

Fourth Quarter 2025 Conference Call

Kathy Warden
Chair, Chief Executive Officer
and President

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Corporate Vice President
and Chief Financial Officer

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Pictured: Project Talon - the Uncrewed Wingman

January 27, 2026

Forward-Looking Statements



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

Forward-looking statements include, among other things, statements relating to our future financial condition, results of operations and/or cash flows, including financial guidance, outlook, trends, expectations and other forward-looking statements for 2026 and beyond.

Forward-looking statements are based upon assumptions, expectations, plans and projections that we believe to be reasonable when made, but which may change over time. These statements are not guarantees of future performance and inherently involve a wide range of risks and uncertainties that are difficult to predict. Specific risks that could cause actual results to differ materially from those expressed or implied in these forward-looking statements include, but are not limited to, those identified and discussed more fully in the section entitled "Risk Factors" in the Form 10-K for the year ended December 31, 2025, and from time to time in our other filings with the Securities and Exchange Commission (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, U.S. Department of War (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 and preferences 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, 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
- 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
- natural disasters, epidemics, pandemics and similar outbreaks and other significant disruptions
- products and services we provide related to hazardous and high risk operations, including the production and use of such products, which subject us to various environmental, regulatory, financial, reputational and other risks
- our ability appropriately to protect and exploit intellectual property rights

General and Other Risk Factors

- the adequacy and availability of, and ability to obtain, insurance coverage, customer indemnifications or other liability protections
- the future investment performance of plan assets, gains or losses associated with changes in valuation of marketable securities related to our non-qualified benefit plans, changes in actuarial assumptions associated with our pension and other postretirement benefit plans and legislative or other regulatory actions impacting our pension and postretirement benefit obligations
- changes in business conditions that could impact business investments and/or recorded goodwill or the value of other long-lived assets, and other potential future liabilities

You are urged to consider the limitations on, and risks associated with, forward-looking statements and not unduly rely on the accuracy of forward-looking statements. These forward-looking statements speak only as of the date this presentation is first issued or, in the case of any document incorporated by reference, the date of that document. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

This presentation also contains non-GAAP financial measures. A reconciliation to the nearest GAAP measure and a discussion of the company's use of these measures are included in this presentation.

Enterprise Summary



Robust global demand resulted in a new record backlog of \$95.7 billion



Full year 2025 organic sales¹ up 3% to \$42.0 billion, including international growth of 20%
Generated \$3.3 billion of 2025 free cash flow¹



Continue to invest at leading rates in technology development and defense industrial base
Over the past five years the company has invested ~4% of sales in capex, totalling nearly ~\$8 billion



Expect 2026 sales between \$43.5 billion and \$44.0 billion, up mid-single digits²

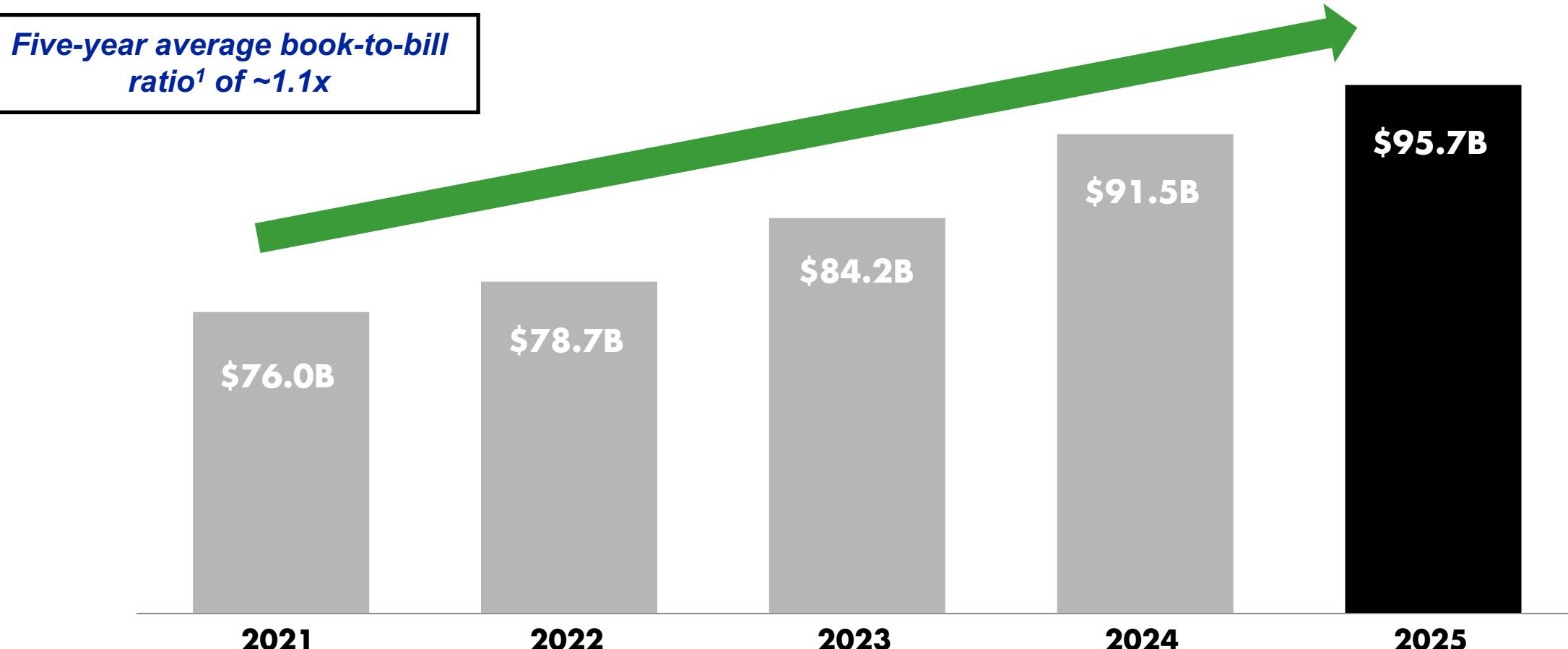
Investments in our business and strong demand paves the way for ongoing growth and value creation

1. Non-GAAP financial measure. See Appendix.

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

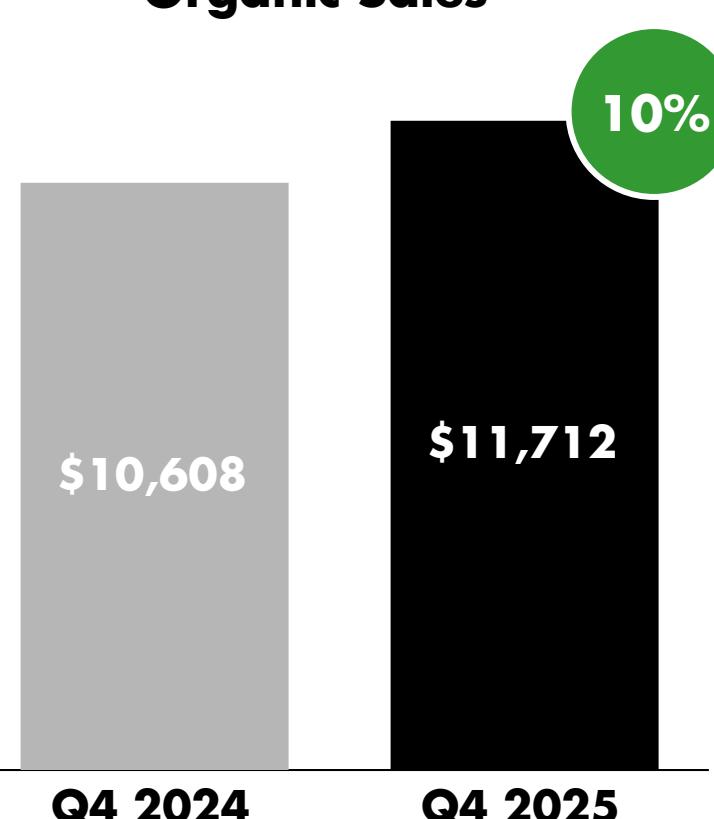
Backlog

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2025 Backlog grew to record \$95.7 billion

1. Book to Bill ratio defined as net awards divided by sales.



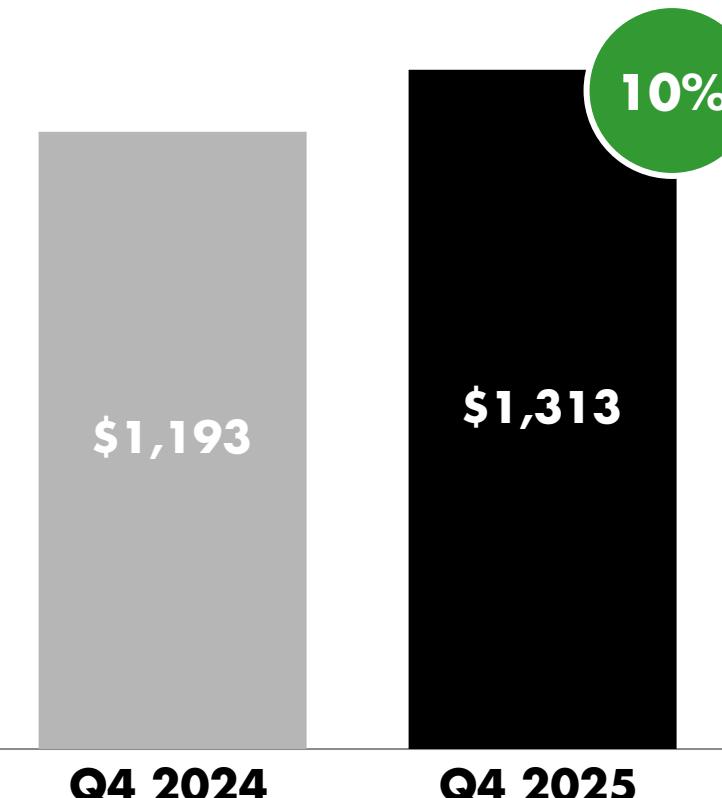
(\$M)	Three Months Ended December 31		
	2024	2025	▲%
Aeronautics Systems	\$3,331	\$3,922	18%
Defense Systems	2,003	2,147	7%
Organic Sales ¹ Defense Systems	1,925	2,147	12%
Mission Systems	3,144	3,449	10%
Space Systems	2,710	2,859	5%
Intersegment Eliminations	(502)	(665)	
Total Sales	\$10,686	\$11,712	10%
Less: Training Services Sales	\$(78)	\$—	
Total Organic Sales¹	\$10,608	\$11,712	10%

Fourth-quarter sales increased by 10%, driven by growth across all segments

1. Non-GAAP financial measure. See Appendix.

Q4 Segment Operating Income¹

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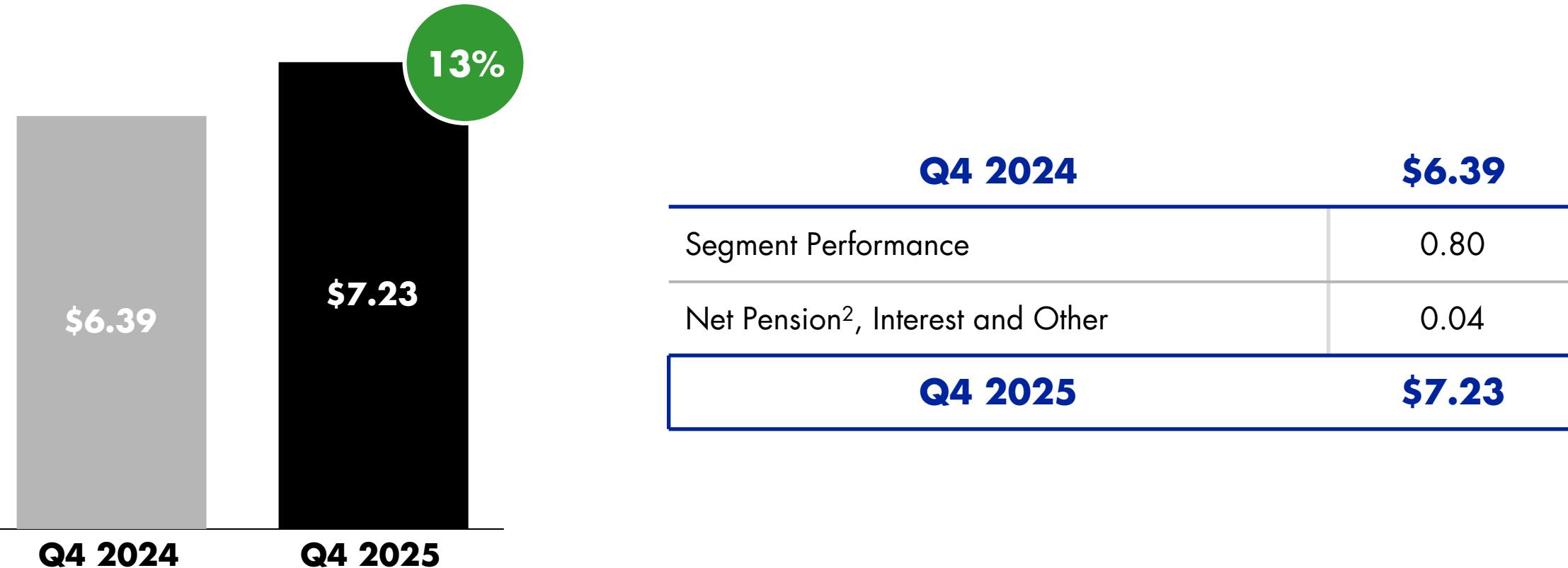
(\$M)	Three Months Ended December 31		
	2024	2025	▲%
Aeronautics Systems	\$309	\$370	20%
Defense Systems	209	205	(2)%
Mission Systems	469	510	9%
Space Systems	275	322	17%
Intersegment Eliminations	(69)	(94)	
Total	\$1,193	\$1,313	10%

Segment operating income¹ grew by double digits, reflecting strong performance across the portfolio

1. Non-GAAP financial measure. See Appendix.

Q4 MTM-adjusted EPS¹ Bridge

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Earnings per share increase driven by continued strong segment performance

1. Non-GAAP financial measure. See Appendix.

2. Net Pension tax effected on a 21% federal statutory tax rate and a 5.25% blended state tax rate.

Note: Year over year benefit from share reduction embedded in individual items, tax effected at 21%.

2026 Company Level Guidance¹



(\$M), except per share amounts

As of 1/27/2026

Sales

\$43,500 – \$44,000

Segment operating income²

\$4,850 – \$5,000

MTM-adjusted EPS²

\$27.40 – \$27.90

Free cash flow²

\$3,100 – \$3,500

2026 guidance projects mid-single digit sales growth and strong free cash flow² generation

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

2. Non-GAAP financial measure. See Appendix.

2026 Segment Guidance¹

As of 1/27/2026

	Sales (\$B)	OM Rate %
Aeronautics Systems	Mid \$13	Low to Mid 9%
Defense Systems	Mid to High \$8	~10%
Mission Systems	High \$12	High 14%
Space Systems	~\$11	~11%
Intersegment Eliminations	~(\$2.4)	High 13%

Broad based growth expected across all segments in 2026

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

Pension Estimates¹ as of 1/27/2026



(\$M)	2025 Actual	2026E	2027E	2028E
Actual / Expected Return on Plan Assets	11.3%	7.5%		→
Discount Rate	5.58%	5.58%		→
Required Funding	99	~100		→
Mark-to-Market Pension & OPB Income	527			

(\$M)	2025 Actual	2026E	2027E	2028E
CAS Pension Expense	475	~245	~90	~60
FAS Pension Service Expense	(217)	~(210)	~(195)	~(180)
FAS / CAS Operating Adjustment	258	~35	~(105)	~(120)
Non-Operating FAS Pension Benefit	541	~665	~685	~705
Total Net FAS / CAS Pension Adjustment	799	~700	~580	~585

Minimum funding required over next several years due to strong pension funding status of 106%

Strong 2025 financial results that met or exceeded company level guidance

Enduring global demand and record backlog position the company for sustainable growth

Purpose built portfolio with strategic alignment to global defense priorities

Industry leading capital investments in defense industrial base enables long-term value creation

Delivering new innovations & capacity with speed to meet the evolving needs of the warfighter

Appendix

2026 Supplemental Guidance¹



(\$M)	As of 1/27/2026
Total Net FAS/CAS pension adjustment²	~\$700
Unallocated corporate expense:	
Intangible asset amortization and PP&E step-up depreciation	~\$(65)
Other items	~\$(280)
Operating income	\$4,540 – \$4,690
Interest expense	~\$(620)
Effective tax rate %	Low to Mid 17%
Weighted average diluted shares outstanding	Mid 142
Capital expenditures	~\$1,650

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

2. Total Net FAS/CAS pension adjustment is presented as a single amount and includes \$245 million of expected CAS pension expense and \$210 million of FAS pension service expense, both of which are reflected in operating income. Non-operating FAS pension benefit of \$665 million is reflected below operating income, and the total net FAS/CAS pension adjustment is \$700 million.

Pension Sensitivities as of 1/27/2026

Mark to Market / Net Pension Liability¹		Inc/(Dec) to Expense (\$M)	
Discount Rate²	+25 bps	~(630)	
	-25 bps		~670
Plan asset returns		+100 bps	~(300)
Plan asset returns	-100 bps	~300	
FAS Pension Service Expense		Inc/(Dec) to Expense (\$M)	
Discount Rate²	+25 bps	~(6)	
	-25 bps		~6
Plan asset returns		+100 bps	N/A
Plan asset returns	-100 bps	N/A	
Non-Operating FAS Pension Benefit		Inc/(Dec) to Expense (\$M)	
Discount Rate²	+25 bps	~35	
	-25 bps		~(35)
Plan asset returns		+100 bps	~(23)
Plan asset returns	-100 bps	~23	

1. From 2025 discount rate of 5.58% and assumed net pension returns of 7.5%.

2. Assumes discount rate and cash balance crediting rate are linked.

Note: CAS costs not directly impacted in the short term by changes in discount rate.

Non-GAAP Definitions



Non-GAAP Financial Measures Disclosure: This presentation contains non-GAAP (accounting principles generally accepted in the United States of America) financial measures, as defined by SEC Regulation G and indicated by a footnote in this presentation. Definitions for the non-GAAP measures are provided below and reconciliations are provided in this presentation, except that reconciliations of forward-looking non-GAAP measures are not provided because the company is unable to provide such reconciliations without unreasonable effort due to the uncertainty and inherent difficulty of predicting the occurrence and financial impact of certain items, including, but not limited to, the impact of any mark-to-market pension adjustment. Other companies may define these measures differently or may utilize different non-GAAP measures.

MTM-adjusted net earnings: Net earnings excluding MTM benefit (expense) and related tax impacts. This measure may be useful to investors and other users of our financial statements as a supplemental measure in evaluating the company's underlying financial performance by presenting the company's operating results before the non-operational impact of pension and OPB actuarial gains and losses. This measure is also consistent with how management views the underlying performance of the business as the impact of MTM accounting is not considered in management's assessment of the company's operating performance or in its determination of incentive compensation awards.

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

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

Free cash flow: Net cash provided by or used in operating activities less capital expenditures. We use free cash flow as a key factor in our planning for, and consideration of, acquisitions, the payment of dividends and stock repurchases. This measure may be useful to investors and other users of our financial statements as a supplemental measure of our cash performance, but should not be considered in isolation, as a measure of residual cash flow available for discretionary purposes, or as an alternative to operating cash flows presented in accordance with GAAP.

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

Non-GAAP Reconciliations

Segment Operating Income and Margin Rate

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(\$M)	Three Months Ended December 31		Year Ended December 31	
	2024	2025	2024	2025
Total sales	\$10,686	\$11,712	\$41,033	\$41,954
Operating income	\$1,089	\$1,271	\$4,370	\$4,511
<i>Operating margin rate</i>	10.2%	10.9%	10.6%	10.8%
Reconciliation to segment operating income:				
FAS/CAS operating adjustment	\$(8)	\$(65)	\$(40)	\$(258)
Unallocated corporate expense:				
Gain on sale of business	—	—	—	(231)
Training services divestiture – unallowable state taxes and transaction costs	3	—	5	20
Intangible asset amortization and PP&E step-up depreciation	25	21	97	84
MTM-related deferred state tax expense	23	28	23	28
Other unallocated corporate expense	61	58	89	223
Unallocated corporate expense	\$112	\$107	\$214	\$124
Segment operating income	\$1,193	\$1,313	\$4,544	\$4,377
Segment operating margin rate	11.2%	11.2%	11.1%	10.4%

Non-GAAP Reconciliations

MTM-adjusted Net Earnings and EPS

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(\$M), except per share amounts	Three Months Ended December 31		Year Ended December 31	
	2024	2025	2024	2025
Net Earnings	\$1,264	\$1,427	\$4,174	\$4,182
MTM benefit	(443)	(527)	(443)	(527)
MTM-related deferred state tax expense ¹	23	28	23	28
Federal tax expense of items above ²	88	105	88	105
MTM benefit, net of tax	(332)	(394)	(332)	(394)
MTM-adjusted net earnings	\$932	\$1,033	\$3,842	\$3,788
 Diluted EPS	 \$8.66	\$9.99	 \$28.34	\$29.08
MTM benefit per share	(3.03)	(3.69)	(3.02)	(3.66)
MTM-related deferred state tax expense ¹ per share	0.16	0.20	0.16	0.19
Federal tax expense of items above per share ²	0.60	0.73	0.60	0.73
MTM benefit, net of tax, per share	(2.27)	(2.76)	(2.26)	(2.74)
MTM-adjusted diluted earnings per share	\$6.39	\$7.23	\$26.08	\$26.34

1. The deferred state tax impact in each period was calculated using the company's blended state tax rate of 5.25%.

2. The federal tax impact in each period was calculated by subtracting the deferred state tax impact from MTM benefit and applying the 21% federal statutory rate.

Non-GAAP Reconciliations

Free Cash Flow



(\$M)	Three Months Ended December 31		Year Ended December 31	
	2024	2025	2024	2025
Net cash provided by operating activities	\$2,578	\$3,897	\$4,388	\$4,757
Capital expenditures	(816)	(662)	(1,767)	(1,450)
Free cash flow	\$1,762	\$3,235	\$2,621	\$3,307

Non-GAAP Reconciliations

Organic Sales



(\$M)	Three Months Ended December 31			%	Year Ended December 31			%
	2024	2025	Change		2024	2025	Change	
	Sales	\$10,686	\$11,712	10%	\$41,033	\$41,954	2%	
Less: Training services sales	(78)	—			(304)	(112)		
Organic Sales	\$10,608	\$11,712	10%		\$40,729	\$41,842	3%	

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