UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION

COMMISSIONERS: **Andrew N. Ferguson, Chairman**
Mark R. Meador

In the Matter of	)	
	)	
Northrop Grumman Corporation, a corporation;	)	
	)	**DECISION AND ORDER**
and	)	**DOCKET NO. C-4652**
	)	
Orbital ATK, Inc., a corporation.	)	
	)	

ORDER REOPENING AND MODIFYING DECISION AND ORDER

Respondent Northrop Grumman Corporation ("Northrop") filed a petition on March 26, 2026, ("Petition") seeking to reopen and set aside the Commission's 2018 Decision and Order ("Order") issued in *In re Northrop Grumman Corporation*.[1] Northrop argues that the Commission should reopen and set aside the Order based on changed conditions of fact and that reopening and setting aside the Order would be in the public interest.

For the reasons discussed below, the Commission grants in part and denies in part Northrop's Petition. After careful consultation with the Department of War ("DoW"), the Commission determines that the public interest favors reopening and modifying the Order by limiting its application to Department of War bidding competitions involving only large solid rocket motors ("SRM") and reducing the Order's term from twenty years to fifteen years. Northrop has consented to these modifications.

I. BACKGROUND

This petition raises questions about competition within the SRM market. To understand that market, one must understand both what an SRM is and how the lone customer for missiles containing SRMs obtains those missiles.

First, an SRM is a rocket-propulsion system in which fuel and oxidizer are mixed together to form a solid propellant that is placed within an insulated case, along with an igniter and a nozzle. When ignited, combustion takes place on the surface of the propellant, producing great amounts of rapidly expanding hot gases. As these hot exhaust gases pass through the nozzle, they are further accelerated, generating thrust that propels the missile or rocket forward.

[1] Decision and Order, *In re Northrop Grumman Corporation*, Docket No. C-4652 (Dec. 3, 2018).

The United States Armed Forces employ numerous missile systems that provide essential national defense capabilities, including short-range tactical missiles, longer-range strategic missiles, and missile defense interceptors designed to defeat ballistic missile threats. SRMs are used to propel virtually all of these missiles due to their simplicity, reliability, and long-term storability. The lone end user in the United States for missiles is DoW.

Although DoW does not buy SRMs directly, it purchases the missile systems for which SRMs are designed and into which SRMs are integrated. DoW purchases its missile systems from prime contractors, usually through a competitive bidding process. The missile prime contractor is, in turn, responsible for selecting subcontractors to manufacture components of the integrated weapon system, including SRMs. For missile systems, the SRM supplier is a major subcontractor of particular importance because SRMs are a critical discriminator technology that affects the missile's cost and performance, including its range, accuracy, payload capacity, and reliability. The choice of SRM can thus significantly affect the final determination of a missile system prime competition.

In September 2017, Northrop agreed to buy Orbital ATK, Inc. ("Orbital") for approximately $9.2 billion in cash and the assumption of debt (the "Acquisition"). At the time, Northrop was one of only four firms[2] with significant experience and expertise in designing and manufacturing missile systems for DoW, and Orbital and Aerojet Rocketdyne Holdings, Inc. were the only two significant U.S. suppliers of SRMs. One significant contract bid that could have been impacted by the Acquisition at the time was the Ground Based Strategic Deterrent ("GBSD") intercontinental ballistic missile system.[3] The GBSD was the U.S. Air Force's next-generation replacement for the Minuteman III ICBM.[4] At the time of the Acquisition, Northrop was competing head-to-head against Boeing for a contract to design and manufacture the GBSD, and it was believed that Northrop's ability to limit Boeing's access to Orbital's SRMs could significantly disadvantage Boeing in its competition with Northrop.

Given the nature of the market, the merger presented obvious competitive dangers. Had Northrop been able to foreclose its prime competitors from buying Orbital's SRMs at a competitive price, or otherwise degrade their dealings with Orbital, then Northrop could reduce price competition in the market for missile systems and leave DoW with no choice but to spend more taxpayer dollars.

On June 5, 2018, the Commission simultaneously issued a complaint and a Decision and Order remedying the anticompetitive aspects of the proposed merger. The Commission alleged that Northrop had the ability and incentive to use its acquisition of Orbital to foreclose missile system prime contractor competitors by denying them access to the combined firm's SRMs or by making pricing, personnel, schedule, investment, design, and other decisions that disadvantaged

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[2] The other significant missile prime contractors were Lockheed Martin Corporation, the Raytheon Company, and The Boeing Company.

[3] "Air Force awards two contracts for a new intercontinental ballistic missile weapon system," Air Force (Aug. 22, 2017), https://www.af.mil/News/Article-Display/Article/1285948/air-force-awards-two-contracts-for-a-new-intercontinental-ballistic-missile-wea/.

[4] *Id.*

those competitors. After a public comment period, on December 4, 2018, the Commission issued a modified Decision and Order containing minor changes.

To settle the Complaint's allegations, Northrop consented to a twenty-year Order that, *inter alia*, required: (1) Northrop not to discriminate in the provision of SRMs in favor of its own efforts to be the prime contractor in a missile competition over those of competing prime contractors; (2) Northrop to maintain firewalls to prevent non-public information of a competing prime contractor getting to Northrop's prime contractor team; (3) DoW to appoint a Compliance Officer to oversee Northrop's compliance with the Order; and (4) Northrop to develop a compliance program to comply with the requirements of the Order. The Order was set to expire on June 5, 2038.

On March 26, 2026, Northrop petitioned the Commission under Section 5(b) of the FTC Act[5] and Commission Rule 2.51[6] to reopen and set aside the Order.

II. NORTHROP'S PETITION

Northrop's petition raises two arguments to set aside the Order. First, Northrop argues that the SRM market is far more competitive today than it was in 2018 because of new entry and increased competition from incumbents. Second, Northrop argues that global conflicts have increased demand for SRMs. It contends, however, that the Order's compliance burdens reduce Northrop's ability to meet that increased demand quickly, and, therefore, the public interest is served by reducing these burdens in order to expand the defense industrial base.

The Commission published the Petition for public comment and received four comments. The Commission also consulted closely with DoW to understand both the supply and demand conditions in the SRM market. On October 21, 2026, Under Secretary of War for Acquisition and Sustainment Michael P. Duffey informed the Commission by letter (attached as Appendix A) that, although DoW opposes granting Northrop's petition in its entirety, DoW does support modifying the Order to (a) limit its applicability to large SRMs, (b) reduce Northrop's compliance reporting obligations, and (c) change the Order's termination date from 2038 to 2033.[7]

Although Commission action on the Petition was initially due on July 24, 2026, Northrop agreed to extend the time for the Commission to act on the Petition until 30 days after it reached agreement with Commission staff and the DoW. On October 26, 2026, Northrop, Commission staff, and DoW signed an Agreement in Principle whereby Northrop consented to modifying the Order consistent with DoW's October 21, 2026, letter. Under the terms of the Agreement in Principle, the Commission must act on the Petition by November 25, 2026.

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[5] 15 U.S.C. § 45(b).

[6] 16 C.F.R. § 2.51.

[7] Letter from Michael P. Duffey, Under Secretary of War for Acquisition and Sustainment, to The Honorable Andrew N. Ferguson, October 21, 2026 ("DoW Letter").

III. STANDARDS FOR REOPENING AND SETTING ASIDE

Section 5(b) of the FTC Act provides that the Commission may reopen and modify an order when the Commission determines that "conditions of fact or of law have so changed as to require such action or if the public interest shall so require."[8] Commission rules require that a petition to modify an order must "contain a *satisfactory showing* that changed conditions of law or fact require the rule or order to be altered, modified or set aside, in whole or in part, or that the public interest so requires."[9]

A petition to reopen and modify must be supported by evidence that is credible and reliable.[10] The petition may not be merely conclusory.[11] It must set forth specific facts demonstrating in detail (1) the nature of the changed conditions and the reasons why they require the requested modification, or (2) the reasons why the public interest would be served by the modification.[12] The petitioner must demonstrate, for example, that the purposes of the order could be achieved more efficiently or effectively with a modification; that the order in whole or part is no longer necessary; or that granting the petition would clearly serve the public interest.[13] The public interest inquiry also assesses whether "the costs that the [order] imposes on respondent appear to outweigh any consumer benefits that it may confer," and whether the order prevents conduct that "is innocuous and may, in certain circumstances, be procompetitive."[14] The petitioner must include in the petition all information and material that the petitioner wishes the Commission to consider.[15]

If, after determining that the petitioner has made the required showing, the Commission decides to reopen the order, it will then consider and balance all the reasons for and against modification.[16] A decision to reopen an order does not oblige the Commission to modify it, and the burden remains on the petitioner in all cases to demonstrate why the order should be reopened and modified.[17] The petitioner's burden is not a light one in view of the public interest in the repose and finality of Commission orders.[18]

IV. ANALYSIS

The public interest requires that the Order be modified but not set aside. The Commission reaches this conclusion based on its review of the Petition, the public comments, and its

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[8] 15 U.S.C. § 45(b).

[9] 16 C.F.R. § 2.51(b) (emphasis added); Order Granting Petition to Reopen and Set Aside, *In re Chevron Corp.*, Docket No. C-4814, at 4 (July 17, 2025) ("Chevron Order").

[10] Order Reopening and Setting Aside Order, *In re Enbridge Inc.*, Docket No. C-4604, at 3 (Apr. 8, 2025) ("Enbridge Order"); Order Reopening and Modifying Order, *In re DTE Energy Co.*, Docket No. C-4691, at 2 (Nov. 23, 2021).

[11] Enbridge Order at 3.

[12] 16 C.F.R. § 2.51(b).

[13] Enbridge Order at 3.

[14] Chevron Order at 4.

[15] 16 C.F.R. § 2.51(b)(2).

[16] Enbridge Order at 3–4.

[17] *Id.* at 4; *see also United States v. Louisiana-Pacific Corp.*, 967 F.2d 1372, 1376–77 (9th Cir. 1992) (reopening and modification are independent determinations).

[18] Enbridge Order at 4.

consultation with DoW, which culminated in Under Secretary Duffey's letter to the Commission.[19]

First, the Commission modifies the Order to limit its coverage to Missile Competitions involving large SRMs. Making this change requires some additional, conforming modifications to ensure that the Order continues to preserve effectively competition at all stages of competition involving a large SRM. Because the diameter of the SRM may not be specified or known at the initial stages of a new potentially relevant competitive event, the Commission further modifies the Order to ensure it applies to any Missile Competition where the SRM's anticipated diameter is 25 inches or greater. This shall continue until Northrop certifies that the actual diameter of the SRM does not exceed 30 inches.

Second, the Commission modifies the Order to reduce the frequency of compliance reports. This change will reduce Northrop's burden while still enabling Commission and DoW staff to monitor compliance.

Finally, the Commission shortens the termination date from June 5, 2038, to June 5, 2033.

The Commission makes these changes because DoW believes that the modifications serve the public interest. Under Secretary Duffey summed the circumstances up well:

> The industrial and strategic landscape has evolved since 2018. The United States is navigating high-intensity strategic competition with near peer adversaries while supporting allies in sustained, active conflicts. The public interest has shifted from monitoring peacetime market competition to focusing efforts on surging production of SRMs and missile systems, an urgency reflected in the Administration's defense budget requests.
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> Modifying the Order as stated above should allow [Northrop] to better support the Nation's urgent defense needs while preserving competition. In the tactical missile market, [Northrop] acts primarily as a merchant supplier for [small] SRMs. In the strategic missile market, [which incorporates large SRMs, Northrop] is the prime for the Sentinel program, which accounts for approximately 47 percent of revenue of all strategic missiles produced from 2020 through 2025. Furthermore, our analysis determined a 7-year term for the Order is a reasonable period to monitor the large SRM market while fostering the development of new suppliers. Given these factors, the DoW recommends that the Federal Trade Commission (FTC) modify the Order.[20]

The Commission routinely consults with other agencies and departments of the federal government when investigating competition matters. And the Commission greatly values its consultation with its federal-agency partners. But the view of other agencies on the right outcomes in competition investigations is not dispositive. The Commission is the federal

[19] Because we conclude that it is in the public interest to reopen and modify the Order, we need not consider Northrop's arguments about changes of fact.

[20] DoW Letter at 1.

government's principal competition-law enforcer, and we have more than a century of experience protecting competition in dozens of markets. We therefore must generally reach our own conclusions about how a transaction or conduct is likely to affect American markets.

But we defer more heavily to DoW's views on competition in the defense supply chain than we would to other agencies' views regarding civilian markets. To start, DoW's views are important because DoW is the primary (and sometimes only) end-use U.S. customer for the products and services those markets produce. When the Commission investigates a potentially unlawful transaction or restraint, we must assess the effects of that transaction or restraint on the relevant market. Customer testimony about competitive dynamics in the relevant market, and the likely effects that a merger or restraint will have on competition, is entitled to considerable weight.[21]

DoW is obviously more than just a customer. It is the government agency that Congress has entrusted with the defense of our homeland and our national interests abroad. That duty is the first and foremost duty of all governments. The purpose of the defense supply chain is to supply our national government with the materiel necessary to fulfill that duty. Many decades of participation in that supply chain has given DoW sophisticated expertise in the operation of those markets—expertise that can help guide the Commission in fulfilling its duty to protect competition in our markets. And the stakes for the Commission's decision to intervene or not intervene in those uniquely important markets are high. Commission action or inaction in a defense-industrial market could cause second-order effects elsewhere within the defense supply chain that the Commission would not have reason to consider or predict. Depending on the military's present commitments and future strategic needs, a Commission decision could be consequential to the nation's security interests in ways we could not anticipate. As such, DoW's expertise and long experience can help the Commission understand the risks to our national-security interests of intervening or declining to intervene.

None of this means that the Commission should outsource its statutory role to protect competition in defense markets. Blindly deferring to DoW would disrespect Congress's choice no less than our categorically refusing to consider DoW's views. The Commission must therefore reach its own conclusion on whether to intervene in a defense market. But given DoW's many decades of experience as the lone end-use customer in these markets, its duty to defend our national security, and its sophisticated understanding of the relations of various parts of the defense markets to each other, the Commission places substantial weight on DoW's views when the Commission is deciding to intervene in those markets.

[21] *F.T.C. v. Hackensack Meridian Health, Inc.*, 30 F.4th 160, 171 (3d Cir. 2022) ("The District Court found the insurer testimony and supporting data that Bergen County is important to insurers credible and compelling."); *F.T.C. v. Staples, Inc.*, 190 F. Supp. 3d 100, 124 (D.D.C. 2016) ("Here, the record evidence shows that large B-to-B customers do not view any alternative sources for bulk procurement of basic office supplies that would retain the current competitive conditions of the market."); *F.T.C. v. Sysco Corp.*, 113 F. Supp. 3d 1, 30 (D.D.C. 2015) ("Overwhelmingly, the evidence shows that the players in the foodservice industry—both its suppliers and customers—recognize broadline, systems, specialty, and cash- and carry to be distinct modes of distribution.").

V. CONCLUSION

The Commission determines that it is in the public interest to reopen and modify the Order to limit its coverage to large SRMs and make other changes to reduce the regulatory burden on Northrop consistent with the Agreement in Principle agreed to by Commission staff, DoW, and Northrop.

Accordingly,

IT IS ORDERED that the Order in Docket No. C-4652 be, and hereby is, modified as follows:

Paragraph I.P. of the Order is replaced and will read as follows:

I.P. "Missile Competition" means a pending or future competition for one or more Missiles or Missile Systems to be procured by a Government Customer from the initiation of the DoD procurement and acquisition process through the award of the applicable full-rate production contract or, if a determination is made by the Government Customer not to award the applicable contract, through the time such a determination is made, including, but not limited to, any and all activities related to formulating, finalizing, and submitting proposals, whether or not accepted by the Government Customer and/or Prime Contractor, and negotiations with the Government Customer and/or Prime Contractor. Such competition ceases to be a Missile Competition upon the date that Northrop certifies that all the solid rocket motor(s) (i) contemplated by the Northrop Missile Business in its concept or design and (ii) offered by the Northrop SRM Business to any Third Party Prime Contractor(s) are 30 inches or less in diameter.

Paragraph I.CC. of the Order is replaced and will read as follows:

I.CC. "SRM" means any solid rocket motor (i) with a diameter greater than 30 inches, or (ii) with an anticipated diameter of 25 inches or greater, and the exact diameter of which cannot be determined, used to propel a Missile.

Paragraph VII.B.1.b. is replaced and will read as follows:

VII.B.1.b. "interim compliance reports 45 days after the event which gives rise to an obligation to notify pursuant to Paragraph IV. of this Order, and every 120 days thereafter until (i) the award of the applicable contract or, if a determination is made by the Government Customer not to award the applicable contract, the date such a determination is made; (ii) Respondent Northrop has been eliminated from consideration of being the Prime Contractor; (iii) Respondent Northrop has provided notice that it has withdrawn from consideration of being the Prime Contractor; (iv) Respondent Northrop's SRM Business has been eliminated from consideration of being the SRM supplier to all Third Party Prime Contractors; (v) Respondent Northrop is the sole remaining Prime Contractor, or (vi) Northrop certifies that all the solid rocket motor(s) (i) contemplated by the Northrop Missile Business in its concept or design and (ii) offered by the Northrop SRM Business to any Third Party Prime Contractor(s) are 30 inches or less in diameter; whichever occurs first, *provided, however,* that if Respondents are filing reports under Paragraph VII.B.1.a. of this Order, then the reports under this provision may be included in such reports;"

Paragraph X of the Order is replaced and will read as follows:

"**IT IS FURTHER ORDERED** that this Order shall terminate on June 5, 2033."

Finally, the Commission adds an additional obligation on Respondent Northrop as part of this Order Modifying Order:

IT IS FURTHER ORDERED that no later than 30 days after the date of this Order Reopening and Modifying the Order, Northrop shall submit a revised, detailed plan for complying with the provisions of Paragraph III. of the Order in light of the changes to the Order to the Commission and the Compliance Officer.

By the Commission.

April J. Tabor
Secretary

SEAL:
ISSUED: November 25, 2026

APPENDIX A

THE UNDER SECRETARY OF WAR
3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

ACQUISITION
AND SUSTAINMENT

OCT 21 2026

The Honorable Andrew N. Ferguson
Chairman
Federal Trade Commission
Washington, DC 20580

Dear Mr. Chairman:

The Department of War (DoW) has reviewed Northrop Grumman Corporation's (NGC) Petition to Reopen and Set Aside the Decision and Order entered on Friday, June 5, 2018, and modified on Tuesday, December 4, 2018, in Docket No. C-4652 (Order) resulting from NGC's 2018 acquisition of Orbital ATK, Inc. After assessing the Order's impact on the defense industrial base and U.S. military readiness, the DoW recommends modifying this Order to maintain requirements only for large solid rocket motors (SRMs) with a diameter greater than 30 inches and reducing the Order's duration to seven years.

The industrial and strategic landscape has evolved since 2018. The United States is navigating high-intensity strategic competition with near peer adversaries while supporting allies in sustained, active conflicts. The public interest has shifted from monitoring peacetime market competition to focusing efforts on surging production of SRMs and missile systems, an urgency reflected in the Administration's defense budget requests.

Modifying the Order as stated above should allow NGC to better support the Nation's urgent defense needs while preserving competition. In the tactical missile market, NGC acts primarily as a merchant supplier for SRMs. In the strategic missile market, NGC is the prime for the Sentinel program, which accounts for approximately 47 percent of revenue of all strategic missiles produced from 2020 through 2025. Furthermore, our analysis determined a 7-year term for the Order is a reasonable period to monitor the large SRM market while fostering the development of new suppliers.

Given these factors, the DoW recommends that the Federal Trade Commission (FTC) modify the Order. The DoW appreciates the opportunity to provide the FTC with our recommendation and looks forward to working together as this matter comes to a resolution.

Sincerely,

Michael P. Duffey