Northrop Grumman to Receive $440 Million in Settlement

Honeywell Agrees to Pay in 11-Year-Old Antitrust and Patent Infringement Suits

LOS ANGELES, Dec. 21, 2001 -- Northrop Grumman Corporation (NYSE:NOC) today announced that it has reached a settlement agreement in antitrust and patent infringement lawsuits filed against Honeywell, Inc. (NYSE:HON). Under the agreement Honeywell has agreed to pay Northrop Grumman $440 million in cash, $220 million of which will be paid in 2001, with the balance due in July 2002. Northrop Grumman stated that the settlement agreement resolved all aspects of the litigation.

The settlement will not affect Northrop Grumman's 2001 or 2002 earnings guidance because it will be accounted for as a reduction of goodwill related to the purchase of Litton Industries, Inc. The cash proceeds will be used for general corporate purposes.

"We are glad to have this long-standing issue resolved and are very pleased with the settlement agreement and award," said Kent Kresa, Northrop Grumman chairman and chief executive officer. "The settlement confirms our belief that Litton Industries took the appropriate steps to protect its business interests."

The lawsuits were filed in 1990 against Honeywell by Litton Industries, which was acquired by Northrop Grumman in April 2001. The suits accused Honeywell of patent infringement and illegal monopolization of the inertial reference systems market for large commercial air transport, commuter and business aircraft.

Inertial measurement systems calculate the precise position and spatial orientation of objects in real-time, and are key elements of modern navigation systems for aircraft.

Northrop Grumman Corporation is an $18 billion, global defense company with its worldwide headquarters in Los Angeles. Northrop Grumman provides technologically advanced, innovative products, services and solutions in defense and commercial electronics, systems integration, information technology and nuclear and non-nuclear shipbuilding and systems. With nearly 100,000 employees and operations in 44 states and 25 countries, Northrop Grumman serves U.S. and international military, government and commercial customers.

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