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Northrop Grumman Settles Sixteen-Year-Old Lawsuit

LOS ANGELES, March 1, 2005 -- Northrop Grumman Corporation (NYSE: NOC) agreed to settle a 16-year-old complaint filed by four employees of Northrop Corporation and the U.S. Department of Justice under the qui tam provisions of the civil False Claims Act (U.S. ex rel. Rex Robinson v. Northrop Grumman Corporation).

The company said it will pay approximately \$62 million to settle all claims, including that Northrop in the 1980s inappropriately accounted for scrap parts at its facility in Rolling Meadows, Ill. The company also has agreed to settle the relators' personal claims, including their claim for attorney fees, and to reimburse the government for previously billed legal costs incurred by the company.

The company expressly denied any liability for violating the False Claims Act and has agreed to settle this matter, allowing the company's management to focus on the company's excellent business prospects.

As a result of the settlement, the company recorded a pre-tax charge of \$35 million to its 2004 fourth quarter operating results and expects to pay a total of \$99 million in the first quarter of 2005. Accordingly, income from continuing operations for the 2004 fourth quarter totaled \$273 million, or \$0.74 per diluted share, compared with the previously reported \$296 million, or \$0.81 per diluted share. Income from continuing operations for 2004 totaled \$1.09 billion, or \$2.99 per diluted share, compared with the previously reported \$1.12 billion, or \$3.06 per share.

Northrop Grumman Corporation is a global defense company headquartered in Los Angeles, Calif. Northrop Grumman provides a broad array of

technologically advanced, innovative products, services and solutions in systems integration, defense electronics, information technology, advanced aircraft, shipbuilding, and space technology. The company has more than 125,000 employees and operates in all 50 states and 25 countries and serves U.S. and international military, government and commercial customers.

Certain statements and assumptions in this report 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 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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