The company is a party to various other investigations, lawsuits, arbitration, claims, enforcement actions and other legal proceedings, including government investigations and claims, that arise in the ordinary course of our business. The nature of legal proceedings is such that we cannot assure the outcome of any particular matter. However, based on information available to the company to date, the company does not believe that the outcome of any of these other matters pending against the company is likely to have a material adverse effect on the company's unaudited condensed consolidated financial position as of September 30, 2025, or its annual results of operations and/or cash flows.

## 7. COMMITMENTS AND CONTINGENCIES

### U.S. Government Cost Claims and Contingencies

From time to time, the company is advised of claims by the U.S. government concerning certain potential disallowed costs, plus, at times, penalties and interest. When such findings are presented, the company and U.S. government representatives engage in discussions to enable the company to evaluate the merits of these claims, as well as to assess the amounts being claimed. Where appropriate, provisions are made to reflect the company's estimated exposure for such potential disallowed costs. Such provisions are reviewed periodically using the most recent information available. The company believes it has adequately reserved for disputed amounts that are probable and reasonably estimable, and that the outcome of any such matters would not have a material adverse effect on its unaudited condensed consolidated financial position as of September 30, 2025, or its annual results of operations and/or cash flows.

In 2019, the Defense Contract Management Agency (DCMA) raised questions about an interest rate assumption used by the company to determine our CAS pension expense. On June 1, 2020, DCMA provided written notice that the assumptions the company used during the period 2013-2019 were potentially noncompliant with CAS. We submitted a formal response on July 31, 2020, which we believed demonstrates the appropriateness of the assumptions used. On November 24, 2020, DCMA replied to the company's response, disagreeing with our position and requesting additional input, which we provided on February 22, 2021. We subsequently continued to exchange correspondence and engage with DCMA on this matter, including responding to requests for and providing additional information. On February 15, 2024, DCMA sent to the company a Contracting Officer's determination of noncompliance with CAS, which is an interim, non-final determination, and the parties engaged in discussions. In addition, as noted in Note 6 above, the company received from the DOJ a criminal subpoena on December 9, 2022 and a CID on February 2, 2023, both seeking information related to the interest rate assumptions at issue in our discussions with DCMA. The company has responded to requests and expects to continue discussions with the DOJ and DCMA as these matters progress. We cannot at this point predict the outcome of these matters. The sensitivity to changes in interest rate assumptions makes it reasonably possible the outcome of these matters could have a material adverse effect on our financial position, results of operations and/or cash flows, although we are not currently able to estimate a range of any potential loss.

### Environmental Matters

The table below summarizes the amount accrued for environmental remediation costs, management's estimate of the amount of reasonably possible future costs in excess of accrued costs and the deferred costs expected to be recoverable through overhead charges on U.S. government contracts as of September 30, 2025 and December 31, 2024:

| *$ in millions* | Accrued Costs[1][2] | Reasonably Possible Future Costs in Excess of Accrued Costs[2] | Deferred Costs[3] |
|---|---|---|---|
| **September 30, 2025** | **$ 567** | **$ 387** | **$ 522** |
| December 31, 2024 | 546 | 377 | 507 |

[1] As of September 30, 2025, $198 million is recorded in Other current liabilities and $369 million is recorded in Other non-current liabilities.

[2] Estimated remediation costs are not discounted to present value. The reasonably possible future costs in excess of accrued costs do not take into consideration amounts expected to be recoverable through overhead charges on U.S. government contracts.

[3] As of September 30, 2025, $184 million is deferred in Prepaid expenses and other current assets and $338 million is deferred in Other non-current assets. These amounts are evaluated for recoverability on a routine basis.

Although management cannot predict whether (i) new information gained as our environmental remediation projects progress, (ii) changes in remediation standards or other requirements to which we are subject, or (iii) other changes in facts and circumstances will materially affect the estimated liability accrued, we do not anticipate that future remediation expenditures associated with our currently identified projects will have a material adverse effect on the company's unaudited condensed consolidated financial position as of September 30, 2025, or its annual results of operations and/or cash flows.

### Financial Arrangements

In the ordinary course of business, the company uses standby letters of credit and guarantees issued by commercial banks and surety bonds issued principally by insurance companies to guarantee the performance on certain obligations. At September 30, 2025, there were $598 million of stand-by letters of credit and guarantees and $269 million of surety bonds outstanding.

### Commercial Paper

The company maintains a commercial paper program that serves as a source of short-term financing. In September 2025, the company amended its commercial paper program to increase its capacity to issue unsecured commercial paper notes from $2.5 billion to $3.0 billion. At September 30, 2025, there were no commercial paper borrowings outstanding.

### Credit Facilities

In September 2025, the company entered into a new five-year senior unsecured revolving credit facility in an aggregate principal amount of $3.0 billion (the "2025 Credit Agreement"). The 2025 Credit Agreement replaced the company's prior five-year, $2.5 billion revolving credit facility entered into in August 2022. The revolving credit facility established under the 2025 Credit Agreement is intended to support the company's commercial paper program and other general corporate purposes. Commercial paper borrowings reduce the amount available for borrowing under the 2025 Credit Agreement. At September 30, 2025, there were no borrowings outstanding under this facility.

The 2025 Credit Agreement contains generally customary terms and conditions, including covenants restricting the company's ability to sell all or substantially all of its assets, merge or consolidate with another entity or undertake other fundamental changes and incur liens. The company also cannot permit the ratio of its debt to capitalization (as set forth in the credit agreement) to exceed 65 percent.

At September 30, 2025, the company was in compliance with all covenants under its credit agreements.

## 8. RETIREMENT BENEFITS

The cost to the company of its pension and other postretirement benefit (OPB) plans is shown in the following table:

| | Three Months Ended September 30 | | | | Nine Months Ended September 30 | | | |
|---|---|---|---|---|---|---|---|---|
| | Pension Benefits | | OPB | | Pension Benefits | | OPB | |
| *$ in millions* | **2025** | 2024 | **2025** | 2024 | **2025** | 2024 | **2025** | 2024 |
| **Components of net periodic benefit cost (benefit)** | | | | | | | | |
| Service cost | **$ 55** | $ 60 | **$ 1** | $ 1 | **$ 163** | $ 179 | **$ 3** | $ 3 |
| Interest cost | **404** | 381 | **16** | 15 | **1,209** | 1,144 | **47** | 46 |
| Expected return on plan assets | **(540)** | (549) | **(22)** | (21) | **(1,619)** | (1,647) | **(64)** | (64) |
| Amortization of prior service credit | **—** | — | **(1)** | — | **—** | — | **(2)** | — |
| Other | **—** | — | **—** | — | **7** | — | **—** | — |
| **Net periodic benefit cost (benefit)** | **$ (81)** | $ (108) | **$ (6)** | $ (5) | **$ (240)** | $ (324) | **$ (16)** | $ (15) |

### Employer Contributions

The company sponsors defined benefit pension and OPB plans, as well as defined contribution plans. We fund our defined benefit pension plans annually in a manner consistent with the Employee Retirement Income Security Act of 1974, as amended by the Pension Protection Act of 2006.

Contributions made by the company to its retirement plans are as follows:

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| *$ in millions* | **2025** | 2024 | **2025** | 2024 |
| Defined benefit pension plans | **$ 25** | $ 17 | **$ 67** | $ 66 |
| OPB plans | **7** | 7 | **27** | 27 |
| Defined contribution plans | **133** | 136 | **517** | 517 |

## 9. STOCK COMPENSATION PLANS AND OTHER COMPENSATION ARRANGEMENTS

**Stock Awards**

The following table presents the number of restricted stock rights (RSRs) and restricted performance stock rights (RPSRs) granted to employees under the company's long-term incentive stock plan and the grant date aggregate fair value of those stock awards for the periods presented:

| | Nine Months Ended September 30 | |
|---|---|---|
| *in millions* | **2025** | 2024 |
| RSRs granted | **0.1** | 0.1 |
| RPSRs granted | **0.1** | 0.2 |
| Grant date aggregate fair value | **$ 104** | $ 109 |

RSRs typically vest on the third anniversary of the grant date, while RPSRs generally vest and pay out based on the achievement of certain performance metrics and market conditions over a three-year period.

**Cash Awards**

The following table presents the minimum and maximum aggregate payout amounts related to cash units (CUs) and cash performance units (CPUs) granted to employees in the periods presented:

| | Nine Months Ended September 30 | |
|---|---|---|
| *$ in millions* | **2025** | 2024 |
| Minimum aggregate payout amount | **$ 35** | $ 35 |
| Maximum aggregate payout amount | **199** | 200 |

CUs typically vest and settle in cash on the third anniversary of the grant date, while CPUs generally vest and pay out in cash based on the achievement of certain performance metrics over a three-year period.

NORTHROP GRUMMAN CORPORATION

## 10. SEGMENT INFORMATION

The following table presents sales, operating costs and expenses, and operating income by segment:

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| *$ in millions* | **2025** | 2024 | **2025** | 2024 |
| **Aeronautics Systems** | | | | |
| Sales | **$ 3,142** | $ 2,961 | **$ 9,070** | $ 9,065 |
| Operating costs and expenses: | | | | |
| Product | **2,108** | 1,956 | **6,575** | 6,043 |
| Service | **690** | 666 | **1,940** | 2,007 |
| Intersegment | **39** | 30 | **112** | 88 |
| Aeronautics Systems operating income | **305** | 309 | **443** | 927 |
| **Defense Systems** | | | | |
| Sales | **2,059** | 1,800 | **5,855** | 5,396 |
| Operating costs and expenses: | | | | |
| Product | **1,483** | 1,269 | **4,117** | 3,764 |
| Service | **297** | 333 | **940** | 1,011 |
| Intersegment | **45** | 38 | **132** | 114 |
| Defense Systems operating income | **234** | 160 | **666** | 507 |
| **Mission Systems** | | | | |
| Sales | **3,093** | 2,823 | **9,057** | 8,255 |
| Operating costs and expenses: | | | | |
| Product | **1,825** | 1,747 | **5,500** | 5,037 |
| Service | **466** | 451 | **1,383** | 1,372 |
| Intersegment | **287** | 235 | **857** | 717 |
| Mission Systems operating income | **515** | 390 | **1,317** | 1,129 |
| **Space Systems** | | | | |
| Sales | **2,698** | 2,870 | **7,912** | 9,021 |
| Operating costs and expenses: | | | | |
| Product | **1,980** | 2,077 | **5,702** | 6,706 |
| Service | **297** | 351 | **1,021** | 1,056 |
| Intersegment | **123** | 97 | **328** | 280 |
| Space Systems operating income | **298** | 345 | **861** | 979 |
| Intersegment profit eliminations | **(75)** | (58) | **(223)** | (191) |
| **Total segment operating income** | **1,277** | 1,146 | **3,064** | 3,351 |
| FAS/CAS operating adjustment | **67** | 20 | **193** | 32 |
| Unallocated corporate expense | **(102)** | (46) | **(17)** | (102) |
| **Total operating income** | **1,242** | 1,120 | **3,240** | 3,281 |
| Other (expense) income | | | | |
| Interest expense | **(161)** | (161) | **(490)** | (461) |
| Non-operating FAS pension benefit | **136** | 168 | **403** | 503 |
| Other, net | **106** | 61 | **175** | 142 |
| **Earnings before income taxes** | **$ 1,323** | $ 1,188 | **$ 3,328** | $ 3,465 |

**FAS/CAS Operating Adjustment**

For financial statement purposes, we account for our employee pension plans in accordance with FAS. However, the cost of these plans is charged to our contracts in accordance with applicable Federal Acquisition Regulation (FAR) and CAS requirements. The FAS/CAS operating adjustment reflects the difference between CAS pension expense included as cost in segment operating income and the service cost component of FAS expense included in total operating income.

**Unallocated Corporate Expense**

Unallocated corporate expense includes the portion of corporate costs not considered allowable or allocable under applicable FAR and CAS requirements, and therefore not allocated to the segments, such as changes in deferred state income taxes and a portion of management and administration, legal, environmental, compensation, retiree benefits, advertising and other corporate unallowable costs. Unallocated corporate expense also includes costs not considered part of management's evaluation of segment operating performance, such as amortization of purchased intangible assets and the additional depreciation expense related to the step-up in fair value of property, plant and equipment acquired through business combinations, as well as certain compensation and other costs.

During the second quarter of 2025, the $231 million pre-tax gain on the sale of our training services business and $19 million of unallowable state taxes and transaction costs associated with the divestiture were recorded in Unallocated corporate income (expense).

NORTHROP GRUMMAN CORPORATION

**Disaggregation of Revenue**

| *Sales by Customer Type* | Three Months Ended September 30 | | | | Nine Months Ended September 30 | | | |
|---|---|---|---|---|---|---|---|---|
| | **2025** | | 2024 | | **2025** | | 2024 | |
| *$ in millions* | **$** | **%[3]** | $ | %[3] | **$** | **%[3]** | $ | %[3] |
| **Aeronautics Systems** | | | | | | | | |
| U.S. government[1] | **$ 2,530** | **82 %** | $ 2,451 | 84 % | **$ 7,346** | **82 %** | $ 7,641 | 85 % |
| International[2] | **564** | **18 %** | 470 | 16 % | **1,586** | **18 %** | 1,309 | 15 % |
| Other customers | **6** | **— %** | 7 | — % | **17** | **— %** | 16 | — % |
| Intersegment sales | **42** | | 33 | | **121** | | 99 | |
| Aeronautics Systems sales | **3,142** | | 2,961 | | **9,070** | | 9,065 | |
| **Defense Systems** | | | | | | | | |
| U.S. government[1] | **1,570** | **78 %** | 1,472 | 84 % | **4,632** | **81 %** | 4,435 | 84 % |
| International[2] | **419** | **21 %** | 271 | 15 % | **1,013** | **18 %** | 777 | 15 % |
| Other customers | **19** | **1 %** | 14 | 1 % | **61** | **1 %** | 54 | 1 % |
| Intersegment sales | **51** | | 43 | | **149** | | 130 | |
| Defense Systems sales | **2,059** | | 1,800 | | **5,855** | | 5,396 | |
| **Mission Systems** | | | | | | | | |
| U.S. government[1] | **2,166** | **79 %** | 2,093 | 82 % | **6,421** | **80 %** | 6,033 | 81 % |
| International[2] | **557** | **20 %** | 427 | 17 % | **1,537** | **19 %** | 1,308 | 18 % |
| Other customers | **31** | **1 %** | 28 | 1 % | **84** | **1 %** | 65 | 1 % |
| Intersegment sales | **339** | | 275 | | **1,015** | | 849 | |
| Mission Systems sales | **3,093** | | 2,823 | | **9,057** | | 8,255 | |
| **Space Systems** | | | | | | | | |
| U.S. government[1] | **2,366** | **93 %** | 2,606 | 94 % | **7,024** | **93 %** | 8,245 | 95 % |
| International[2] | **63** | **2 %** | 50 | 2 % | **154** | **2 %** | 171 | 2 % |
| Other customers | **132** | **5 %** | 107 | 4 % | **367** | **5 %** | 293 | 3 % |
| Intersegment sales | **137** | | 107 | | **367** | | 312 | |
| Space Systems sales | **2,698** | | 2,870 | | **7,912** | | 9,021 | |
| **Total** | | | | | | | | |
| U.S. government[1] | **8,632** | **83 %** | 8,622 | 86 % | **25,423** | **84 %** | 26,354 | 87 % |
| International[2] | **1,603** | **15 %** | 1,218 | 12 % | **4,290** | **14 %** | 3,565 | 12 % |
| Other customers | **188** | **2 %** | 156 | 2 % | **529** | **2 %** | 428 | 1 % |
| **Total Sales** | **$ 10,423** | | $ 9,996 | | **$ 30,242** | | $ 30,347 | |

[1] Sales to the U.S. government include sales from contracts for which we are the prime contractor, as well as those for which we are a subcontractor and the ultimate customer is the U.S. government. Each of the company's segments derives a substantial percentage of its revenue from the U.S. government.

[2] International sales include sales from contracts for which we are the prime contractor, as well as those for which we are a subcontractor and the ultimate customer is an international customer. These sales include foreign military sales contracted through the U.S. government.

[3] Percentages calculated based on external customer sales.

NORTHROP GRUMMAN CORPORATION

| *Sales by Contract Type* | Three Months Ended September 30 | | | | Nine Months Ended September 30 | | | |
|---|---|---|---|---|---|---|---|---|
| | **2025** | | 2024 | | **2025** | | 2024 | |
| *$ in millions* | **$** | **%[1]** | $ | %[1] | **$** | **%[1]** | $ | %[1] |
| **Aeronautics Systems** | | | | | | | | |
| Cost-type | **$ 1,454** | **47 %** | $ 1,321 | 45 % | **$ 4,254** | **48 %** | $ 4,080 | 46 % |
| Fixed-price | **1,646** | **53 %** | 1,607 | 55 % | **4,695** | **52 %** | 4,886 | 54 % |
| Intersegment sales | **42** | | 33 | | **121** | | 99 | |
| Aeronautics Systems sales | **3,142** | | 2,961 | | **9,070** | | 9,065 | |
| **Defense Systems** | | | | | | | | |
| Cost-type | **1,028** | **51 %** | 965 | 55 % | **3,077** | **54 %** | 2,843 | 54 % |
| Fixed-price | **980** | **49 %** | 792 | 45 % | **2,629** | **46 %** | 2,423 | 46 % |
| Intersegment sales | **51** | | 43 | | **149** | | 130 | |
| Defense Systems sales | **2,059** | | 1,800 | | **5,855** | | 5,396 | |
| **Mission Systems** | | | | | | | | |
| Cost-type | **1,219** | **44 %** | 1,216 | 48 % | **3,788** | **47 %** | 3,390 | 46 % |
| Fixed-price | **1,535** | **56 %** | 1,332 | 52 % | **4,254** | **53 %** | 4,016 | 54 % |
| Intersegment sales | **339** | | 275 | | **1,015** | | 849 | |
| Mission Systems sales | **3,093** | | 2,823 | | **9,057** | | 8,255 | |
| **Space Systems** | | | | | | | | |
| Cost-type | **1,351** | **53 %** | 1,750 | 63 % | **4,453** | **59 %** | 5,429 | 62 % |
| Fixed-price | **1,210** | **47 %** | 1,013 | 37 % | **3,092** | **41 %** | 3,280 | 38 % |
| Intersegment sales | **137** | | 107 | | **367** | | 312 | |
| Space Systems sales | **2,698** | | 2,870 | | **7,912** | | 9,021 | |
| **Total** | | | | | | | | |
| Cost-type | **5,052** | **48 %** | 5,252 | 53 % | **15,572** | **51 %** | 15,742 | 52 % |
| Fixed-price | **5,371** | **52 %** | 4,744 | 47 % | **14,670** | **49 %** | 14,605 | 48 % |
| **Total Sales** | **$ 10,423** | | $ 9,996 | | **$ 30,242** | | $ 30,347 | |

[1] Percentages calculated based on external customer sales.

**NORTHROP GRUMMAN CORPORATION**

| *Sales by Geographic Region* | Three Months Ended September 30 | | | | Nine Months Ended September 30 | | | |
|---|---|---|---|---|---|---|---|---|
| | **2025** | | 2024 | | **2025** | | 2024 | |
| *$ in millions* | **$** | **%[3]** | $ | %[3] | **$** | **%[3]** | $ | %[3] |
| **Aeronautics Systems** | | | | | | | | |
| United States[1] | **$ 2,536** | **82 %** | $ 2,458 | 84 % | **$ 7,363** | **82 %** | $ 7,657 | 85 % |
| Asia/Pacific | **221** | **7 %** | 200 | 7 % | **647** | **7 %** | 534 | 6 % |
| Europe | **321** | **10 %** | 259 | 9 % | **891** | **10 %** | 749 | 9 % |
| Other geographic regions[2] | **22** | **1 %** | 11 | — % | **48** | **1 %** | 26 | — % |
| Intersegment sales | **42** | | 33 | | **121** | | 99 | |
| Aeronautics Systems sales | **3,142** | | 2,961 | | **9,070** | | 9,065 | |
| **Defense Systems** | | | | | | | | |
| United States[1] | **1,589** | **79 %** | 1,486 | 85 % | **4,693** | **82 %** | 4,489 | 85 % |
| Asia/Pacific | **111** | **6 %** | 74 | 4 % | **271** | **5 %** | 204 | 4 % |
| Europe | **251** | **12 %** | 144 | 8 % | **589** | **10 %** | 440 | 8 % |
| Other geographic regions[2] | **57** | **3 %** | 53 | 3 % | **153** | **3 %** | 133 | 3 % |
| Intersegment sales | **51** | | 43 | | **149** | | 130 | |
| Defense Systems sales | **2,059** | | 1,800 | | **5,855** | | 5,396 | |
| **Mission Systems** | | | | | | | | |
| United States[1] | **2,197** | **80 %** | 2,121 | 83 % | **6,505** | **81 %** | 6,098 | 82 % |
| Asia/Pacific | **147** | **5 %** | 98 | 4 % | **407** | **5 %** | 346 | 5 % |
| Europe | **318** | **12 %** | 246 | 10 % | **820** | **10 %** | 727 | 10 % |
| Other geographic regions[2] | **92** | **3 %** | 83 | 3 % | **310** | **4 %** | 235 | 3 % |
| Intersegment sales | **339** | | 275 | | **1,015** | | 849 | |
| Mission Systems sales | **3,093** | | 2,823 | | **9,057** | | 8,255 | |
| **Space Systems** | | | | | | | | |
| United States[1] | **2,498** | **98 %** | 2,713 | 98 % | **7,391** | **98 %** | 8,538 | 98 % |
| Asia/Pacific | **25** | **1 %** | 6 | — % | **48** | **1 %** | 30 | 1 % |
| Europe | **28** | **1 %** | 36 | 1 % | **74** | **1 %** | 112 | 1 % |
| Other geographic regions[2] | **10** | **— %** | 8 | 1 % | **32** | **— %** | 29 | — % |
| Intersegment sales | **137** | | 107 | | **367** | | 312 | |
| Space Systems sales | **2,698** | | 2,870 | | **7,912** | | 9,021 | |
| **Total** | | | | | | | | |
| United States[1] | **8,820** | **85 %** | 8,778 | 88 % | **25,952** | **86 %** | 26,782 | 88 % |
| Asia/Pacific | **504** | **5 %** | 378 | 4 % | **1,373** | **4 %** | 1,114 | 4 % |
| Europe | **918** | **8 %** | 685 | 7 % | **2,374** | **8 %** | 2,028 | 7 % |
| Other geographic regions[2] | **181** | **2 %** | 155 | 1 % | **543** | **2 %** | 423 | 1 % |
| **Total Sales** | **$ 10,423** | | $ 9,996 | | **$ 30,242** | | $ 30,347 | |

[1] No country other than the United States represents greater than 10% of total company sales.

[2] Other geographic regions are principally comprised of the Middle East.

[3] Percentages calculated based on external customer sales.

### Capital Expenditures and Depreciation and Amortization

The following table presents capital expenditures and depreciation and amortization for each of our reportable segments and for Corporate:

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| *$ in millions* | **2025** | 2024 | **2025** | 2024 |
| **Capital Expenditures** | | | | |
| Aeronautics Systems | **$ 102** | $ 139 | **$ 250** | $ 339 |
| Defense Systems | **21** | 24 | **44** | 46 |
| Mission Systems | **66** | 62 | **152** | 143 |
| Space Systems | **70** | 128 | **251** | 401 |
| Corporate [1] | **42** | 8 | **91** | 22 |
| Total capital expenditures | **$ 301** | $ 361 | **$ 788** | $ 951 |
| **Depreciation and Amortization** | | | | |
| Aeronautics Systems | **$ 92** | $ 92 | **$ 273** | $ 266 |
| Defense Systems | **47** | 44 | **132** | 129 |
| Mission Systems | **71** | 64 | **206** | 188 |
| Space Systems | **98** | 86 | **261** | 246 |
| Corporate [1] | **71** | 45 | **194** | 127 |
| Total depreciation and amortization | **$ 379** | $ 331 | **$ 1,066** | $ 956 |

[1] Corporate amounts include the amortization of purchased intangible assets and the additional depreciation expense related to the step-up in fair value of PP&E acquired through business combinations as they are not considered part of management's evaluation of segment operating performance.

**Assets**

Our chief operating decision maker ("CODM") does not use assets by segment to evaluate segment performance or allocate resources. Therefore, we do not disclose assets by segment.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Shareholders of
Northrop Grumman Corporation
Falls Church, Virginia

**Results of Review of Interim Financial Information**

We have reviewed the accompanying condensed consolidated statement of financial position of Northrop Grumman Corporation and subsidiaries (the “Company”) as of September 30, 2025, and the related condensed consolidated statements of earnings and comprehensive income and changes in shareholders’ equity for the three-month and nine-month periods ended September 30, 2025 and 2024, and of cash flows for the nine-month periods ended September 30, 2025 and 2024 and the related notes (collectively referred to as the “interim financial information”). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statement of financial position of Northrop Grumman Corporation and subsidiaries as of December 31, 2024, and the related consolidated statements of earnings and comprehensive income, changes in shareholders’ equity, and cash flows for the year then ended (not presented herein); and in our report dated January 29, 2025, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated statement of financial position as of December 31, 2024, is fairly stated, in all material respects, in relation to the audited consolidated statement of financial position from which it has been derived.

**Basis for Review Results**

This interim financial information is the responsibility of the Company’s management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our reviews in accordance with the standards of the PCAOB. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ Deloitte & Touche LLP
McLean, Virginia
October 20, 2025

## Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

### OVERVIEW

Northrop Grumman Corporation (herein referred to as “Northrop Grumman,” the “company,” “we,” “us,” or “our”) is a leading global aerospace and defense technology company. We deliver a broad range of products, services and solutions to U.S. and international customers, and principally to the U.S Department of War (“DoW”, formerly referred to as the Department of Defense) and intelligence community. Our broad portfolio is aligned to support national security priorities and our solutions equip our customers with capabilities they need to connect, protect and advance humanity.

The company is a leading provider of space systems, military aircraft, missile defense, advanced weapons and long-range fires capabilities, mission systems, networking and communications, strategic deterrence systems, and breakthrough technologies, such as advanced computing, microelectronics and cyber. We are focused on competing and winning programs that enable continued growth, performing on our commitments and affordably delivering capability our customers need. With the investments we've made in advanced technologies, combined with our talented workforce and digital transformation capabilities, Northrop Grumman is well positioned to meet our customers' needs today and in the future.

The following discussion should be read along with the financial statements included in this Form 10-Q, as well as “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Liquidity and Capital Resources,” “Quantitative and Qualitative Disclosures About Market Risks” and “Risk Factors” in our 2024 Annual Report on Form 10-K, which provides additional information on our business, the environment in which we operate and our operating results.

**Divestiture of Training Services Business**

On May 24, 2025 (the “Divestiture date”), the company completed its previously announced sale of substantially all of the Immersive Mission Solutions (IMS) operating unit of Defense Systems (the “training services” business or “divestiture”) for $333 million in cash, subject to a final working capital adjustment, and recorded a pre-tax gain on sale of $231 million. IMS is a provider of mission training and satellite ground network communications software for U.S. government customers. Operating results include sales and operating income for the training services business prior to the Divestiture date.

**Global Security Environment**

The U.S. and its allies continue to face a global security environment of heightened tensions and instability, threats from state and non-state actors, including in particular major global powers, as well as terrorist organizations, increasing nuclear tensions, diverse regional security concerns and political instability. The market for defense products, services and solutions globally is driven by these complex and evolving security challenges, considered in the broader context of political and socioeconomic circumstances and priorities. Our operations and financial performance, as well as demand for our products and services, are impacted by these events, including global unrest. The same is true for our suppliers and other business partners.

The conflict in Ukraine and threats elsewhere, particularly in the Middle East and the Pacific region, have increased global tensions and instability and highlighted security requirements globally, including in Europe, the Middle East and the Pacific region, as well as the U.S. These conflicts have resulted in and may continue to result in increased demand for defense products and services from allies and partner nations, particularly in those regions. For example, we have experienced an increase in demand for certain of our products and services directly and indirectly related to the conflict in Ukraine. We continue to monitor developments in these regions, but have not experienced, and do not anticipate experiencing, significant adverse financial impacts directly from these conflicts.

We believe the current global security environment, characterized by significant national security threats to the U.S. and its allies, continues to highlight the need for strong deterrence and robust defense capabilities, and we are actively evaluating both opportunities and risks associated with this environment. We believe our capabilities, particularly in space, C4ISR, missile defense, battle management, advanced weapons, strategic deterrence, and survivable aircraft and mission systems should help our customers in the U.S. and globally defend against current and future threats and, as a result, continue to position us for long-term profitable business growth.

**Global Economic Environment**

Over the past several years, the global economic environment has experienced extraordinary challenges, including inflationary pressures; widespread delays and disruptions in supply chains; business slowdowns or shutdowns; workforce challenges and labor shortfalls; and market volatility. These macroeconomic factors can and have contributed, and could continue to contribute, to increased costs, delays, disruptions and other performance challenges, as well as increased competing demands for limited resources to address such increased costs and other challenges, for our company, our suppliers and partners, and our customers. We continue to work to address challenges caused by the macroeconomic environment on our business. We have seen positive progress in the supply chain as on-time deliveries and quality continue to improve. In remaining areas of pressure, we are proactively working with our suppliers to help meet our contract commitments.

In addition, an overall increase in interest rates in recent years has raised the cost of borrowing for governments, and if rates increase or remain elevated, it could impact government spending priorities (in the U.S. and allied countries, in particular), including the demand for defense products. Economic tensions and changes in international trade policies, including, for example, the widespread tariffs announced this year by the U.S. on its major trading partners, higher tariffs on imported goods and materials and actions taken in response (such as retaliatory tariffs or other trade protectionist measures or the renegotiation of free trade agreements), could also further impact the global market for defense products, services and solutions. The full impact of these governmental actions on macroeconomic conditions and on our business is uncertain, difficult to predict and depends on a number of factors, including the extent and duration of tariffs, any reversal or temporary suspension of announced tariffs, the availability of exemptions, changes in the amount and scope of tariffs, the imposition of new tariffs and other measures that target countries may take in response to U.S. trade policies, and possible resulting general inflationary pressures in the global economy. We are continuing to monitor the impact on our business, suppliers and customers, but do not believe that the tariffs in effect at this time will have a material adverse effect on our business.

**U.S. Political, Budget and Regulatory Environment**

The U.S. continues to face an uncertain and evolving political, budget and regulatory environment. In particular, it is difficult to predict the specific course of future defense budgets. Current and future requirements related to the conflict in Ukraine, threats in the Middle East and the Pacific region and other security priorities, as well as the macroeconomic environment, the national debt, and other domestic priorities, among other things, in the U.S. and globally, will continue to impact our customers' budgets, spending and priorities, and our industry. The U.S. political environment may also impact defense budgets and priorities, issues related to the national debt, and government spending more broadly. We anticipate that issues related to budgetary priorities, defense spending levels and the debt ceiling will continue to be subjects of considerable debate, with a potentially significant impact on our programs and the company.

On March 15, 2025, the Full-Year Continuing Appropriations and Extensions Act, 2025 was enacted to continue funding the government through the remainder of FY 2025. The full-year continuing resolution generally maintained FY 2024 funding levels, but included an increase of $6 billion in defense spending and a decrease of $13 billion in non-defense spending compared to FY 2024 funding levels. The full-year continuing resolution provided the DoW with significant flexibility to allocate and spend funds, including authority to initiate new programs if certain requirements were met.

In the second quarter of 2025, the Presidential Administration (the "Administration") submitted its budget request for FY 2026. The request includes approximately $1 trillion for national security, approximately $962 billion of which is for the DoW, with $113 billion of such DoW funds included in the reconciliation bill described below. The budget request for the DoW reflects an increase of 11.8 percent, or $101.6 billion, above FY 2025 enacted levels. Congress is evaluating the Administration's budget request as it drafts authorization and appropriations legislation for FY 2026. On July 4, 2025, the FY 2025 reconciliation bill titled the One Big Beautiful Bill Act was enacted. The OBBBA allocates approximately $150 billion in funds for defense spending, including funding for air and missile defense, munitions, shipbuilding and supply chains and other military capabilities, and the appropriated funds will remain available to be obligated until September 30, 2029 and expended through FY 2034. The OBBBA is expected to result in increased investments by the DoW in defense modernization projects and Pacific region deterrence, among other programs. See Note 4 to the financial statements for additional information on key income tax provisions of the OBBBA.

Appropriations for FY 2026 were not enacted by September 30, 2025, and on October 1, 2025, the U.S. Government entered a shutdown, which is ongoing. Consistent with federal guidelines, we are continuing to perform work on existing contracts funded with appropriations from prior fiscal years. In addition, we may be expected to continue to perform for some period of time on certain of our U.S. Government contracts even if the U.S. Government is unable to make timely payments, for example if funding from prior year appropriations has been exhausted and appropriations legislation or a continuing resolution for FY 2026 has not been enacted. If a prolonged government shutdown occurs, it could result in program disruptions, limit the U.S. Government's ability to progress programs and make timely payments and impact new program starts. A prolonged shutdown could have significant consequences for our company, our employees, our suppliers and our industry and could result in delayed cash collections and/or have a material adverse effect on our financial position, results of operations and/or cash flows.

The Administration has issued numerous executive orders, including orders that direct executive departments and agencies to put in place a regulatory freeze on pending rules, to effectuate the repeal of any regulation that an agency determines is unlawful, to undertake a comprehensive overhaul of the Federal Acquisition Regulation and to reform the DoW defense acquisition process. Some of the Administration's executive orders are subject to ongoing court challenges. Implementation of certain of these executive orders could adversely affect our business or create a more challenging or costly regulatory, operating and economic environment. For example, on April 9, 2025, the President signed an executive order entitled Modernizing Defense Acquisitions and Spurring Innovation in the Defense Industrial Base. The executive order directs the Secretary of War to submit a plan for expediting DoW acquisitions that relies on existing authorities. According to the executive order, the plan, among other things, should include a first preference for commercial solutions and a general preference for Other Transaction Authority procurements. In addition, the executive order directs the DoW to review all major defense acquisition programs (MDAP). Any program that is more than 15% behind schedule or over cost based on the current Acquisition Program Baseline, unable to meet key performance parameters, or unaligned with the Secretary of War's mission priorities will be considered for potential cancellation. Implementation of this executive order, including changes in DoW priorities or regulations and results of the MDAP review, could lead to contract cancellations, disruptions and/or stop work orders, which could have a material adverse effect on our financial position, results of operations and/or cash flows.

In light of the ongoing conflicts and heightened global instability as well as political tensions and related legal challenges, we expect continued uncertainty in the global security, U.S. political, budget and regulatory environment. Initiatives to reduce governmental spending, federal budget and debt ceiling action, and further changes in U.S. government policy positions, including trade policy, tax policy and DoW policies or priorities, could materially impact defense spending broadly and the company's programs in particular.

B-21 Program

In 2015, the U.S. Air Force awarded Northrop Grumman the B-21 contract, which includes a base contract for engineering and manufacturing development (EMD) and five low-rate initial production (LRIP) options for a baseline total of 21 aircraft. The EMD phase of the program is largely cost type and began at contract award. The LRIP options are largely fixed price and are expected to continue to be awarded and executed through approximately the end of the decade. In addition to the five LRIP options, Northrop Grumman and the U.S. Air Force have established not to exceed (NTE) pricing for additional aircraft up to unit 40. The average NTE value for these subsequent lots is above the average unit price of the five LRIP lots, and the NTE lots include an economic price adjustment clause to help protect against certain inflationary pressures. Final terms, quantity, and pricing for these subsequent lots are not fully negotiated. We are in discussions with the U.S. Air Force regarding the potential for an accelerated production rate on the program. While the ultimate outcome of these discussions remains uncertain, we currently expect any agreement to accelerate production rate would require future investment by the company to expand production capacity along with the opportunity to earn improved returns on the LRIP and NTE phases of the program.

During the fourth quarter of 2023, we recognized a projected loss of $1.56 billion across the five LRIP options. During the first quarter of 2025, we recognized an additional $477 million loss across the five LRIP options. During the third quarter of 2025, we again reviewed our estimated profitability on the LRIP phase of the program and made no significant changes to the previously recognized loss. However, we experienced higher-than-expected costs to produce the EMD flight test aircraft, which increased our estimate to manufacture the LRIP units; this cost increase was largely offset by a reduction in our expected loss on the remaining LRIP lots due to a contract restructure that occurred during the third quarter of 2025.

The company's third quarter 2025 results reflect our current best estimate of cost to complete the LRIP and NTE aircraft, as well as the outcome of ongoing discussions with our suppliers. If our estimated cost to complete the aircraft changes, if we reach an agreement with the customer regarding an accelerated production rate, or if our assumptions regarding contract performance, quantities, supplier negotiations, or funding to mitigate the impact of macroeconomic disruptions are resolved more or less favorably than what we have estimated, our financial position, results of operations and/or cash flows could be materially affected.

Sentinel Program

In 2020, the U.S. Air Force awarded Northrop Grumman a $13.3 billion contract for the EMD phase of the Sentinel program. In January 2024, the U.S. Air Force provided congressional notification that the Sentinel program was under a Nunn-McCurdy breach review, which is required when total program cost estimates exceed certain defined thresholds. This notification, which had been driven primarily by increases in cost estimates for the Production and Deployment phases, commenced the process to achieve certification for continuance of the program and update its baseline cost estimates. We are currently executing under a cost-type contract for the EMD phase, and the Production and Deployment phases are yet to be priced and negotiated.

In July 2024, the Sentinel program was certified for continuation by the DoW upon completion of the Nunn-McCurdy breach review. In connection with the certification, the DoW directed that the program be restructured, including plans for infrastructure related to the command and launch segment, which was the main driver of the increased cost estimates for the Production and Deployment phases.

During the second quarter of 2025, we partnered with the U.S. Air Force in defining the preliminary execution framework necessary for successful restructure of the program. The program restructure will include a revision to the acquisition strategy, joint establishment of a new program baseline, and other critical preparation activities necessary to re-accomplish Milestone B approval. Based on this preliminary execution framework, we updated our estimated profitability on the program and recognized a $76 million favorable EAC adjustment during the second quarter of 2025 largely related to our expectations for achieving certain contract incentives.

During the third quarter of 2025, we reviewed our estimated profitability on the Sentinel program and made no significant changes. If our estimated cost to complete the restructured EMD effort or our expectations for achieving contract incentives are more or less favorable than what we have estimated, our financial position, results of operations and/or cash flows could be materially affected.

## CONSOLIDATED OPERATING RESULTS

For purposes of the operating results discussion below, we assess our performance using certain financial measures that are not calculated in accordance with GAAP. Organic sales is defined as 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.

We reconcile this non-GAAP financial measure to its most directly comparable GAAP financial measure below. This non-GAAP measure may not be defined and calculated by other companies in the same manner and should not be considered in isolation or as an alternative to operating results presented in accordance with GAAP.

Selected financial highlights are presented in the table below:

| | Three Months Ended September 30 | | % | Nine Months Ended September 30 | | % |
|---|---|---|---|---|---|---|
| *$ in millions, except per share amounts* | **2025** | 2024 | **Change** | **2025** | 2024 | **Change** |
| Sales | **$ 10,423** | $ 9,996 | **4 %** | **$ 30,242** | $ 30,347 | **— %** |
| Operating costs and expenses | **9,181** | 8,876 | **3 %** | **27,233** | 27,066 | **1 %** |
| *Operating costs and expenses as a % of sales* | ***88.1%*** | *88.8%* | | ***90.1%*** | *89.2%* | |
| Gain on sale of business | **—** | — | **NM** | 231 | — | **NM** |
| Operating income | **1,242** | 1,120 | **11 %** | **3,240** | 3,281 | **(1)%** |
| *Operating margin rate* | ***11.9%*** | *11.2%* | | ***10.7%*** | *10.8%* | |
| Federal and foreign income tax expense | **223** | 162 | **38 %** | **573** | 555 | **3 %** |
| *Effective income tax rate* | ***16.9%*** | *13.6%* | | ***17.2%*** | *16.0%* | |
| Net earnings | **1,100** | 1,026 | **7 %** | **2,755** | 2,910 | **(5)%** |
| Diluted earnings per share | **$ 7.67** | $ 7.00 | **10 %** | **$ 19.12** | $ 19.69 | **(3)%** |

**Sales**

The table below reconciles sales to organic sales:

| | Three Months Ended September 30 | | % | Nine Months Ended September 30 | | % |
|---|---|---|---|---|---|---|
| *$ in millions* | **2025** | 2024 | **Change** | **2025** | 2024 | **Change** |
| Sales | **$ 10,423** | $ 9,996 | **4 %** | **$ 30,242** | $ 30,347 | **— %** |
| Less: Training services sales | **—** | (70) | | **(112)** | (226) | |
| Organic sales | **$ 10,423** | $ 9,926 | **5 %** | **$ 30,130** | $ 30,121 | **— %** |

*Current Quarter*
Third quarter 2025 sales increased $427 million, or 4 percent, primarily driven by higher sales at Mission Systems, Defense Systems and Aeronautics Systems, partially offset by lower sales at Space Systems due, in part, to the wind-down of work on certain Space programs, as discussed in our segment operating results below.

*Year to Date*
Year to date 2025 sales were comparable with the prior year period and reflect higher sales at Mission Systems and Defense Systems, partially offset by lower sales at Space Systems due, in part, to the wind-down of work on certain Space programs.

See "Segment Operating Results" below for further information by segment and "Product and Service Analysis" for product and service detail. See Note 10 to the financial statements for information regarding the company's sales by customer type, contract type and geographic region for each of our segments.

**Operating Income and Margin Rate**
*Current Quarter*
Third quarter 2025 operating income increased $122 million, or 11 percent, primarily due to a $131 million increase in segment operating income. Operating margin rate increased to 11.9 percent from 11.2 percent principally due to a higher segment operating margin rate.

Third quarter 2025 general and administrative (G&A) costs as a percentage of sales decreased to 9.5 percent from 9.9 percent in the prior year period primarily due to higher sales.

*Year to Date*
Year to date 2025 operating income decreased $41 million, or 1 percent, due to a $287 million decrease in segment operating income, primarily driven by a $477 million loss provision recorded on the B-21 program at Aeronautics Systems in the first quarter of 2025, and a $128 million increase in non-divestiture-related unallocated corporate expense. These decreases were partially offset by higher operating income due to a $231 million pre-tax gain on sale for the training services divestiture and a $161 million increase in the FAS/CAS operating adjustment. Operating margin rate declined to 10.7 percent from 10.8 percent reflecting the items above.

Year to date 2025 G&A costs as a percentage of sales decreased to 9.9 percent from 10.4 percent in the prior year period primarily due to cost management.

See "Segment Operating Results" below for further information by segment. For information regarding product and service operating costs and expenses, see "Product and Service Analysis" below.

**Federal and Foreign Income Taxes**
On July 4, 2025, the One Big Beautiful Bill Act (OBBBA) was enacted. Key income tax-related provisions of the OBBBA include the repeal of mandatory capitalization of research and development expenditures under IRC Section 174 (reinstating full expensing beginning in 2025), extension of bonus depreciation, and revisions to international tax regimes. The company recognized the income tax effects of the OBBBA in its third quarter 2025 financial statements.

*Current Quarter*
Third quarter 2025 income tax expense increased $61 million, or 38 percent, due to a higher ETR and higher earnings before income taxes. The third quarter 2025 ETR increased to 16.9 percent from 13.6 percent primarily due to the prior year ETR reflecting a net reduction in tax reserves largely due to a federal court decision in 2024 as well as a reduction in research credits in the current year due to enactment of the OBBBA, partially offset by lower interest expense on unrecognized tax benefits.

*Year to Date*
Year to date 2025 income tax expense increased $18 million, or 3 percent, due to a higher ETR, which more than offset lower earnings before income taxes. The year to date 2025 ETR increased to 17.2 percent from 16.0 percent primarily due to the prior year ETR reflecting a net reduction in tax reserves largely due to a federal court decision in 2024 as well as additional income tax expense in the current year related to nondeductible goodwill in the divested training services business, partially offset by lower interest expense on unrecognized tax benefits.

See Note 4 to the financial statements for additional information.

**Net Earnings**
*Current Quarter*
Third quarter 2025 net earnings increased $74 million, or 7 percent, primarily due to the $122 million increase in operating income described above as well as a $62 million increase in returns on marketable securities, partially offset by a $61 million increase in income tax expense and a $32 million reduction in the non-operating FAS pension benefit.

*Year to Date*
Year to date 2025 net earnings decreased $155 million, or 5 percent, primarily due to a $100 million reduction in the non-operating FAS pension benefit, lower interest income on short-term investments, and the $41 million decrease in operating income described above, partially offset by a $78 million increase in returns on marketable securities.

**Diluted Earnings Per Share**
*Current Quarter*
Third quarter 2025 diluted earnings per share increased 10 percent, reflecting a 7 percent increase in net earnings and a 2 percent reduction in weighted-average diluted shares outstanding.

*Year to Date*
Year to date 2025 diluted earnings per share decreased 3 percent, reflecting a 5 percent decrease in net earnings and a 3 percent reduction in weighted-average diluted shares outstanding.

## SEGMENT OPERATING RESULTS

**Basis of Presentation**
The company is aligned in four operating sectors, which also comprise our reportable segments: Aeronautics Systems, Defense Systems, Mission Systems and Space Systems.

Effective July 1, 2024, the company realigned the SDS division, which includes the Sentinel program, from Space Systems to Defense Systems. Effective January 1, 2025, the company realigned the SSAS business unit from Defense Systems to Aeronautics Systems. These realignments are reflected in the financial information contained in this report.

**Operating Performance Assessment and Reporting**
This section discusses segment sales, operating income and operating margin rates. In evaluating segment operating performance, we look primarily at changes in sales and operating income. Where applicable, significant fluctuations in operating performance attributable to individual contracts or programs, or changes in a specific cost element across multiple contracts, are described in our analysis. Based on this approach and the nature of our operations, the discussion of results of operations below first focuses on our four segments before distinguishing between products and services. Changes in sales are generally described in terms of volume, while changes in margin rates are generally described in terms of performance and/or contract mix. For purposes of this discussion, volume generally refers to increases or decreases in sales or cost from production/service activity levels and performance generally refers to non-volume related changes in profitability. Contract mix generally refers to changes in the ratio of contract type and/or lifecycle (e.g., cost-type, fixed-price, development, production, and/or sustainment).

**Segment Operating Income and Margin Rate**

Segment operating income, as reconciled in the table below, and segment operating margin rate (segment operating income divided by sales) are non-GAAP measures that 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 (certain corporate-level expenses, which are not considered allowable or allocable under applicable FAR and CAS requirements, and costs not considered part of management’s evaluation of segment operating performance). These non-GAAP 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 may not be defined and calculated by other companies in the same manner and should not be considered in isolation or as alternatives to operating results presented in accordance with GAAP.

| *$ in millions* | Three Months Ended September 30 | | % Change | Nine Months Ended September 30 | | % Change |
|---|---|---|---|---|---|---|
| | **2025** | 2024 | | **2025** | 2024 | |
| Operating income | **$ 1,242** | $ 1,120 | **11 %** | **$ 3,240** | $ 3,281 | **(1)%** |
| *Operating margin rate* | ***11.9 %*** | *11.2 %* | | ***10.7 %*** | *10.8 %* | |
| **Reconciliation to segment operating income:** | | | | | | |
| CAS pension expense | **(122)** | (80) | **53 %** | **(356)** | (211) | **69 %** |
| FAS pension service expense | **55** | 60 | **(8)%** | **163** | 179 | **(9)%** |
| FAS/CAS operating adjustment | **(67)** | (20) | **235 %** | **(193)** | (32) | **503 %** |
| Gain on sale of business | **—** | — | **NM** | **(231)** | — | **NM** |
| Training services divestiture - unallowable state taxes and transaction costs | **—** | 2 | **NM** | **20** | 2 | **NM** |
| Intangible asset amortization and PP&E step-up depreciation | **21** | 23 | **(9)%** | **63** | 72 | **(13)%** |
| Other unallocated corporate expense | **81** | 21 | **286 %** | **165** | 28 | **489 %** |
| Unallocated corporate expense | **102** | 46 | **122 %** | **17** | 102 | **(83)%** |
| Segment operating income | **$ 1,277** | $ 1,146 | **11 %** | **$ 3,064** | $ 3,351 | **(9)%** |
| *Segment operating margin rate* | ***12.3 %*** | *11.5 %* | | ***10.1 %*** | *11.0 %* | |

*Current Quarter*

Third quarter 2025 segment operating income increased $131 million, or 11 percent, primarily due to higher operating income at Mission Systems and Defense Systems, partially offset by lower operating income at Space Systems. Segment operating margin rate increased to 12.3 percent from 11.5 percent due to higher operating margin rates at Mission Systems and Defense Systems, partially offset by lower operating margin rates at Space Systems and Aeronautics Systems.

*Year to Date*

Year to date 2025 segment operating income decreased $287 million, or 9 percent, due to lower operating income at Aeronautics Systems, primarily driven by a $477 million B-21 loss provision in the first quarter of 2025, and lower operating income at Space Systems, partially offset by higher operating income at Mission Systems and Defense Systems. Segment operating margin rate decreased to 10.1 percent from 11.0 percent primarily due to the B-21 loss provision, partially offset by higher operating margin rates at Defense Systems and Mission Systems.

FAS/CAS Operating Adjustment

The third quarter 2025 and year to date 2025 FAS/CAS operating adjustment reflects higher CAS pension expense largely driven by plan asset returns in prior years and changes in certain CAS actuarial assumptions as of December 31, 2024.

Unallocated Corporate Expense

*Current Quarter*

The change in third quarter 2025 unallocated corporate expense is primarily due to higher deferred state tax expense largely related to the repeal of mandatory capitalization of research and development expenditures under IRC Section 174 upon enactment of the OBBBA.

**NORTHROP GRUMMAN CORPORATION**

*Year to Date*
The change in year to date 2025 unallocated corporate expense is primarily due to a $231 million gain on the sale of our training services business, partially offset by an $18 million increase in unallowable state taxes and transaction costs associated with the divestiture. Non-divestiture-related unallocated corporate expense increased primarily due to higher deferred state tax expense largely related to the repeal of mandatory capitalization of research and development expenditures under IRC Section 174, as well as the prior year including a $26 million increase in our estimated recovery of certain environmental remediation costs.

*Net EAC Adjustments* - We record changes in estimated contract earnings at completion (net EAC adjustments) using the cumulative catch-up method of accounting. Net EAC adjustments can have a significant effect on segment operating income and margin rate.

The aggregate favorable and unfavorable EAC adjustments are presented in the table below:

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| *$ in millions* | **2025** | 2024 | **2025** | 2024 |
| Favorable EAC adjustments | **$ 433** | $ 369 | **$ 1,161** | $ 1,091 |
| Unfavorable EAC adjustments | **(352)** | (233) | **(1,054)** | (823) |
| Net EAC adjustments | **$ 81** | $ 136 | **$ 107** | $ 268 |

Net EAC adjustments by segment are presented in the table below:

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| *$ in millions* | **2025** | 2024 | **2025** | 2024 |
| Aeronautics Systems | **$ (66)** | $ 48 | **$ (225)** | $ 165 |
| Defense Systems | **35** | 10 | **141** | 45 |
| Mission Systems | **121** | 16 | **163** | 11 |
| Space Systems | **(5)** | 60 | **37** | 50 |
| Eliminations | **(4)** | 2 | **(9)** | (3) |
| Net EAC adjustments | **$ 81** | $ 136 | **$ 107** | $ 268 |

| **AERONAUTICS SYSTEMS** | Three Months Ended September 30 | | % | Nine Months Ended September 30 | | % |
|---|---|---|---|---|---|---|
| *$ in millions* | **2025** | 2024 | **Change** | **2025** | 2024 | **Change** |
| Sales | **$ 3,142** | $ 2,961 | **6 %** | **$ 9,070** | $ 9,065 | **— %** |
| Operating income | **305** | 309 | **(1)%** | **443** | 927 | **(52)%** |
| *Operating margin rate* | ***9.7 %*** | *10.4 %* | | ***4.9 %*** | *10.2 %* | |

**Sales**
*Current Quarter*
Third quarter 2025 sales increased $181 million, or 6 percent, primarily due to a $110 million increase on the E-130J TACAMO ("TACAMO") program as it ramps up and a $105 million increase on the F-35 program largely driven by materials volume, partially offset by a decrease on F/A-18 as production nears completion.

*Year to Date*
Year to date 2025 sales were comparable to the prior year period and reflect a $226 million increase on TACAMO as that program ramps and a $111 million increase on the F-35 program largely driven by materials volume, partially offset by lower sales on restricted programs, commercial aerostructures programs and on F/A-18 as production nears completion.

**Operating Income**
*Current Quarter*
Third quarter 2025 operating income decreased $4 million, or 1 percent, due to a lower operating margin rate, partially offset by higher sales. Operating margin rate decreased to 9.7 percent from 10.4 percent, primarily due to lower net contract margin adjustments.

*Year to Date*
Year to date 2025 operating income decreased $484 million and operating margin rate decreased to 4.9 percent primarily due to the previously described $477 million loss provision recorded on the LRIP phase of the B-21 program in the first quarter of 2025.

| **DEFENSE SYSTEMS** | Three Months Ended September 30 | | **% Change** | Nine Months Ended September 30 | | **% Change** |
|---|---|---|---|---|---|---|
| *$ in millions* | **2025** | 2024 | | **2025** | 2024 | |
| Sales | **$ 2,059** | $ 1,800 | **14 %** | **$ 5,855** | $ 5,396 | **9 %** |
| Less: Training services sales | **—** | (70) | | **(112)** | (226) | |
| Organic sales | **$ 2,059** | $ 1,730 | **19 %** | **$ 5,743** | $ 5,170 | **11 %** |
| Operating income | **$ 234** | $ 160 | **46 %** | **$ 666** | $ 507 | **31 %** |
| *Operating margin rate* | ***11.4 %*** | *8.9 %* | | ***11.4 %*** | *9.4 %* | |

**Sales**
*Current Quarter*
Third quarter 2025 sales increased $259 million, or 14 percent, primarily due to higher volume on armament programs, including military ammunition programs, increased volume from new awards across the Integrated Battle Command System (IBCS) program portfolio and higher sales on Sentinel. These increases were partially offset by a $70 million reduction in sales related to the training services divestiture.

*Year to Date*
Year to date 2025 sales increased $459 million, or 9 percent, primarily due to a $195 million increase in sales on Sentinel, higher volume on armament programs, including a $135 million increase on military ammunition programs, and increased volume from new awards across the IBCS program portfolio. These increases were partially offset by a $114 million reduction in sales related to the training services divestiture.

**Operating Income**
*Current Quarter*
Third quarter 2025 operating income increased $74 million, or 46 percent, primarily due to a higher operating margin rate and higher sales. Operating margin rate increased to 11.4 percent from 8.9 percent principally due to higher net EAC adjustments and changes in mix toward more fixed-price contracts.

*Year to Date*
Year to date 2025 operating income increased $159 million, or 31 percent, primarily due to a higher operating margin rate and higher sales. Operating margin rate increased to 11.4 percent from 9.4 percent principally due to higher net EAC adjustments, including a $76 million favorable EAC adjustment on the Sentinel program during the second quarter of 2025.

| **MISSION SYSTEMS** | Three Months Ended September 30 | | **% Change** | Nine Months Ended September 30 | | **% Change** |
|---|---|---|---|---|---|---|
| *$ in millions* | **2025** | 2024 | | **2025** | 2024 | |
| Sales | **$ 3,093** | $ 2,823 | **10 %** | **$ 9,057** | $ 8,255 | **10 %** |
| Operating income | **515** | 390 | **32 %** | **1,317** | 1,129 | **17 %** |
| *Operating margin rate* | ***16.7 %*** | *13.8 %* | | ***14.5 %*** | *13.7 %* | |

**Sales**
*Current Quarter*
Third quarter 2025 sales increased $270 million, or 10 percent, primarily due to higher sales on restricted advanced microelectronics programs, higher volume on marine systems programs and ramp-up on international ground-based radar programs.

*Year to Date*
Year to date 2025 sales increased $802 million, or 10 percent, primarily due to the timing of materials on restricted airborne radar programs, higher volume on marine systems programs, ramp-up on international ground-based radar programs and sales growth on the Scalable Agile Beam Radar (SABR) program.

**Operating Income**
*Current Quarter*
Third quarter 2025 operating income increased $125 million, or 32 percent, due to a higher operating margin rate and higher sales. Operating margin rate increased to 16.7 percent from 13.8 percent, principally due to higher net EAC adjustments, including a $68 million favorable EAC adjustment in the restricted advanced microelectronics portfolio largely driven by program efficiencies and risk mitigations.

*Year to Date*
Year to date 2025 operating income increased $188 million, or 17 percent, primarily due to higher sales and a higher operating margin rate. Operating margin rate increased to 14.5 percent from 13.7 percent, primarily due to higher net EAC adjustments, including the $68 million favorable EAC adjustment in the restricted advanced microelectronics portfolio described above, partially offset by investments made by the sector in connection with restricted business opportunities during the first quarter of 2025 and changes in mix toward more cost-type contracts.

| **SPACE SYSTEMS** | Three Months Ended September 30 | | % | Nine Months Ended September 30 | | % |
|---|---|---|---|---|---|---|
| *$ in millions* | **2025** | 2024 | **Change** | **2025** | 2024 | **Change** |
| Sales | **$ 2,698** | $ 2,870 | **(6)%** | **$ 7,912** | $ 9,021 | **(12)%** |
| Operating income | **298** | 345 | **(14)%** | **861** | 979 | **(12)%** |
| *Operating margin rate* | ***11.0 %*** | *12.0 %* | | ***10.9 %*** | *10.9 %* | |

**Sales**
*Current Quarter*
Third quarter 2025 sales decreased $172 million, or 6 percent, primarily due to wind-down of work on the restricted space and Next Generation Interceptor (NGI) programs, which reduced sales by $124 million, as well as lower volume on Space Development Agency (SDA) satellite programs. These decreases were partially offset by a $100 million increase for Commercial Resupply Services (CRS) missions.

*Year to Date*
Year to date 2025 sales decreased $1.1 billion, or 12 percent, primarily due to wind-down of work on the restricted space and NGI programs, which reduced sales by $635 million, as well as a $195 million decrease for SDA satellite programs. The decrease was also driven by lower volume on other restricted space programs and the Space Launch System (SLS) Booster, Next Gen Polar (NGP) and Ground-Based Midcourse Defense (GMD) programs, partially offset by higher volume on GEM 63 as that program ramps.

**Operating Income**
*Current Quarter*
Third quarter 2025 operating income decreased $47 million, or 14 percent, primarily due to a lower operating margin rate and lower sales. Operating margin rate decreased to 11.0 percent from 12.0 percent principally due to lower net EAC adjustments, including a prior year $39 million favorable EAC adjustment on the Habitation and Logistics Outpost program, partially offset by sales growth on programs with accretive margin rates.

*Year to Date*
Year to date 2025 operating income decreased $118 million, or 12 percent, due to lower sales. Operating margin rate of 10.9 percent was comparable with the prior year period.

NORTHROP GRUMMAN CORPORATION

## PRODUCT AND SERVICE ANALYSIS

The following table presents product and service sales and operating costs and expenses by segment:

| *$ in millions* | Three Months Ended September 30 | | | | Nine Months Ended September 30 | | | |
|---|---|---|---|---|---|---|---|---|
| | **2025** | | 2024 | | **2025** | | 2024 | |
| **Segment Information:** | **Sales** | **Operating Costs and Expenses** | Sales | Operating Costs and Expenses | **Sales** | **Operating Costs and Expenses** | Sales | Operating Costs and Expenses |
| **Aeronautics Systems** | | | | | | | | |
| Product | **$ 2,296** | **$ 2,108** | $ 2,170 | $ 1,956 | **$ 6,715** | **$ 6,575** | $ 6,676 | $ 6,043 |
| Service | **804** | **690** | 758 | 666 | **2,234** | **1,940** | 2,290 | 2,007 |
| Intersegment eliminations | **42** | **39** | 33 | 30 | **121** | **112** | 99 | 88 |
| Total Aeronautics Systems | **3,142** | **2,837** | 2,961 | 2,652 | **9,070** | **8,627** | 9,065 | 8,138 |
| **Defense Systems** | | | | | | | | |
| Product | **1,657** | **1,483** | 1,392 | 1,269 | **4,639** | **4,117** | 4,128 | 3,764 |
| Service | **351** | **297** | 365 | 333 | **1,067** | **940** | 1,138 | 1,011 |
| Intersegment eliminations | **51** | **45** | 43 | 38 | **149** | **132** | 130 | 114 |
| Total Defense Systems | **2,059** | **1,825** | 1,800 | 1,640 | **5,855** | **5,189** | 5,396 | 4,889 |
| **Mission Systems** | | | | | | | | |
| Product | **2,203** | **1,825** | 2,014 | 1,747 | **6,398** | **5,500** | 5,793 | 5,037 |
| Service | **551** | **466** | 534 | 451 | **1,644** | **1,383** | 1,613 | 1,372 |
| Intersegment eliminations | **339** | **287** | 275 | 235 | **1,015** | **857** | 849 | 717 |
| Total Mission Systems | **3,093** | **2,578** | 2,823 | 2,433 | **9,057** | **7,740** | 8,255 | 7,126 |
| **Space Systems** | | | | | | | | |
| Product | **2,213** | **1,980** | 2,363 | 2,077 | **6,396** | **5,702** | 7,520 | 6,706 |
| Service | **348** | **297** | 400 | 351 | **1,149** | **1,021** | 1,189 | 1,056 |
| Intersegment eliminations | **137** | **123** | 107 | 97 | **367** | **328** | 312 | 280 |
| Total Space Systems | **2,698** | **2,400** | 2,870 | 2,525 | **7,912** | **7,051** | 9,021 | 8,042 |
| **Segment Totals** | | | | | | | | |
| Total Product | **$ 8,369** | **$ 7,396** | $ 7,939 | $ 7,049 | **$ 24,148** | **$ 21,894** | $ 24,117 | $ 21,550 |
| Total Service | **2,054** | **1,750** | 2,057 | 1,801 | **6,094** | **5,284** | 6,230 | 5,446 |
| **Total Segment[(1)]** | **$ 10,423** | **$ 9,146** | $ 9,996 | $ 8,850 | **$ 30,242** | **$ 27,178** | $ 30,347 | $ 26,996 |

[(1)] A reconciliation of segment operating income to total operating income is included in “Segment Operating Results.”

**Product Sales and Costs**

*Current Quarter*

Third quarter 2025 product sales increased $430 million, or 5 percent, primarily due to higher volume on military ammunition programs, the IBCS program portfolio and Sentinel at Defense Systems, higher sales on restricted advanced microelectronics, marine systems and international ground-based radar programs at Mission Systems, and higher volume on TACAMO and F-35 at Aeronautics Systems. These increases were partially offset by wind-down of work on the restricted space and NGI programs and lower volume on SDA satellite programs at Space Systems.

Third quarter 2025 product costs increased $347 million, or 5 percent, consistent with the higher product sales described above.

*Year to Date*
Year to date 2025 product sales were comparable to the prior year and reflect higher sales on restricted airborne radar, marine systems and international ground-based radar programs at Mission Systems and higher volume on Sentinel, military ammunition programs and the IBCS program portfolio at Defense Systems, partially offset by wind-down of work on the restricted space and NGI programs and lower volume on SDA satellite programs at Space Systems.

Year to date 2025 product costs increased $344 million, or 2 percent, reflecting a lower operating margin rate principally due to the $477 million loss provision recorded on the B-21 program at Aeronautics Systems in the first quarter of 2025, partially offset by higher net EAC adjustments at Defense Systems largely driven by Sentinel.

**Service Sales and Costs**
*Current Quarter*
Third quarter 2025 service sales were comparable to the prior year and reflect lower restricted sales at Space Systems, partially offset by higher volume on aircraft sustainment services at Aeronautics Systems.

Third quarter 2025 service costs decreased $51 million, or 3 percent, reflecting a higher operating margin rate principally driven by higher net EAC adjustments across Defense Systems and Aeronautics Systems service programs.

*Year to Date*
Year to date 2025 service sales decreased $136 million, or 2 percent, primarily due to lower service volume at Defense Systems due to the training services divestiture and lower restricted sales at Aeronautics Systems.

Year to date 2025 service costs decreased $162 million, or 3 percent, reflecting a higher operating margin rate principally driven by higher net EAC adjustments across Aeronautics Systems, Mission Systems and Defense Systems service programs.

## BACKLOG

Backlog consisted of the following as of September 30, 2025 and December 31, 2024:

| | September 30, 2025 | | | December 31, 2024 | |
|---|---|---|---|---|---|
| *$ in millions* | **Funded** | **Unfunded** | **Total Backlog** | Total Backlog | % Change in 2025 |
| Aeronautics Systems | **$ 10,912** | **$ 11,538** | **$ 22,450** | $ 25,202 | **(11)%** |
| Defense Systems | **8,643** | **18,455** | **27,098** | 26,614 | **2 %** |
| Mission Systems | **12,311** | **5,886** | **18,197** | 16,443 | **11 %** |
| Space Systems | **7,100** | **16,603** | **23,703** | 23,209 | **2 %** |
| Total backlog | **$ 38,966** | **$ 52,482** | **$ 91,448** | $ 91,468 | **— %** |

Third quarter and year to date 2025 net awards totaled $12.2 billion and $30.4 billion, respectively. Backlog totaled $91.4 billion and reflects a $150 million reduction to backlog in connection with the training services divestiture during the second quarter of 2025. Significant third quarter new awards include $4.5 billion for restricted programs (primarily at Space Systems, Mission Systems and Aeronautics Systems), $1.8 billion for Ground-Based Midcourse Defense Weapon System (GWS), $0.5 billion for F-35 (primarily at Aeronautics Systems and Mission Systems), and $0.4 billion for Virginia Class submarines.

## LIQUIDITY AND CAPITAL RESOURCES

We are focused on the efficient conversion of operating income into cash to provide for the company’s material cash requirements, including working capital needs, satisfaction of contractual commitments, funding of our pension and OPB plans, investment in our business through capital expenditures, and shareholder return through dividend payments and share repurchases.

At September 30, 2025, we had $2.0 billion in cash and cash equivalents. We expect cash and cash equivalents and cash generated from operating activities, supplemented by borrowings under credit facilities, commercial paper and/or in the capital markets through our shelf registration with the SEC, if needed, to be sufficient to provide liquidity to the company in the short-term and long-term. In September 2025, the company entered into a new five-year senior unsecured revolving credit facility in an aggregate principal amount of $3.0 billion. The 2025 Credit Agreement replaced the company’s prior five-year, $2.5 billion revolving credit facility entered into in August 2022.

In April 2025, we renewed our one-year $500 million uncommitted credit facility. At September 30, 2025, there were no borrowings outstanding under these credit facilities. In May 2025, we issued $1.0 billion of unsecured senior notes for general corporate purposes, including debt repayment, share repurchases, and working capital.

**Cash Flow Measures**

In addition to our cash position, we consider various cash flow measures in capital deployment decision-making, including cash provided by operating activities and free cash flow, a non-GAAP measure described in more detail below.

**Operating Cash Flow**

The table below summarizes key components of cash provided by operating activities:

| | Nine Months Ended September 30 | | % |
|---|---|---|---|
| *$ in millions* | **2025** | 2024 | **Change** |
| Net earnings | **$ 2,755** | $ 2,910 | **(5)%** |
| B-21 loss provision | **477** | — | **NM** |
| Gain on sale of business | **(231)** | — | **NM** |
| Non-cash items[1] | **1,219** | 302 | **304 %** |
| Pension and OPB contributions | **(94)** | (93) | **1 %** |
| Changes in trade working capital | **(3,227)** | (1,346) | **140 %** |
| Other, net | **(39)** | 37 | **NM** |
| Net cash provided by operating activities | **$ 860** | $ 1,810 | **(52)%** |

[1] Includes depreciation and amortization, stock based compensation expense, deferred income taxes and net periodic pension and OPB income.

Year to date 2025 net cash provided by operating activities decreased $950 million as compared with the same period in 2024, primarily due to $1.0 billion of higher net cash taxes, due, in part, to a $500 million federal tax refund received in the prior year. Higher cash earnings were offset by increased trade working capital largely driven by the timing of collections and advance payments.

**Free Cash Flow**

Free cash flow, as reconciled in the table below, is a non-GAAP measure defined as net cash provided by or used in operating activities less capital expenditures, and may not be defined and calculated by other companies in the same manner. 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 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.

The table below reconciles net cash provided by operating activities to free cash flow:

| | Nine Months Ended September 30 | | % |
|---|---|---|---|
| *$ in millions* | **2025** | 2024 | **Change** |
| Net cash provided by operating activities | **$ 860** | $ 1,810 | **(52)%** |
| Capital expenditures | **(788)** | (951) | **(17)%** |
| Free cash flow | **$ 72** | $ 859 | **(92)%** |

Year to date 2025 free cash flow decreased $787 million as compared with the same period in 2024 due to a $950 million decrease in net cash provided by operating activities, partially offset by a $163 million reduction in capital expenditures.

**Investing Cash Flow**

Year to date 2025 net cash used in investing activities decreased $460 million, or 48 percent, as compared with the same period in 2024 principally due to $333 million in proceeds from the sale of the training services business as well as lower capital expenditures.

**Financing Cash Flow**
Year to date 2025 net cash used in financing activities increased $2.1 billion, or 331 percent, as compared with the same period in 2024, primarily due to a $3.0 billion net decrease in cash from long-term debt, partially offset by a $905 million decrease in share repurchases.

*Credit Facilities, Commercial Paper and Financial Arrangements* - See Note 7 to the financial statements for further information on our credit facilities, commercial paper and our use of standby letters of credit and guarantees.

*Share Repurchases* - See Note 2 to the financial statements for further information on our share repurchase programs.

*Long-term Debt* - See Note 5 to the financial statements for further information.

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

There have been no material changes to our critical accounting policies and estimates from those discussed in our 2024 Annual Report on Form 10-K.

## ACCOUNTING STANDARDS UPDATES

See Note 1 to our financial statements for further information on accounting standards updates.

## FORWARD-LOOKING STATEMENTS AND PROJECTIONS

This Form 10-Q and the information we are incorporating by reference 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 our 2024 Annual Report on Form 10-K 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 report is first filed 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.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

There have been no material changes to our market risks from those discussed in our 2024 Annual Report on Form 10-K.

## Item 4. Controls and Procedures

### DISCLOSURE CONTROLS AND PROCEDURES

Our principal executive officer (Chair, Chief Executive Officer and President) and principal financial officer (Corporate Vice President and Chief Financial Officer) have evaluated the company’s disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Securities Exchange Act of 1934 (the Exchange Act)) as of September 30, 2025, and have concluded that these controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. These disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports that we file or submit is accumulated and communicated to management, including the principal executive officer and the principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

### CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

During the three months ended September 30, 2025, no changes occurred in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings

We have provided information about certain legal proceedings in which we are involved in Notes 6 and 7 to the financial statements.

We are a party to various investigations, lawsuits, arbitration, claims, enforcement actions and other legal proceedings, including government investigations and claims, that arise in the ordinary course of our business. These types of matters could result in administrative, civil or criminal fines, penalties or other sanctions (which terms include judgments or convictions and consent or other voluntary decrees or agreements); compensatory, treble or other damages; non-monetary relief; or other liabilities. Government regulations provide that certain allegations against a contractor may lead to suspension or debarment from future government contracts or suspension of export privileges for the company or one or more of its components. The nature of legal proceedings is such that we cannot assure the outcome of any particular matter. For additional information on pending matters, please see Notes 6 and 7 to the financial statements, and for further information on the risks we face from existing and future investigations, lawsuits, arbitration, claims, enforcement actions and other legal proceedings, please see "Risk Factors" in our 2024 Annual Report on Form 10-K.

Consistent with SEC Regulation S-K Item 103, we have elected to disclose those environmental proceedings with a governmental entity as a party where the company reasonably believes such proceeding would result in monetary sanctions, exclusive of interest and costs, of $1.0 million or more.

### Item 1A. Risk Factors

For a discussion of our risk factors please see the section entitled "Risk Factors" in our 2024 Annual Report on Form 10-K.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The table below summarizes our repurchases of common stock during the three months ended September 30, 2025.

| Period | Total Number of Shares Purchased | Average Price Paid per Share[1] | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Approximate Dollar Value of Shares that May Yet Be Purchased under the Plans or Programs ($ in millions) |
|---|---|---|---|---|
| June 28, 2025 - July 25, 2025 | 131,870 | $ 520.37 | 131,870 | $ 3,198 |
| July 26, 2025 - August 22, 2025 | 158,515 | $ 581.62 | 158,515 | 3,106 |
| August 23, 2025 - September 26, 2025 | 196,899 | $ 580.88 | 196,899 | 2,992 |
| Total | 487,284 | $ 564.74 | 487,284 | $ 2,992 |

[1] Excludes commissions paid and other costs of execution, including taxes.

Share repurchases take place from time to time, subject to market and regulatory conditions and management's discretion, in the open market or in privately negotiated transactions. The company retires its common stock upon repurchase and, in the periods presented, has not made any purchases of common stock other than in connection with these publicly announced repurchase programs.

See Note 2 to the financial statements for further information on our share repurchase programs.

**NORTHROP GRUMMAN CORPORATION**

**Item 5. Other Information**

Consistent with Item 408 of Regulation S-K, the following table reflects Rule 10b5-1 trading arrangements and non-Rule 10b5-1 trading arrangements (as defined in Item 408) entered into by any director or officer (as defined in Rule 16a-1(f) of the Exchange Act) during the quarter ended September 30, 2025.

| Name (Title) | Type of Trading Arrangement | Date of Adoption | Expiration Date of Trading Arrangement | Aggregate Number of Securities to Be Purchased or Sold |
|---|---|---|---|---|
| Kathy J. Warden (Chair, Chief Executive Officer and President) | Rule 10b5-1 Trading Arrangement | September 2, 2025 | February 2, 2026 or such earlier date upon the completion of all trades under the plan or the occurrence of such other termination events as specified in the plan. | Sale of 10,000 shares of common stock |
| Mark A. Welsh III (Director) | Rule 10b5-1 Trading Arrangement | August 23, 2025 | August 7, 2026 or such earlier date upon the completion of all trades under the plan or the occurrence of such other termination events as specified in the plan. | Sale of 382 shares of common stock |

**NORTHROP GRUMMAN CORPORATION**

**Item 6. Exhibits**

| | |
|---|---|
| 10.1 | Credit Agreement, dated as of September 2, 2025, among Northrop Grumman Corporation, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 to Form 8-K filed September 2, 2025, File No. 001-16411) |
| *15 | Letter from Independent Registered Public Accounting Firm |
| *31.1 | Certification of Kathy J. Warden pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| *31.2 | Certification of Kenneth B. Crews pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| **32.1 | Certification of Kathy J. Warden pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| **32.2 | Certification of Kenneth B. Crews pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| *101 | Northrop Grumman Corporation Quarterly Report on Form 10-Q for the quarter ended September 30, 2025, formatted as inline XBRL (Extensible Business Reporting Language): (i) the Cover Page, (ii) Condensed Consolidated Statements of Earnings and Comprehensive Income, (iii) Condensed Consolidated Statements of Financial Position, (iv) Condensed Consolidated Statements of Cash Flows, (v) Condensed Consolidated Statements of Changes in Shareholders' Equity, (vi) Notes to Condensed Consolidated Financial Statements, and (vii) Other Information. The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. |
| *104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) |

| | |
|---|---|
| * | Filed with this report |
| ** | Furnished with this report |

**NORTHROP GRUMMAN CORPORATION**

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NORTHROP GRUMMAN CORPORATION
(Registrant)

By: **/s/ Michael A. Hardesty**

Michael A. Hardesty
Corporate Vice President, Controller and
Chief Accounting Officer
(Principal Accounting Officer)

Date: October 20, 2025

**NORTHROP GRUMMAN CORPORATION**

**EXHIBIT 15**

**LETTER FROM INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

October 20, 2025

The Board of Directors and Shareholders of Northrop Grumman Corporation

Northrop Grumman Corporation
2980 Fairview Park Drive
Falls Church, Virginia 22042

We are aware that our report dated October 20, 2025, on our review of the interim financial information of Northrop Grumman Corporation and subsidiaries appearing in this Quarterly Report on Form 10-Q for the quarter ended September 30, 2025, is incorporated by reference in Registration Statement Nos. 033-59815, 033-59853, 333-67266, 333-100179, 333-107734, 333-121104, 333-125120, 333-127317, 333-175798, 333-273482, and 333-281008 on Form S-8, 333-270497 on Form S-3, and 333-264549 on Form S-4.

/s/ Deloitte & Touche LLP
McLean, Virginia

**NORTHROP GRUMMAN CORPORATION**

**EXHIBIT 31.1**

**CERTIFICATION PURSUANT TO**
**SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Kathy J. Warden, certify that:

1. I have reviewed this report on Form 10-Q of Northrop Grumman Corporation ("company");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the company's internal control over financial reporting that occurred during the company's most recent fiscal quarter (the company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: October 20, 2025

**/s/ Kathy J. Warden**
Kathy J. Warden
Chair, Chief Executive Officer and President

**NORTHROP GRUMMAN CORPORATION**

**EXHIBIT 31.2**

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Kenneth B. Crews, certify that:

1. I have reviewed this report on Form 10-Q of Northrop Grumman Corporation ("company");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the company's internal control over financial reporting that occurred during the company's most recent fiscal quarter (the company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: October 20, 2025

**/s/ Kenneth B. Crews**

Kenneth B. Crews

Corporate Vice President and Chief Financial Officer

**NORTHROP GRUMMAN CORPORATION**

**EXHIBIT 32.1**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350,**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Northrop Grumman Corporation (the "company") on Form 10-Q for the period ended September 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kathy J. Warden, Chair, Chief Executive Officer and President of the company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the company.

Date: October 20, 2025

**/s/ Kathy J. Warden**
Kathy J. Warden
Chair, Chief Executive Officer and President

**NORTHROP GRUMMAN CORPORATION**

**EXHIBIT 32.2**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350,**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Northrop Grumman Corporation (the “company”) on Form 10-Q for the period ended September 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Kenneth B. Crews, Corporate Vice President and Chief Financial Officer of the company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the company.

Date: October 20, 2025

**/s/ Kenneth B. Crews**

Kenneth B. Crews

Corporate Vice President and Chief Financial Officer