Northrop Grumman Settles Two Lawsuits

LOS ANGELES -- Aug. 20, 2003 -- Northrop Grumman Corporation (NYSE: NOC) agreed to an $80 million joint settlement of two civil False Claims Act complaints filed by the U.S. Department of Justice. The company said it will not record a charge to its earnings as a result of this settlement. Although cash from operations will be affected by the settlement, the company still expects 2003 cash from operations of $1.1 billion to $1.3 billion, before the $1.0 billion B-2 tax payment.

Of the $80 million, the government allocated $60 million to settle allegations that Newport News Shipbuilding, Inc., acquired by Northrop Grumman in December 2001, improperly charged certain independent research and development costs to its government contracts between 1994 and 1999. The suit was filed in February 2003 in the U.S. District Court for the Eastern District of Virginia. The case is United States of America v. Newport News Shipbuilding, Inc. #1:03CV142 -A.

The government allocated the balance of the $80 million to settle claims filed in May 1995 in the U.S. District Court of the Central District of California, related to allegedly defective aerial target drones. The case is United States of America ex rel. Daniel Jordan v. Northrop Grumman Corporation, #CV95-2985 ABC (Ex).

The company expressly denied any liability and has agreed to settle these matters, allowing management to focus on the ongoing business operations.

Northrop Grumman Corporation is a $25 billion global defense company, headquartered in Los Angeles, Calif. Northrop Grumman provides technologically advanced, innovative products, services and solutions in systems integration, defense electronics, information technology, advanced aircraft, shipbuilding and space technology. With approximately 120,000 employees and operations in all 50 states and 25 countries, Northrop Grumman serves U.S. and international military, government and commercial customers.

Forward-Looking Information

Note: Certain statements and assumptions in this release contain or are based on "forward-looking" information (that Northrop Grumman believes to be within the definition in the Private Securities Litigation Reform Act of 1995) and involve risks and uncertainties, and include, among others, statements in the future tense, and all statements accompanied by terms such as "project," "expect," "estimate," "assume," "guidance" or variations thereof. This information reflects the company’s best estimates when made, but the company expressly disclaims any duty to update this information if new data becomes available or estimates change after the date of this release.

Such "forward-looking" information is based on numerous assumptions and uncertainties, many of which are outside Northrop Grumman’s control. These
include Northrop Grumman's ability to successfully integrate its acquisitions including TRW, to realize the preliminary estimates for accounting conformance and purchase accounting valuations for TRW which will be finalized in the 2003 fourth quarter and which may materially vary from these estimates, assumptions with respect to future revenues, expected program performance and cash flows, returns on pension plan assets and variability of pension actuarial and related assumptions, the outcome of litigation, appeals and settlement negotiations, environmental remediation, divestitures of businesses, successful reduction of debt, successful negotiation of contracts with labor unions, effective tax rates and timing and amounts of tax payments, and anticipated costs of capital investments, among other things. Northrop Grumman's operations are subject to various additional risks and uncertainties resulting from its position as a supplier, either directly or as subcontractor or team member, to the U.S. Government and its agencies as well as to foreign governments and agencies; actual outcomes are dependent upon factors, including, without limitation, Northrop Grumman's successful performance of internal plans; government customers' budgetary constraints; customer changes in short-range and long-range plans; domestic and international competition in both the defense and commercial areas; product performance; continued development and acceptance of new products; performance issues with key suppliers and subcontractors; government import and export policies; acquisition or termination of government contracts; the outcome of political and legal processes; legal, financial, and governmental risks related to international transactions and global needs for military aircraft, military and civilian electronic systems and support, information technology; naval vessels, space systems and related technologies, as well as other economic, political and technological risks and uncertainties and other risk factors set out in Northrop Grumman's filings from time to time with the Securities and Exchange Commission, including, without limitation, Northrop Grumman reports on Form 10-K and Form 10-Q.

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