

## Risk Factors Comparison 2025-02-06 to 2024-02-01 Form: 10-K

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Our consolidated financial position, results of operations and cash flows are subject to various risks, many of which are not exclusively within our control, that may cause actual performance to differ materially from historical or projected future performance. We encourage you to consider carefully the risk factors described below when evaluating the information contained in this report as the outcome of one or more of these risks could have a material adverse effect on our financial position, results of operations and / or cash flows. **Risk Factor Summary Our business is subject to a number of risks that, if realized, could materially affect our business, prospects, operating results and financial condition. These risks are discussed more fully below, and include, but are not limited to, the following:** **Industry and Economic Risk Factors** • We depend on the U. S. Government for substantially all of our business, and risks ~~associated with that arise from~~ conducting business with the U. S. Government could have a material adverse effect on our financial position, results of operations, or cash flows. ~~A substantial~~ • **Significant delays or reductions in appropriations for our programs and / or changes in customer priorities could have a material adverse effect on our financial position, results of operations, or cash flows.** • **Changes in estimates used in contract accounting and contract cost growth have affected and could continue to affect our profitability and our overall financial position.** • **Changes to DoD business practices could have a material effect on DoD's procurement process and adversely impact our current programs and potential new awards.** • **Competition within our markets or an increase in bid protests may reduce our revenues and market share.** • **Our level of indebtedness and our ability to make payments on or service our indebtedness may adversely affect our financial and operating activities or our ability to incur additional debt.** • **We have classified contracts with the U. S. government, which limits investor insight into portions of our business.** **Business and Operational Risk Factors** • **Cost growth on flexibly priced contracts that does not result in higher contract prices due from customers reduces our profit and exposes us to the potential loss of future business.** • **We depend on the recruitment and retention of qualified personnel, and challenges associated with our ability to attract, train and retain such personnel have harmed and may continue to negatively impact our business.** • **Our earnings and profitability depend, in part, upon subcontractor performance and raw material and component availability and pricing.** • **Our future success depends in part on our ability to increase our current and future shipbuilding capacity. If we are unable to do so, or to do so in a cost- effective manner, our business could be materially adversely affected.** • **Many of our contracts include performance obligations that incorporate innovative designs, state-of- the- art manufacturing expertise, or new technologies, or otherwise are dependent upon factors not wholly within our control, and failure to meet performance expectations could adversely affect our profitability and future prospects.** • **Changes in key estimates and assumptions associated with postretirement benefit plans, such as discount rates and assumed long- term returns on assets, actual investment returns on our pension plan assets, and legislative and regulatory actions could significantly affect our financial position, results of operations, and cash flows.** • **We could be negatively impacted by security threats, including cyber security threats, and related disruptions.** • **We utilize artificial intelligence, which could expose us to liability or adversely affect our business, especially if we are unable to compete effectively with others in adopting artificial intelligence.** • **Our business is subject to disruptions caused by natural disasters, environmental disasters, and other events that could have a material adverse effect on our financial position, results of operations, or cash flows.** • **We face risks related to health epidemics, pandemics, and similar outbreaks.** • **Our business could be negatively impacted if we are unsuccessful negotiating new collective bargaining agreements.** • **Changes in future business conditions could cause business investments, recorded goodwill, and / or purchased intangible assets to become impaired, resulting in losses and write- downs that would reduce our operating income.** **Legal and Regulatory Risk Factors** • **As a U. S. Government contractor, we are heavily regulated and could be adversely affected by changes in regulations or negative findings from a U. S. Government audit or investigation.** • **We are subject to investigations, claims, litigation, disputes and other legal proceedings that could ultimately be resolved against us.** • **Environmental costs could have a material adverse effect on our financial position, results of operations, or cash flows.** • **Our nuclear operations subject us to environmental, regulatory, financial, and other risks.** • **Our reputation and our ability to conduct business may be impacted by the improper conduct of employees, agents, suppliers, subcontractors or business partners.** • **Changes in tax laws and regulations or exposure to additional tax liabilities could adversely affect our financial results.** • **We may be unable to adequately protect our intellectual property rights, which could affect our ability to compete.** • **Anti- takeover provisions in our organizational documents and Delaware law, as well as regulatory requirements, could delay or prevent a change in control.** • **Our Restated Bylaws include an exclusive forum requirement for certain litigation that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for such disputes with us or our directors, officers, or employees.** **General Risk Factors** • **Our insurance coverage may be inadequate to cover all of our significant risks or our insurers may deny coverage of material losses we incur, which could adversely affect our profitability and financial position.** • **Market volatility and adverse capital market conditions may affect our ability to access cost- effective sources of funding and may expose us to risks associated with the financial viability of suppliers and subcontractors.** • **If we fail to manage acquisitions, joint ventures, equity investments, and other transactions successfully or if acquired businesses or equity investments fail to perform as expected, our financial results, business, and future prospects could be harmed.** • **We can provide no assurance we will continue to increase our dividends or repurchase shares of our common stock. We conduct most of our business with the**

**U. S. Government, primarily the DoD.** The majority of our business consists of the design, construction, repair, and maintenance of nuclear- powered ships and non- nuclear ships for the U. S. Navy and coastal defense surface ships for the U. S. Coast Guard, as well as the refueling and overhaul and inactivation of nuclear- powered ships for the U. S. Navy. We also provide integrated solutions that enable today' s connected, all- domain force, including C5ISR systems and operations; the application of ~~Artificial~~ **artificial intelligence** and machine learning to battlefield decisions; defense and offensive cyberspace strategies and electronic warfare; ~~unmanned~~ **uncrewed** autonomous systems; live, virtual, and constructive training solutions; fleet sustainment; and critical nuclear operations. Substantially all of our revenues in ~~2023~~ **2024** were derived from products and services sold to the U. S. Government, and we expect this to continue for the foreseeable future. In addition, substantially all of our backlog as of December 31, ~~2023~~ **2024**, was related to products and services deliverable to the U. S. Government. Our U. S. Government contracts are subject to various risks, including customer political and budgetary constraints and processes, changes in customer short- term and long- term strategic plans, the timing of contract awards, significant changes in contract scheduling, recessionary impacts on government spending, intense contract award and funding competition, challenges forecasting costs and schedules for bids on developmental and sophisticated technical work, and contractor suspension or debarment in the event of certain legal or regulatory violations. Any of these factors could materially **adversely** affect our business with the U. S. Government **and our financial position**, ~~which~~ **results of operations, or cash flows**. In addition, the U. S. Government generally has the ability to terminate contracts, ~~in turn~~ **whole or in part, with little or no prior notice, for convenience or for default based upon performance. In the event of termination of a contract for the U. S. Government' s convenience, a contractor is normally able to recover costs already incurred on the contract and profit on incurred costs up to the amount authorized under the contract, but not the profit that** would have a material adverse effect ~~been earned had the contract been completed. Our unfunded backlog contains management' s estimate of revenues expected to be realized on our financial position, unfunded contracts that may never be realized. Any termination could also results~~ **result in the cancellation of operations, future work on the related program. A termination resulting from or our cash flows. Significant delays default can expose us to various liabilities, including excess re- procurement costs, and could negatively affect or our reductions in appropriations ability to compete for future contracts. Any our programs, changes in customer priorities, and potential contract terminations** ~~termination~~ could have a material adverse effect on our financial ~~position condition~~ **position condition**, results of operations, or cash flows. ~~We are directly~~ **As a U. S. Government contractor, we dependent** ~~depend upon on~~ **depend upon on** Congressional funding of ~~our~~ **our** U. S. Navy, U. S. Coast Guard, and other federal agency programs. Under the normal legislative process, Congress completes ~~12~~ **U. S. Government programs are subject to annual congressional budget authorization and appropriations** ~~appropriation processes bills each fiscal year to fund the activities of the federal agencies~~. When Congress is unable to pass appropriations bills before the beginning of a fiscal year, a continuing resolution can be enacted to provide stopgap funding for a specified period of time at a specified rate, often the prior year' s appropriations level. When the U. S. Government operates under a continuing resolution, limitations can be placed on production increases, multi- year procurements, and new program starts, which may result in delays or cancellation of new contract awards. When the U. S. Government fails to enact annual appropriations or a continuing resolution, a full or partial federal government shutdown may occur. A federal government shutdown could, in turn, result in the delay or cancellation of government programs, or the delay of contract payments, which could have a negative effect on our cash flows and adversely affect our future results of operations. Congress sometimes appropriates funds on an annual fiscal year basis for programs for which the performance period may extend over multiple years. Such programs are funded initially on a partial basis, and additional funds are committed only as Congress makes further appropriations. If we ~~or our subcontractors~~ **or our subcontractors** incur costs in excess of existing funding on a contract, we **are generally at risk for reimbursement and** may not recover those costs unless and until additional funds are appropriated. We cannot predict the extent to which total funding or funding for individual programs will be included, increased, or reduced as part of the annual budget process or through continuing resolutions or individual supplemental appropriations. **In addition, pressures on, as well as laws and plans relating to, the federal budget, potential changes in the threat environment, priorities and defense spending, the timing and substance of the annual budget process, use of continuing resolutions, and the federal debt limit, have impacted and could continue to impact the amount and timing of funding for individual programs and delay purchasing or payments by our customers**. For additional information relating to the U. S. defense budget, see the Business Environment section under Management' s Discussion and Analysis of Financial Condition and Results of Operations in Item 7. Current U. S. Government spending levels for defense- related or other programs may not be sustained, and future spending and program authorizations may not increase or may decrease or shift to programs in areas in which we do not provide products or services or are less likely to be awarded contracts. Such changes in spending authorizations and budgetary priorities may occur as a result of uncertainty surrounding the federal budget, increasing political pressure and legislation, shifts in spending priorities from defense- related or other programs as a result of competing demands for federal funds, the number and intensity of military conflicts or other factors. For example, the military conflicts between Russia and Ukraine and Israel and Hamas have resulted in increased security assistance to Ukraine and Israel, respectively. Changes in defense budgetary priorities as a result of such conflicts or otherwise could have an adverse impact on **the programs in which we participate and, ultimately,** our results. Demand for our products and services **also** can ~~also~~ be affected by shifts in customer priorities resulting from changes in military strategy and planning. In response to the need for less expensive alternatives and the increasing proliferation of advanced weapons, future strategy reassessments by the DoD may result in decreased demand for our shipbuilding programs, including our aircraft carrier programs. We cannot predict the impact of changes to customer priorities on existing, follow- on, replacement, or future programs. A shift of priorities to programs in which we do not participate and related reductions in funding for or the termination of programs in which we do participate could have a material adverse effect on our financial position, results of operations, or cash flows. ~~As of December 31~~ **Contract accounting requires risk- based judgments regarding estimated contract revenues and costs**, ~~2023, our~~ **and**

**assumptions regarding schedule and technical matters. Our ability to estimate** total backlog was \$ 48.1 billion **revenues and costs at completion depends on many variables**, including \$ 26.0 billion in funded backlog. The U. S. Government generally has the ability to terminate **size and nature of our** contracts schedule and technical issues. The size and nature of many of our contracts make the estimation of total revenues and costs at completion complicated and subject to many variables. For new shipbuilding programs, we **our estimate estimates are based on**, negotiate, and contract **contracts** for the construction of ships that are not completely designed, which subjects our risk assessments, revenue and cost estimates, and **related** assumptions to the variability of the final ship design and an evolving scope of work. Our assessment, estimation, and assumption processes significantly impact our contract accounting, and materially different amounts can result if different assumptions are used or if actual events differ from our assumptions. **Future changes in assumptions** **We aim to mitigate the risk associated with our use of estimates through our contractual terms**, circumstances and have submitted, and may submit, requests for **equitable adjustment, engineering change proposals**, or estimates may have **other claims to seek recovery**, in whole or in part, **of our increased costs. We have also sought, and will seek, other means or contract vehicles, as appropriate, to compensate the Company for certain unexpected cost increases. However, our contracts may not enable full recovery or the government may disagree** with little or **our requests** no prior notice, for **or may not have funding to cover** convenience or for default based upon performance. In the **them** event of termination of a contract, **Changes in our assumptions, circumstances, for or estimates and the inability** U. S. Government's convenience, a contractor is normally able to recover **increased costs- cost growth** already incurred on the contract and profit on incurred costs up to the amount authorized under the contract, but not the profit that would have been earned **in the past** had **, and** the contract been completed. Our unfunded backlog contains management's estimate of revenues expected to be realized on unfunded contracts that may never be realized. Any termination could also result in the cancellation of future work on the related program. A termination resulting from our default can expose us to various liabilities, including excess re-procurement costs, and could negatively affect our ability to compete for future contracts. Any contract termination could have **, a material adverse effect on our financial condition position**, results of operations, or cash flows. **See the Contracts section under Management** Changes to Department of Defense business practices could have a material effect on DoD's **Discussion** procurement process and **Analysis of Financial Condition** adversely impact our current programs and potential new awards **Results of Operations in Item 7**. Our industry has experienced, and we expect will continue to experience, significant changes to business practices resulting from greater focus on affordability, efficiencies, business systems, recovery of costs, and a reprioritization of defense funding. These initiatives and changes to procurement practices may change the way U. S. Government contracts are solicited, negotiated, and managed, and may impact whether and how we pursue opportunities to provide our products and services to the U. S. Government, including the terms and conditions under which we do so, which may have an adverse impact on our business, financial condition, results of operations, **and or** cash flows. Changes in procurement practices favoring incentive-based fee arrangements, different award fee criteria (such as the evaluation of environmental factors), non-traditional contract provisions, and cost mandates from the government may affect our profitability and the predictability of our profit rates. The U. S. Government **also** is **also** pursuing alternatives to shift additional responsibility and performance risks to contractors. For example, the DoD is accelerating development and acquisition of new technologies through rapid acquisition alternatives and procedures, including through other transaction authority agreements ("OTAs"). In recent years, the DoD has increased the frequency and size of OTAs, and we expect this trend to continue in the future. OTAs are exempt from many traditional procurement laws, including the FAR, and may be used, subject to certain conditions, for research, prototype development, and follow-on production for a successful prototype. OTA awards include, in certain instances, that a significant portion of the work under the OTA be performed by a non-traditional defense contractor or that a portion of the cost of the prototype project be funded by non-governmental sources. If we cannot successfully adapt to the DoD's accelerated acquisition processes or if the DoD significantly increases the use of OTAs with non-traditional defense contractors or increases cost sharing mandates, we may lose new strategic business opportunities in high-growth areas and our future performance and results of operations could be adversely affected. In addition to the DoD's business practice initiatives, the DCMA and DCAA have implemented cost recovery / cost savings initiatives to prioritize cost recovery / savings. As a result, we have experienced and may continue to experience a higher number of audits and / or lengthened periods of time required to close open audits. **These audits may result in** Moreover, the thresholds for **certain allowable costs**, including compensation costs, have been significantly reduced, and the allowability of other types of costs are being challenged, debated, and **, in certain cases, withheld or** modified **, and**. Significant changes to the thresholds for allowable costs or the allowability of certain costs could adversely affect our financial position, results of operations, or cash flows. **Our shipbuilding business operates** Competition within our markets or an increase in **a highly competitive** bid protests may reduce our revenues and market share. **, in part, due to the limited number of** U. S. defense spending levels are uncertain and difficult to predict. A longer term trend in reduced U. S. Navy shipbuilding activity, evidenced by the reduction in fleet size from 566 ships in 1989 to 291 ships as of December 31, 2023, has resulted in workforce reductions but limited infrastructure consolidation. The general result has been fewer contracts awarded to the same fixed number of shipyards **that**. Five major private United States shipyards, two of which we own, plus many other smaller private shipyards compete for contracts to construct, overhaul, repair, **maintain**, and convert naval vessels. **Additionally** **In addition**, **the competition for certain of our products, such as aircraft carriers, submarines, amphibious assault ships, surface combatants, and other ships, is heightened due to changes in budgetary pressures and priorities, and our programs and products may** compete for funding with each other **, as well as with for available funding in addition to** other defense products and services **provided by our competitors**. We expect competition for future shipbuilding programs **to continue** to be intense. We compete with another large defense contractor for contracts to build surface combatants, submarines, and large deck amphibious ships, and smaller shipyards have entered the market for surface combatants. We may compete in the future with the same contractor and other shipyards to build new and different classes of ships, as well as ships for which we are currently the sole source, including expeditionary warfare

and amphibious assault ships. Moreover, reductions in U. S. defense spending that reduce the demand for the types of ships we build and services we provide increase our exposure to market competition risk. If we are unable to continue to compete successfully, we may generate lower revenues and lose market share, which would negatively impact our financial condition, results of operations, and cash flows and ~~could impact~~ our ability to compete for future defense contracts **could be impacted**. Although we are the only company currently capable of refueling nuclear- powered aircraft carriers, two existing U. S. Government shipyards may be able to refuel nuclear- powered aircraft carriers if they made substantial investments in facilities, personnel, and training. U. S. Government- owned shipyards currently engage in the refueling, overhaul, and inactivation of Los Angeles class (SSN 688) submarines and are capable of repairing and overhauling non- nuclear ships. If a U. S. Government- owned shipyard became capable of, and engaged, in the refueling of nuclear- powered aircraft carriers, our financial position, results of operations, or cash flows would likely be adversely affected. We also compete in the shipbuilding engineering, planning, and design market with companies that provide engineering support services. Such competition increases the risk we may not be the successful bidder on future U. S. Navy engineering proposals, including aircraft carrier research and development, submarine design, and surface combatant and amphibious assault ship program contracts. Mission Technologies competes domestically and internationally, ~~across our business capability~~, against large A & D companies, primarily L3 Harris, Amentum, ManTech, Leidos, and, increasingly, small businesses serving the intelligence community. To a lesser extent, our lines of business compete on certain contracts with major prime A & D contractors, including Lockheed Martin, General Dynamics, Northrop Grumman, Raytheon, and Boeing. **The success of our Mission Technologies division in competing depends, in part, on its ability to remain cost- competitive and differentiate its products and services offerings from other market participants.** Our competitive environment ~~also~~ is ~~also~~ affected by bid protests from unsuccessful bidders on new program awards. As the competitive environment intensifies, the number of bid protests may increase. Bid protests can result in an award decision being overturned, requiring a re- bid of the contract. Even when a bid protest does not result in a re- bid, resolution of the matter typically extends the time until contract performance can begin, which can reduce our earnings in the period in which the contract would otherwise be performed. **Changes in estimates used in contract accounting..... our ability to incur additional debt.** Our ability to make payments on and to refinance our current or future indebtedness will depend on our ability to generate cash from operations, financings, or asset sales, which may be subject to general economic, financial, competitive, legislative, regulatory, and other factors that are beyond our control. If we are not able to repay or refinance our debt as it becomes due, we may be forced to sell assets or take other unfavorable actions, including reducing funding for working capital, capital expenditures, and general corporate purposes; reducing our cash dividend rate and / or share repurchases; or dedicating an unsustainable level of our cash flow from operations to the payment of principal and interest on our indebtedness. In addition, our ability to withstand competitive pressures and to react to changes in the defense industry could be impaired. In the event of a default on any of our indebtedness, the lenders who hold such debt could accelerate amounts due, which could potentially trigger a default or acceleration of our other indebtedness. ~~We have classified contracts with the U. S. government, which limits investor insight into portions of our business.~~ We derive a portion of our revenues from programs with the U. S. Government and its agencies that are subject to security restrictions (e. g., contracts involving classified information and classified programs), which preclude the dissemination of information and technology that is classified for national security purposes under applicable law and regulation. In general, access to classified information, technology, facilities or programs requires appropriate personnel security clearances, is subject to additional contract oversight and potential liability and may also require appropriate facility clearances and other specialized infrastructure. In the event of a security incident involving classified information, technology, facilities, programs or personnel holding clearances, we may be subject to legal, financial, operational and reputational harm. We are limited in our ability to provide information about these classified programs, their risks or any disputes or claims relating to such programs. As a result, investors have less insight into our classified business ~~or and~~ our business overall. However, historically the business risks associated with our work on classified programs have not differed materially from those of our other government contracts. ~~Business and Operational Risk Factors~~  
**Cost growth on flexibly priced contracts that does not result in higher contract prices due from customers reduces our profit and exposes us to the potential loss of future business.** Our operating income is adversely affected when we incur certain contract costs or certain increases in contract costs that cannot be billed to customers. **Contract Cost cost growth can has occurred and may occur if in the future when** expenses to complete a contract increase ~~due and / or differ materially from our initial estimates.~~ **Factors that have caused, and may in the future cause, contract cost growth include, but are not limited to**, inflation, technical challenges, manufacturing difficulties, delays, workforce- related issues, ~~or inaccurate initial contract cost estimates.~~ **Reasons may include including** labor shortages ~~or and~~ reduced productivity, **changes in** the nature and complexity of the work performed, the timeliness ~~and~~, availability ~~and cost~~ of materials or equipment, subcontractor performance or product quality issues, performance delays, availability and timing of customer funding, **changes in trade policy**, and natural disasters. A significant increase in contract costs from our original cost estimates on one or more contracts could have a material adverse effect on our financial position, results of operations, or cash flows. **For example, our results for the year ended December 31, 2024, were adversely affected by significant challenges relating to labor availability, our supply chain, and inflation, among other challenges. We cannot clearly predict how long these challenges will continue, whether these challenges will change over time, or whether our actions to address these challenges will be successful.** Our **risk varies and our** ability to recover costs ~~and realize profits~~ on contracts with our U. S. Government customers depends upon the type of contract under which we are performing: firm fixed- price, fixed- price incentive, cost- type, or time and material. See the Contracts section under Management' s Discussion and Analysis of Financial Condition and Results of Operations in Item 7 for descriptions of the types of contracts that comprise our business. Approximately ~~51-48~~ % of our revenues in ~~2023-2024~~ were generated under fixed- price incentive contracts, approximately ~~44-47~~ % were generated under cost- type contracts, approximately 2 % were generated under time and material contracts, and approximately 3 % were generated under firm fixed- price contracts. Fixed - price

**contracts generally tend to have more financial risk than cost- type contracts, including as a result of inflationary pressures, wage pressures and labor shortages, and supplier challenges. These** contracts increase the risk that we may not recover all of our costs or will generate less profit or a loss **if our costs exceed initial estimates. With cost- type contracts, allowable costs are generally subject to reimbursement plus an award or incentive fee, which is uncertain and may be earned over time**. Under each type of contract, our operating results could be adversely affected if we are unable to control costs, particularly if we are unable to negotiate an increase in contract price **, or recover increased costs,** with our customers. U. S. Government contracts **can often** extend for years, and unforeseen events, such as technology difficulties, fluctuations in the price of raw materials, a significant increase in or sustained period of higher inflation, supplier issues, including equipment delays, **challenging** labor market conditions, **unexpected rework,** and cost overruns, **can have in the past resulted, and may in the future** result **, in the contract price-prices** becoming less favorable or even unprofitable to us over time. Higher interest rates resulting from inflationary pressures can also impact the fair values of our contracts. Moreover, if we fail to meet contract deadlines or specifications, we may be required to renegotiate contracts on less favorable terms, be forced to pay penalties or liquidated damages, or suffer major losses if the customer exercises its right to terminate. **Some of our contracts have provisions relating to cost controls and audit rights, and, if we fail to meet the terms specified in those contracts, we may not realize their full benefits.** Cost overruns **would have** adversely **impacted, and may continue to** impact **, our** results of operations, which are dependent on our ability to maximize our earnings from our contracts **. This** **, and the potential** risk would be greater if our contracts shifted toward a greater percentage of fixed- price contracts, particularly firm fixed- price contracts. Cost overruns or the failure to perform on existing programs also may adversely affect our ability to retain existing programs and win future contract awards. In addition, changes in contract financing policy for fixed- price contracts, such as changes in performance and progress payments policies **, including a reversal or modification of the DoD's March 2020 increase to the applicable progress payment rate from 80 % to 90 %**, could significantly affect the timing of our cash flows. From time to time, we may begin performance under an undefinitized contract action with a not- to- exceed price prior to completing contract negotiations, in order to support U. S. government priorities. Uncertainties relating to final contract price, specifications and terms, or loss of negotiating leverage associated with contract definitization, may negatively affect our profitability. **We depend on the recruitment and retention of qualified personnel, and our failure to attract, train and retain such personnel could seriously harm our business.** Due to the specialized nature of our business, our performance is dependent upon our ability to identify, attract, train, and retain a **qualified** workforce with the requisite skills in multiple areas, including: engineering, nuclear, trades and crafts, manufacturing, information technology, and cybersecurity **, and who are able to operate effectively consistent with our values and culture**. Our operating performance **also** is also dependent upon personnel who hold security clearances and receive substantial training to work on certain programs or tasks and can be difficult to replace on a timely basis if we experience unplanned attrition. A growing portion of our current workforce is nearing or eligible for retirement. To the extent we lose experienced personnel, it is critical that we hire new qualified personnel, develop and train inexperienced employees, and successfully manage the short and long- term transfer of critical knowledge and skills. **We have recently experienced situations where our personnel have failed to achieve expected performance improvements on certain of our long- term contracts, which resulted in unexpected inefficiency, and in some cases, to rework, that negatively impacted our ability to achieve certain performance milestones under those contracts. Our ability to overcome these challenges in the short and long term will have a significant impact on our results of operations, financial condition, and cash flow.** Competition for talent is intense, and this **has affected, and may continue to** affect **, our** ability to successfully attract or retain personnel with the requisite skills or clearances. We **continue to face increased competition for talent, both with traditional defense companies and commercial companies, and with increasing wage rates. We also** compete with commercial technology companies outside of the shipbuilding and defense industry for qualified technical positions. Such companies may be able to offer more attractive compensation and other benefits to candidates, including in the recruitment of our existing employees. As a result of the above factors, we have experienced, and expect to continue to experience, significant difficulties hiring and retaining personnel with relevant qualifications and experience, which has negatively impacted, and may continue to negatively impact, our results of operations, financial condition, and cash flow, and could impact our ability to perform under our contracts and compete for new contracts. We have also experienced higher labor, recruiting, and training costs to attract and retain such employees, which has negatively impacted our results of operations, financial condition, and cash flow. A shortage of skilled employees has and may continue to impact our ability to perform our contracts and may impact our ability to compete for new contracts. **Our earnings and profitability depend, in part, upon subcontractor performance and raw material and component availability and pricing.** We rely on third parties to provide raw materials, major components and sub- systems, hardware elements, and sub- assemblies for our products and to perform certain services we provide to our customers, in compliance with applicable laws and regulations, including applicable DoD cybersecurity requirements. Disruptions and performance issues from our suppliers and subcontractors, **unanticipated cost growth for the products and services they provide,** or inconsistencies between our contractual obligations to our customers and our agreements with our subcontractors and suppliers, **could have** adversely **impacted and may continue to** impact our ability to meet our commitments to customers. Our ability to satisfy our obligations on a timely basis are adversely affected if one or more of our suppliers or subcontractors are unable to provide agreed- upon products, materials, or services in a timely, compliant, and cost- effective manner, or they otherwise fail to satisfy contractual requirements. The inability of our suppliers or subcontractors to meet expectations could also result in our need to transition to alternate parties **, if available**, which could result in significant incremental cost and delay, or the need for us to provide other supplemental support to our existing suppliers and subcontractors. Our costs to manufacture our products can increase over the terms of our contracts, including as a result of increases in material costs and wages. Although we may be protected from increases in material costs through cost escalation provisions, the difference in basis between our actual material costs and industry indices may expose us to cost recovery risk. Our bids for longer- term firm fixed- price contracts typically

include assumptions for labor and other contract costs that historically have been sufficient to cover cost increases over the period of performance. If, however, recent inflationary conditions continue over the long- term, our cost assumptions may not be sufficient to cover potential contract cost growth. In addition, significant delays in deliveries of key raw materials, which may occur as a result of shortage or pricing, could have a material adverse effect on our financial position, results of operations, or cash flows. In some cases, only one supplier may exist for certain components and parts required to manufacture our products. The inability of a sole source supplier to provide a necessary component or part on a timely, compliant, and cost- effective basis could increase our contract cost and affect our ability to satisfy our contract obligations. Our procurement practices are intended to provide materials, components, parts, and services that meet contract specifications and to reduce the likelihood of our procurement of unauthorized, non- compliant, or deficient goods and services. We rely on our subcontractors and suppliers to comply with applicable laws, regulations, and the obligations set forth in the HII Supplier Code of Conduct, through representations and certifications from our subcontractors and suppliers regarding such compliance. We also conduct technical assessments, inspections, and audits, as necessary, with subcontractors and suppliers. Notwithstanding the actions we take to mitigate the risk of receiving non- compliant materials, components, parts, and services, subcontractors and suppliers sometimes provide us with unauthorized, non- compliant, or deficient goods and services, which can increase our contract costs and impact our ability to satisfy our contract obligations to our customers. ~~Many of our~~ **Our future success depends in part on our ability to increase our current and future shipbuilding capacity. If we are unable to do so, our** ~~or contracts include performance obligations to do so in a cost- effective manner, our business could be materially adversely affected. We expect that incorporate innovative designs we will need to increase our shipbuilding capacity to meet current and future production demands. We are utilizing and may in the future utilize one or more strategies to increase such capacity including , state among others, increasing investment in our current shipyards, identifying and retaining additional qualified personnel, utilizing third parties to support production needs and identifying efficiencies in our current production process to support increased production. We also may seek to increase our capacity through acquisitions, partnerships or other arrangements. Our ability to increase capacity is subject to risks and uncertainties. We cannot provide any assurances that we will be able to successfully expand production capacity, or to do so on a cost - effective basis. In addition of the art manufacturing expertise, or our new technologies, ability to expand or our otherwise are~~ **shipbuilding capacity will also greatly depend --- depend on upon factors not wholly within our control ability to hire , train and retain and- an failure adequate number of personnel, in particular personnel with the appropriate level of knowledge, background and skills. Should we be unable to meet performance expectations- hire such personnel, our business and financial results could- would be negatively impacted** ~~adversely affect our profitability and future prospects. We design, develop, and manufacture products and perform services that often involve innovative designs, new technologies, and complex manufacturing processes. Delays and issues with product development, technology implementation, manufacturing, or subcontractor components or services can impact our contract performance. First- in- class ships, also known as lead ships, usually include new technologies supplied by the U. S. Navy or other contractors or developed by us. Problems associated with development or implementation of these new technologies or design changes in the construction process can lead to delays in the design and construction schedule. The risks associated with new technologies or design changes during construction can both increase the cost of a ship and delay delivery. Our products cannot always be tested and proven and are otherwise subject to unforeseen problems, including premature failure of elements that cannot be accessed for repair or replacement, substandard quality or workmanship, and unexpected degradation of product performance. These failures could result in loss of life or property and could negatively affect our results of operations as a result of unanticipated expenses that we don' t recover, diversion of management attention, loss of follow- on work, and, in the case of certain contracts, reimbursement to the customer of contract costs and fee payments previously received. We periodically experience quality issues with respect to products and services that we sell to our U. S. Government customers. These issues can and have required significant resources to determine the source of the deficiencies and implement corrective actions. We may discover quality issues in the future related to our products and services that require analysis and corrective action. Such issues and our responses and corrective actions could have a material adverse effect on our financial position, results of operations, or cash flows. Changes in key estimates and assumptions associated with postretirement benefit plans, such as discount rates and assumed long- term returns on assets, actual investment returns on our pension plan assets, and legislative and regulatory actions could significantly affect our financial position, results of operations, and cash flows.-Our pension and retiree health care costs are dependent upon various estimates and assumptions, including regarding particularly with respect to the discount rate- rates , mortality and expected long- term rates of return on plan assets, which to a large extent are reflective --- reflect of the financial markets and economic conditions. Changes to these estimates and assumptions and differences between expected and actual returns on plan assets could significantly impact our retirement related expense, the funded status of benefit plans, and contributions to our defined benefit pension and other postretirement benefit plans, which could have material adverse effects on our financial position, results of operations, or cash flows. In addition, pension cost recoveries under CAS for our U. S. Government contracts occur in different periods from those in which pension expense is recognized under accounting principles generally accepted in the United States (" GAAP") or the periods in which we make contributions to our benefit plans, and changes to estimates and assumptions and differences between expected and actual returns could adversely affect the timing of those pension cost recoveries. We have taken certain actions intended to mitigate the risk related to our defined benefit pension plans through including pension risk transfer transactions whereby we purchase group annuity contracts (" GACs ") from insurance companies using assets from the pension trust. We expect to continue to evaluate such transactions in the future. Although we are relieved of all responsibility for the associated pension obligations under the GACs we have purchased to date, we may in the future purchase GACs whereby the insurance company reimburses the pension plans but we remain responsible for paying benefits under the plans to covered retirees and beneficiaries and are subject to the risk that the insurance company will default on its obligations to reimburse the pension trusts. While we believe pension risk~~

transfer transactions are beneficial, future transactions, depending on their size, could result in us making additional contributions to the pension trust and / or require us to recognize noncash settlement charges in earnings in the applicable reporting period. **As a defense contractor, we face significant cyber and other security threats. These threats include, among others, threats to our information technology infrastructure, including attempts to gain unauthorized access to classified, proprietary or other sensitive information or otherwise compromise the integrity, confidentiality and / or availability of our systems, hardware and networks or those of our suppliers and subcontractors; insider threats; ransomware; threats to the safety of our directors, officers and employees; threats to our facilities, infrastructure, products (we produce and use), and subcontractors or other suppliers; and threats from terrorist acts, espionage, civil unrest and other acts of aggression. Our information technology infrastructure is critical to the efficient operation of our business is subject and essential to cyber security threats, and related disruptions our ability to perform day- to- day operations. We As a defense contractor, we rely on this our information technology infrastructure to process, transmit, and store electronic information, including classified and other sensitive information of the U.S. Government. We face substantial cyber security threats to our information technology infrastructure, including threats to our and the U.S. Government' s proprietary and classified information from advanced nation state threat actors and non- state actors ,sophisticated cybercrime syndicates, hacktivists, and insiders. Such These cyber security threats are continuously evolving and include security breaches (whether through cyber attack, cyber intrusion, or insider threat) via the internet; malicious software, including ransomware; computer viruses; attachments to emails; persons inside our organization or with access to systems inside our organization; subcontractors or suppliers; or other significant disruptions of our information technology networks caused by natural disasters, environmental disasters, and related systems or those of our suppliers or subcontractors, including through other the events that use suppliers; or other significant disruptions of new our information technology networks and related systems or those emerging technologies like artificial intelligence. Some of our suppliers or subcontractors. Our information technology infrastructure is critical to the these efficient operation of threats are zero- day attacks associated with previously unknown vulnerabilities in third party software products we utilize in our business. We have experienced cybersecurity attacks and essential expect we will continue to experience additional attacks in the future our ability to perform day- to- day operations. Breaches of our information technology may can be expected to lead to the following types of adverse consequences: losses or misuse of sensitive information or capabilities; theft or corruption of data; harm to personnel, infrastructure or products; financial costs and liabilities; protracted interruptions of our operations and performance; significant recovery and restoration expenses; degraded performance on existing contracts; the misuse of our products; and exposure to reputational damage, potential liability, or the loss of current or future contracts, including work on sensitive or classified systems for the U.S. Government, any of which could could have a material adverse effect on our operations, financial position, results of operations, or cash flows. While we implement robust countermeasures to mitigate the risks posed by cyber security threats, external and internal threat actors continuously seek to evade our cyber security countermeasures to gain unauthorized and unlawful access to our information technology infrastructure, assets, and data, both on premises and in the cloud. Even the most well- protected information, networks, systems, and facilities remain potentially vulnerable because attempted security breaches, particularly cybersecurity attacks and cyber intrusions or disruptions, regularly occur and will continue to occur in the future and the techniques used in such attempts are constantly evolving and generally are not recognized until launched against a target. As a result, we are not always able to anticipate techniques or to implement adequate security barriers or other preventative measures. Our suppliers, subcontractors, and other business partners also face cyber and other security threats. Although we undertake cooperative efforts with our customers, suppliers, subcontractors, and other business partners to facilitate their understanding of cyber security threats they face and potential cyber security countermeasures to mitigate potential cyber attacks and other security threats, we rely substantially on the safeguards implemented by these organizations, which affects the security of our information. These organizations have varying levels of cyber security expertise and safeguards, and their relationships with U. S. Government contractors increases the likelihood that they are or will be impacted by the same cyber security threats we face. We also face increasing and evolving disclosure and reporting obligations related to cybersecurity events. Despite rigorous processes, we may be unable to meet existing or future disclosure obligations and risk potentially having our disclosures when made misinterpreted. National security or public safety considerations may further affect, or in some instances prevent, our public disclosure of a cybersecurity incident in certain circumstances. We could also encounter threats to our physical security, including our facilities and personnel, and threats from workplace violence, civil unrest, acts of sabotage or terrorism, and other local security issues, any of which could disrupt our business. Our customers and suppliers face similar risks that, if realized, could also adversely impact our operations. Any such events could cause delays or disruption or otherwise impact our business, and or all of which may require us to incur greater costs for security or to shut down operations for a period of time. The occurrence and impact of these various risks are difficult to predict, but one or more of them could have a material adverse effect on our financial position, results of operations, or cash flows. We utilize artificial intelligence, including generative artificial intelligence, machine learning, and similar tools and technologies that collect, aggregate, analyze, or generate data or other materials or content (collectively, " AI ") in connection with our business, including to enhance productivity and operational efficiency and optimize processes utilized in our business. There is inherent risk and uncertainty involved in using AI and we cannot provide assurances that our use of AI will enhance our products or services, produce the intended results, or keep pace with our competitors. We have implemented an AI Governance and Enablement Program to oversee the use of AI in our business. If the AI tools that we use are deficient, inaccurate, or controversial, we could incur operational inefficiencies, competitive harm, legal liability, brand or reputational harm, or other adverse impacts on our business and financial results. If we do not have sufficient rights to use the data or other material or content on**

which the AI tools we use rely, we also may incur liability through the violation of applicable laws and regulations, third-party intellectual property, data privacy, or other rights, or contracts to which we are a party. In addition, AI regulation is rapidly evolving worldwide as legislators and regulators increasingly focus on these powerful emerging technologies. The technologies underlying AI and its uses are subject to a variety of laws and regulations, including intellectual property, data privacy and security, consumer protection, competition, and equal opportunity laws, and are expected to be subject to increased regulation and new laws or new applications of existing laws and regulations. AI is the subject of ongoing review by various U. S. governmental and regulatory agencies, and various U. S. states and other foreign jurisdictions are applying, or are considering applying, their platform moderation, data privacy, and security laws and regulations to AI or are considering general legal frameworks for AI. We may not be able to anticipate how to respond to these rapidly evolving frameworks, and we may need to expend resources to adjust our operations or offerings in certain jurisdictions if the legal frameworks are inconsistent across jurisdictions. Furthermore, because AI technology itself is highly complex and rapidly developing, it is not possible to predict all of the legal, operational, or technological risks that may arise relating to the use of AI.

We have significant operations located in regions of the United States that have been and may in the future be exposed to damaging storms, such as hurricanes and floods, the intensity and frequency of which are being exacerbated by climate change, other impacts of climate change, including rising sea waters, and environmental disasters, such as oil spills. Natural disasters can disrupt our workforce, electrical and other power distribution networks, computer and internet operations and accessibility, and critical industrial infrastructure needed for normal business operations, which can adversely affect our contract performance and, as a result, our financial results. Environmental disasters, particularly oil spills in waterways and bodies of water we use for transporting and testing our ships, can cause schedule delays under our contracts with the U. S. Navy and the U. S. Coast Guard. Damage and disruption resulting from natural and environmental disasters may be significant. **Should Disruptions could also impact the availability and cost of materials needed for manufacturing and could increase insurance and other operating costs, or result in a lack of available coverage.** If insurance or other risk transfer mechanisms ~~be is~~ unavailable or insufficient to recover material costs associated with natural or environmental disasters or other events, we could experience a material adverse effect on our financial position, results of operations, or cash flows. ~~See Our insurance coverage may be inadequate to cover all of our significant risks or our insurers may deny coverage of material losses we incur, which could adversely affect our profitability and financial position.~~ Our suppliers and subcontractors are also subject to natural and environmental disasters that could affect their ability to deliver products or services or otherwise perform their contracts. Performance failures by our subcontractors or suppliers due to natural or environmental disasters may adversely affect our ability to perform our contracts, which could reduce our profitability in the event damages or other costs are not recoverable from the subcontractor or supplier, our customer, or insurers. Such events could also result in a termination of the prime contract and have an adverse effect on our ability to compete for future contracts. ~~We face risks related to health epidemics, pandemics, and similar outbreaks.~~ We face various risks related to health epidemics, pandemics, and similar outbreaks, including global health crises like COVID- 19. Such risks include disruptions or restrictions on our employees' ability to work or work effectively, temporary closures of our facilities or the facilities of our customers or suppliers, delays in supplier deliveries, and delays in customer contract awards. We experienced higher employee absentee rates as a result of COVID- 19, which increased our costs and generated delay and disruption, impacted our performance on our contracts, and degraded our financial performance. ~~We could incur similar impacts in the future, in connection with health epidemics, pandemics, or similar outbreaks, and related cost increases may not be fully recoverable under our contracts or adequately covered by insurance, which could impact our profitability.~~ The COVID- 19 health crisis also created challenges for our suppliers relative to their workforces, access to necessary components, materials, and other supplies at reasonable prices, and access to support services, such as shipping and transportation. These challenges have impacted the ability of suppliers to provide agreed- upon goods and services in a timely, compliant, and cost- effective manner. We may in the future incur additional costs and performance challenges, including as a result of higher prices, schedule delays, or the need to identify and develop alternative suppliers. ~~Our business~~ **If an epidemic, pandemic or similar outbreak were to occur, we could incur similar impacts in the future, in connection with health epidemics, pandemics, or similar outbreaks, and related cost increases may not be negatively fully recoverable under our contracts or adequately covered by insurance, which could impact our profitability** if we are unsuccessful negotiating new collective bargaining agreements. Approximately 45 % of our employees are covered by a total of nine collective bargaining agreements and one site stabilization agreement. Newport News has three collective bargaining agreements covering represented employees, which expire in April 2024, February 2027, and December 2027. Newport News craft workers employed at the Kesselring Site near Saratoga Springs, New York are represented under an indefinite DoE site agreement. Ingalls has five collective bargaining agreements covering represented employees, all of which expire in March 2026. Approximately 15 Mission Technologies employees in Klamath Falls, Oregon are covered by a collective bargaining agreement that expires in June 2025. Collective bargaining agreements generally expire after three to five years and are subject to renegotiation at that time. **We generally have been able to renegotiate renewals to expiring agreements without significant disruption of operating activities**. While we believe we maintain satisfactory relationships with our represented workers, it is possible we may experience difficulties **with renewals and** renegotiating expiring collective bargaining agreements. We have experienced in the past work stoppages, strikes, and other labor disruptions associated with the collective bargaining of new labor agreements. If we experience such events in the future, **or if our employees pursue new collective representation**, we could incur additional costs or work delays that could adversely affect programs served by employees who are covered by collective bargaining agreements. ~~We could be negatively impacted by security..... that would reduce our operating income.~~ Our business strategy includes strategic business acquisitions and non- controlling investments in businesses. ~~We make acquisitions and investments following careful analysis and due diligence to achieve a desired strategic objective or acquire a desired capability or technology.~~ Acquisitions involve estimates,

assumptions, and judgments to arrive at acquisition prices, which are allocated among acquired assets, including goodwill, based upon fair market values. ~~Notwithstanding our acquisition process and business integration efforts, actual operating results of businesses we acquire or in which we invest may vary from expectations. In such events, we may be required to write down our carrying values of the related goodwill, purchased intangible assets, or investments. In addition, declines in the trading price of our common stock or the market as a whole can result in goodwill and / or purchased intangible asset impairment charges associated with our existing businesses.~~ As of December 31, 2023-2024, goodwill and purchased intangible assets from prior business acquisitions accounted for approximately 23-22 % and 8-6 %, respectively, of our total assets. We evaluate ~~Notwithstanding our acquisition process and business integration efforts, actual operating results of businesses we acquire or in which we invest may vary from expectations. In such events, we may be required to write down our carrying values of the related~~ goodwill values for impairment annually, or when evidence of potential impairment exists. We also evaluate the values of purchased intangible assets when evidence of potential impairment exists. The impairment tests are based on several factors involving judgment. As a general matter, a ~~or investments. A~~ significant decrease in expected cash flows or unfavorable changes in market conditions, ~~, including declines in the trading price of our common stock,~~ may indicate potential impairment of recorded goodwill or purchased intangible assets. ~~Legal and Regulatory Risk Factors~~

**Significant write-offs of goodwill or other purchased intangible assets could have a material adverse effect on our financial condition or results of operations.** As a U. S. Government contractor, we are **subject to** heavily regulated and could be adversely affected by changes in regulations or negative findings from a U. S. Government audit or investigation. As a U. S. Government contractor, we must comply with significant **legal** regulatory requirements, including **specific** those relating to award, administration, and performance of U. S. Government contracts, as well as legal and regulatory **regulations related** requirements relating to cyber security, environmental protection, and our nuclear operations. Government contracting requirements increase our contract performance costs and compliance costs and risks, and change on a routine basis. In addition, our nuclear operations are subject to an enhanced regulatory environment, which results in further performance and compliance requirements and higher costs. New laws, regulations, or procurement requirements, or changes to existing ones (including, for example, regulations related to ~~recovery of compensation~~ **cybersecurity, information protection, environment, costs- cost accounting**; cyber security, counterfeit parts, specialty metals, **among others** conflict minerals, and climate-related disclosure), can increase our performance costs and compliance costs and risks, and reduce our profitability. **In addition, if we are found to have engaged in illegal activities, or are found to not be presently responsible, as defined under the FAR, we may be subject to reductions in contract values, contract modifications or terminations, penalties, fines, repayments, compensatory, treble, or other damages, or suspension or debarment.** We **operate in a heavily regulated environment and** are overseen and **routinely** audited by the U. S. Government and its ~~various~~ agencies, including the U. S. Navy's Supervisor of Shipbuilding, the DCAA, and the DCMA. These agencies evaluate our ~~contract~~ performance, cost structures, and compliance ~~with applicable laws, regulations, and standards,~~ as well as the adequacy of our business systems and processes relative to U. S. Government requirements. If an audit uncovers improper or illegal activities, we may be subject to administrative, civil, or criminal proceedings, which could result in fines, penalties, repayments, ~~or sanctions,~~ compensatory, treble, or other damages. ~~Certain U. S. Government findings against a contractor can also lead to suspension or debarment from future U. S. Government contracts or the loss of export privileges.~~ Allegations of impropriety can also cause significant reputational damage. The U. S. Government also has the ability to decrease or withhold contract payments if it determines significant deficiencies exist in one or more of our business systems. The U. S. Government has, in certain instances, withheld contract payments upon its assessment that deficiencies exist with one or more of our business systems, which can have a material impact on the timing of our cash receipts. ~~The~~ **In addition, the** U. S. Government has from time to time recommended that certain of our contract prices be reduced, or that certain costs allocated to our contracts be disallowed, ~~which sometimes involve substantial dollar amounts.~~ In response to U. S. Government audits, investigations, and inquiries, we have **adjusted** also made adjustments from time to time to our contract prices and costs allocated to our government contracts. Such audits, investigations, and inquiries may result in future reductions of our contract prices, which could be substantial. Costs we incur that are determined to be unallowable or improperly allocated to a specific contract will not be recovered or must be refunded to the customer if previously reimbursed. ~~We must~~ **If we or those with whom we do business do not** comply with ~~the~~ a variety of federal laws and, regulations, **rules** including the FAR, the DFARS, the Truth in Negotiations Act, the False Claims Act, the Procurement Integrity Act, the International Traffic in Arms Regulations promulgated under the Arms Export Control Act, the Close the Contractor ~~contract terms~~ Fraud Loophole Act, the Foreign Corrupt Practices Act, and **processes to which** CAS. If a determination is made that we engaged in illegal activities or that we are not presently responsible, as defined under the FAR, we may be subject to reductions in contract values, contract modifications or **if customer business practices** terminations, penalties, fines, repayments, compensatory, treble, or other damages **requirements change significantly**, or suspension or debarment **including with respect to allowable costs**, ~~it~~ any of which could **affect our ability to compete, have a significant adverse impact on our reputation and** have a material adverse effect on our financial position, results of operations, or cash flows. In addition, cyber security and data privacy and protection laws and regulations are evolving and presenting increasing compliance challenges, which increase our costs and may affect our competitiveness, cause reputational harm, and expose us to damages claims, substantial fines, or other penalties. Environmental costs could have a material adverse effect on our financial position, results of operations, or cash flows. Our operations are subject to and affected by federal, state, and local environmental laws and regulations relating to the discharge, storage, treatment, handling, disposal, and remediation of certain materials, substances, and wastes used in our operations. Future environmental laws or regulations could also impact us. Environmental laws and regulations may require the installation of costly pollution control equipment or operational changes to ~~limit emissions or discharges and /~~ ~~or to decrease the likelihood of accidental.....~~ financial position, results of operations, or cash flows. The size, nature, and complexity of our business make us highly susceptible to **investigations,** claims and, litigation,

disputes, and other legal proceedings. We are and may become subject to various legal proceedings across a broad array of matters, including but not limited to, administrative, civil, and criminal litigation, environmental claims, income tax proceedings, compliance proceedings, customer claims, and enforcement actions, audits and, investigations and other legal proceedings, which can divert financial and management resources and result in fines, penalties, compensatory, treble, or other damages, or nonmonetary sanctions. Government regulations also provide that certain allegations against a contractor may lead to suspension or debarment from government contracts or suspension of export privileges. Suspension or debarment would have a material adverse effect on our or criminal business because of our reliance on government contracts and authorizations. The negative resolution resolutions in particular of litigation, claims, or investigations could have a material adverse effect on our business because financial position, results of operations, or our cash flows reliance on government contracts and authorizations. Any litigation, claim, dispute, audit, or investigation, even if pending or not ultimately substantiated or if fully indemnified or insured, could negatively impact our reputation among our customers and the public and make it more difficult for us to compete effectively or acquire adequate insurance in the future. The negative resolution of investigations, claims, litigation, disputes or other legal proceedings could have a material adverse effect on our financial position, results of operations, or cash flows. See Note 14-13: Investigations, Claims, and Litigation in Item 8. Our operations are subject to and affected by federal, state, local, and foreign environmental laws and regulations relating to the discharge, storage, treatment, handling, disposal, and remediation of certain materials, substances, and wastes used in our operations. Future environmental laws or regulations could also impact us. Environmental laws and regulations may require the installation of costly pollution control equipment or operational changes to limit emissions or discharges and / or to decrease the likelihood of accidental hazardous material releases. We expect to incur future capital and operating costs to comply with current and future laws and regulations for environmental protection and remediation, and such costs could be substantial, depending on the future proliferation of environmental requirements and the extent to which we discover currently unknown environmental conditions. Shipbuilding operations require the use of hazardous materials. Our shipyards also generate significant quantities of wastewater, which we treat before discharging in compliance with applicable permits. To manage these materials, our shipyards have an extensive network of above ground and underground storage tanks, some of which have leaked and required remediation in the past. In addition, our use of hazardous materials has sometimes resulted in releases in our shipyards and occasionally in adjacent rivers and waterways in which we operate. Various federal, state, and local environmental laws and regulations impose restrictions on the discharge of pollutants into the environment and establish standards for the transportation, storage, and disposal of toxic and hazardous wastes. Substantial fines, penalties, and criminal sanctions may be imposed for noncompliance, and certain environmental laws impose joint and several "strict liability" for remediation of spills and releases of oil and hazardous substances. Such laws and regulations impose liability upon a party for environmental cleanup and remediation costs and damage without regard to the negligence or fault of such party and could expose us to liability for the conduct of or conditions caused by third parties. Moreover, if we violate the Clean Air Act or the Clean Water Act, the facility or facilities involved in the violation could be placed by the EPA on a the "Excluded Parties List list of facilities that " maintained by the General Services Administration, which would continue cannot be used in performing on U.S. Government contracts until the EPA concluded the cause of the violation is corrected was cured. Facilities on the "Excluded Parties List" are prohibited from working on any U.S. Government contract. Our business may be affected by environmental impacted impacts by, including climate change, and governmental evolving legal and industry actions taken in response regulatory requirements and stakeholder sentiment. Changes in environmental and climate-related laws or regulations, including regulations on greenhouse gas emissions, carbon pricing, energy taxes, product efficiency standards, mandatory disclosure obligations, and other U.S. Government procurement requirements, could increase our operational and compliance expenditures and those of our suppliers, including increased energy and raw materials costs and costs associated with manufacturing changes, and lead to new or additional investments in product designs and facility upgrades. Customers, We also may be impacted by stockholders or other shareholders stakeholders, that oppose our sustainability efforts and / or legislation or institutional investors continue to increase their other focus on initiatives that oppose environmental, social, and governance matters efforts, including any our or all of which could adversely impact environmental sustainability practices and commitments with respect to our business operations, products, and suppliers. As a result, we anticipate that we will need to make additional investments in new technologies and capabilities and devote additional management and other resources in response to the foregoing. The adoption of new environmental or climate change laws and regulations, stricter enforcement of existing laws and regulations, imposition of new cleanup requirements, discovery of previously unknown or more extensive contamination, litigation involving environmental matters, our inability to recover related costs under our government contracts, or the financial insolvency of other responsible parties could cause us to incur costs that could have a material adverse effect on our financial position, results of operations, or cash flows. Our nuclear operations subject us to environmental, regulatory, financial, and other risks. The design, construction, refueling and overhaul, repair, and inactivation of nuclear-powered aircraft carriers and nuclear-powered submarines, our nuclear facilities used to support such activities, our nuclear operations at DoE sites, and our activities in the commercial nuclear market subject us to various risks, including: • Potential liabilities relating to harmful effects on the environment and human health resulting from nuclear operations and the storage, handling, and disposal of radioactive materials, including nuclear assemblies and their components; • Unplanned expenditures relating to maintenance, operations, security, and repairs, including repairs required by the U.S. Navy, the U.S. Nuclear Regulatory Commission, or the DoE; • Reputational damage; • Potential liabilities arising out of a nuclear incident whether or not it is within our control; and • Regulatory noncompliance and loss of authorizations or indemnifications necessary for our operations. Failure to properly store, handle, and dispose of nuclear materials could pose a health risk to humans and wildlife and could cause personal injury and property damage, including environmental contamination. If a nuclear accident were to occur, its severity could be significantly affected by the volume of the materials and the speed of remedial actions taken by us

and emergency response personnel, as well as other factors beyond our control, such as weather and wind conditions. Actions we might take in response to an accident could result in significant costs. Our nuclear operations are subject to various safety related requirements imposed by the U.S. Navy, the DoE, and the **U.S. Nuclear Regulatory Commission**. In the event of noncompliance, these agencies may increase regulatory oversight, impose fines, or shut down our operations, depending on their assessment of the severity of the noncompliance. In addition, new or revised security and safety requirements imposed by the U.S. Navy, DoE, and **U.S. Nuclear Regulatory Commission** could require substantial capital and other expenditures. Subject to certain requirements and limitations, our contracts with the U.S. Navy and DoE generally provide for indemnity by the U.S. Government for costs arising out of or resulting from our nuclear operations. We may not, however, be indemnified for all liabilities we may incur in connection with our nuclear operations. To mitigate risks related to our commercial nuclear operations, we rely primarily on insurance carried by nuclear facility operators and our own limited insurance for losses in excess of the coverage of facility operators. Such insurance, however, may not be sufficient to cover our costs in the event of an accident or business interruption relating to our commercial nuclear operations, which could have a material adverse effect on our financial position, results of operations, or cash flows. **We have implemented** Our reputation and our ability to conduct business may be impacted by the improper conduct of employees, agents, or business partners. Our compliance program incorporates detailed compliance plans and related compliance controls, policies, procedures, and training **,in addition to contractual terms, as applicable,** designed to prevent and detect misconduct by **our** employees, agents, business partners, and others working on our behalf, including suppliers and subcontractors, that would violate the **applicable** laws of the jurisdictions in which we operate, including laws governing **improper** payments to government officials, the protection of export controlled or classified information, **false claims, procurement integrity** cost accounting and billing, competition, and **information security and** data privacy. **However,** From time to time we are impacted by the **cannot ensure that we will prevent all such** misconduct of **committed by our** employees and **,agents,suppliers,subcontractors,** business partners **or others working with us or on our behalf.** We have been **,and we may in the future be ,impacted by such misconduct.** The risk of improper conduct may increase as we expand our operations into foreign jurisdictions, including as we pursue opportunities with local and new partners. In the ordinary course we form and are members of joint ventures. Notwithstanding our robust processes, we may be unable to adequately protect **prevent misconduct our- or intellectual violations of applicable laws by these joint ventures (including their officers, directors and employees) or our business partners. Any property-- improper rights** actions by our employees, agents, business partners, those with whom we do business and others working on our behalf could subject us to administrative, civil, or criminal investigations and enforcement actions, monetary and non-monetary penalties, including suspension or debarment , which could have a material adverse effect on our financial position, results of operations, or cash flows. Moreover, actions that are inconsistent with our culture and values, including with respect to product safety or quality, legal or regulatory compliance, financial reporting, or people management, may cause us significant reputational damage. We are subject to income and other taxes in the U. S. (federal and state) and foreign jurisdictions. Changes in applicable tax laws and regulations or their interpretation and application, including those with retroactive effect, have affected and could affect our ability **tax expense and profitability and cash flows. In addition** to compete depend on whether and when these provisions are deferred, modified, or repealed by Congress, including any retroactive application, among other factors. In addition to future changes in tax laws, the amount of net deferred tax liabilities will change periodically as a result of a number of factors, including the measurement of our defined benefit pension plans, actual cash contributions to our defined benefit pension plans, changes in the timing of contract taxable income, and changes in the amount and timing of depreciation and amortization deductions. We are also regularly under audit or examination by taxing authorities, including foreign tax authorities. The final determination of tax liabilities and any related litigation could similarly result in unanticipated increases in our tax expense and affect profitability and cash flows. **We See Note 11: Income Tax under Item 8 for further information regarding our estimated income tax liabilities and a discussion of tax years that** are **subject currently under examination by taxing authorities.** We own patents, trademarks, copyrights, and other forms of intellectual property related to our business, and we license intellectual property rights to and from third parties. The U. S. Government generally receives non- exclusive licenses to certain intellectual property we develop in the performance of U. S. Government contracts, and the U. S. Government may use or, in some cases, authorize third parties to use such intellectual property. The U. S. Government can take aggressive positions both as to the intellectual property to which they believe government use rights apply and to the acquisition of broad license rights. To the extent the U. S. Government is successful, the intellectual property on which we depend and our access to and use of certain supplier intellectual property could be negatively affected. We also rely upon proprietary technology, information, processes, and know- how that are not protected by patents. We seek to protect this information through trade secret or confidentiality agreements with our employees, consultants, subcontractors, and other parties, as well as through other measures. These agreements and other measures may not, however, adequately protect the trade secrets on which we depend. In addition, trade secrets may be independently developed by competitors. Our intellectual property is also subject to challenge, invalidation, infringement, misappropriation, or circumvention by third parties. In the event of infringement, misappropriation, breach of a confidentiality agreement, or unauthorized disclosure of proprietary information, we may not have adequate legal remedies to protect our intellectual property. Litigation to determine the scope of our rights or to protect our rights, even if successful, could be costly and a diversion of management' s attention. If we are unable to protect our intellectual property rights adequately, our business could be adversely affected. We also use certain intellectual property licensed to us by third parties. In the case of such licensed intellectual property, we may be unable in the future to secure the necessary licenses to use such intellectual property, or to secure the licenses on commercially reasonable terms. **Anti- takeover provisions in our organizational documents and Delaware law, as well as regulatory requirements, could delay or prevent a change in control.** Certain provisions of our Restated Certificate of Incorporation and Restated Bylaws may delay or prevent a merger or acquisition that stockholders might consider

favorable. For example, our Restated Certificate of Incorporation and Restated Bylaws currently require advance notice for stockholder proposals and director nominations, and authorize our board of directors to issue one or more series of preferred stock. Delaware law also imposes restrictions on mergers and other business combinations between any holder of 15 % or more of our outstanding common stock and us. Our nuclear shipbuilding operations are considered vitally important to the U. S. Navy. As a result, our Navy contracts include notice and approval rights for the Navy and conditions regarding the Navy' s obligations to indemnify us for losses relating to our naval nuclear operations, in the event of a change of control of our nuclear shipbuilding operations. Such provisions require us to provide the U. S. Navy with notice of any potential change of control of our nuclear shipbuilding operations and receive the Navy' s consent to transfer certain related licenses to facilitate the Navy' s ability to confirm that a potential buyer would continue to conduct our operations in a satisfactory manner. Provisions of our Restated Certificate of Incorporation and our Restated Bylaws and our existing contracts with the U. S. Navy may have the effect of discouraging, delaying, or preventing a change of control of our company that may be beneficial to our stockholders and could have a negative impact on our stock price.

~~Our Restated Bylaws include an exclusive forum requirement for certain litigation that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for such disputes with us or our directors, officers, or employees.~~ Our Restated Bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware) shall, to the fullest extent permitted by law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, other employees, or stockholders to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the General Corporation Law of the State of Delaware or as to which the General Corporation Law of the State of Delaware confers jurisdiction on the Court of Chancery, (iv) any action asserting a claim arising pursuant to any provision of our Certificate of Incorporation or Restated Bylaws, (v) any action asserting an " internal corporate claim " as that term is defined in Section 115 of the General Corporation Law of the State of Delaware, or (vi) any action governed by the internal affairs doctrine. This exclusive forum provision would not apply to suits brought to enforce a duty or liability created by the Securities Act or the Exchange Act, which provides for exclusive jurisdiction of the federal courts. The exclusive forum provision may limit a stockholder' s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees, which may discourage such lawsuits against us and our directors, officers, and other employees. Alternatively, if a court were to find the exclusive forum provision contained in our Restated Bylaws to be inapplicable or unenforceable in an action, we may incur additional costs and liabilities associated with resolving such action in other jurisdictions.

~~General Risk Factors~~ We seek to insure our significant risks and potential liabilities that are insurable, including, among others, property loss from natural disasters, product liability, and business interruption resulting from an insured property loss. In some circumstances, we may be indemnified for losses by the U. S. Government, subject to the availability of appropriated funds. Not every risk or liability can be protected by insurance, and, for insurable risks, the limits of coverage we can reasonably purchase may not be sufficient to cover the full amount of our actual losses or liabilities, including, for example, in the case of a catastrophic hurricane. In addition, the nature of our business can make it difficult to quantify the disruptive impact and loss resulting from such events. Limitations on the availability of insurance coverage may result in substantial uninsured losses, which could have a material adverse effect on our financial position, results of operations, or cash flows. Even in cases for which we have insurance coverage, disputes with insurance carriers over coverage may affect the timing of cash flows and cause us to incur significant expense to pursue insurance claims. In addition, an unfavorable outcome in the event of litigation with an insurance carrier may have a material adverse effect on our financial position, results of operations, or cash flows.

~~Market volatility and adverse capital market conditions may affect our ability to access cost-effective sources of funding and may expose us to risks associated with the financial viability of suppliers and subcontractors.~~ The financial markets experience high levels of volatility and disruption from time to time, reducing the availability of credit for certain issuers. We access these markets from time to time to support certain business activities, including funding acquisitions and capital projects and refinancing existing indebtedness. We may also access these markets to acquire credit support for our workers' compensation self- insurance program and letters of credit. A number of factors could cause us to incur higher borrowing costs and experience greater difficulty accessing public and private debt markets, including disruptions or declines in the global capital markets and / or a decline in our financial performance, outlook, or credit ratings. The occurrence of any or all of these events may adversely affect our ability to fund our operations, meet contractual commitments, make future investments or desirable acquisitions, or respond to competitive challenges. Tightening capital markets could also adversely affect the ability of our suppliers and subcontractors to obtain financing. Delays in the ability of our suppliers or subcontractors to obtain financing, or the unavailability of financing, could negatively affect their ability to perform their contracts with us and, as a result, our ability to satisfy our contractual obligations. The inability of our suppliers and subcontractors to obtain financing could also result in the need for us to transition to alternate suppliers and subcontractors, which could result in us incurring significant incremental costs and delays.

~~If we fail to manage acquisitions, joint ventures, equity investments, and other transactions successfully or if acquired businesses or equity investments fail to perform as expected, our financial results, business, and future prospects could be harmed.~~ As part of our business strategy, we identify and evaluate potential acquisitions, joint ventures, and investments. When evaluating such transactions, we make significant judgments regarding the values of business opportunities, technologies, and other assets, the risks and costs of potential liabilities, and the future prospects of strategic acquisitions. We often compete with other potential buyers for the same opportunities. To be successful, we conduct due diligence to identify valuation issues and potential loss contingencies; negotiate transaction terms; complete and close complex transactions; integrate acquired companies and employees; and realize anticipated operating synergies efficiently and effectively. Acquisition, joint venture, and investment transactions often require substantial management resources and have the potential to divert our attention from our existing business. Unidentified or

identified but un- indemnified or uninsured pre- closing liabilities could affect our future financial results, particularly through successor liability under procurement laws and regulations, such as the False Claims Act or Truth in Negotiations Act, anti- corruption, environmental, tax, import- export, and technology transfer laws, which provide for civil and criminal penalties and the potential for debarment. We also may incur unanticipated costs or expenses, including post- closing asset impairment charges, expenses associated with eliminating duplicate facilities, employee retention, transaction- related or other litigation, and other liabilities. Any of the foregoing could adversely affect our business and results of operations. Joint ventures and other non- controlling investments operate under shared control with other parties. These investments typically include many of the same risks and uncertainties we incur, but may also expose us to additional risks not present if we retained full control. A joint venture partner may have economic or other business interests that are inconsistent with our interests, and we may be unable to prevent strategic decisions that may adversely affect our business, financial condition, and results of operations. We also could be adversely affected by, or liable for, actions taken by joint ventures that we do not control, including violations of anti- corruption, import and export, taxation, and anti- boycott laws. ~~We can provide no assurance we will continue to increase our dividends or to repurchase shares of our common stock at current levels.~~ The payment of cash dividends and repurchases of our common stock are subject to limitations under applicable law and the discretion of our board of directors, considered in the context of ~~then~~ current conditions, including our earnings, other operating results, and capital requirements. Declines in asset values or increases in liabilities, including liabilities associated with benefit plans and assets and liabilities associated with taxes, can reduce stockholders' equity. A deficit in stockholders' equity could limit our ability under Delaware law to pay dividends and repurchase shares in the future. In addition, the timing and amount of share repurchases under board- approved share repurchase programs are within the discretion of management and depend upon many factors, including our share price, results of operations, capital requirements, and general business conditions, as well as applicable law.