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For Immediate Release

Northrop Grumman, Aurora Flight Sciences, Israel Aircraft Industries Form Alliance to Penetrate Tactical, Long-Endurance UAV Market

Agreement includes development of tactical UAVs with endurance from 12 to 50 hours

FARNBOROUGH AIR SHOW, U.K. -- July 19, 2004 -- Northrop Grumman Corporation (NYSE: NOC) and Manassas, Va.-based Aurora Flight Sciences today announced a landmark collaborative business agreement to design, develop and produce tactical, long-endurance unmanned air vehicle (UAV) systems based on Israel Aircraft Industries (IAI)-developed UAVs.

The agreement, which addresses growing worldwide demand for UAV systems, marks Northrop Grumman's entry into the tactical, long-endurance UAV market. It will allow the company to rapidly develop affordable UAV systems for a broader, more diverse set of military and civilian missions.

Under the agreement, Aurora will produce IAI-developed tactical, long-endurance UAVs in the U.S. for Northrop Grumman. As prime contractor, Northrop Grumman will equip the UAVs with mission-specific subsystems, then integrate them into system architectures that can support evolving U.S. government surveillance, battle management, and command and control requirements. The company will also insert new technologies, as appropriate, to meet mission requirements, and provide all required logistic support.

"Northrop Grumman, Israel Aircraft Industries and Aurora Flight Sciences share a legacy of leadership and innovation in the UAV industry," said Scott J. Seymour, president of Northrop Grumman's Integrated Systems sector. "Our combined talents and technologies will enable new

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UAV systems solutions that will challenge the industry's status quo. Our collaboration will spark competition and new ideas that will lead to new, more cost effective and more technologically advanced systems for the men and women of the armed services who daily risk their lives supporting the global war on terrorism."

"The collaboration between these three companies will broaden our activities to new frontiers and act as a force multiplier," said Moshe Keret, IAI's president and chief executive officer. "IAI views this alliance as a long-term commitment to develop and produce innovative tactical UAVs that will benefit the companies' customers. The company has worldwide recognition for its UAVs, which are supplied to the Israel Ministry of Defense and to foreign customers."

"Aurora Flight Sciences has spent 15 years developing and producing critical UAV structures for significant U.S. military and civil UAV programs including Global Hawk," said Dr. John S. Langford, the company's president and founder. "We will leverage our experience, people and technology in this new business arrangement to help Northrop Grumman produce and deliver cost-effective new UAV solutions to U.S. markets."

Each of the companies involved in this new business arrangement brings unique skills and capabilities to the alliance.

Northrop Grumman is a worldwide leader in the design, development and production of high-altitude, long-endurance UAVs such as the U.S. Air Force's RQ-4 Global Hawk aerial reconnaissance system, and lower-altitude tactical UAVs such as the U.S. Navy's RQ-8 Fire Scout and the U.S. Army's RQ-5 Hunter. The company is also developing future systems, such as the Joint Unmanned Combat Air Systems X-47B and Unmanned Combat Armed Rotorcraft, for the Defense Advanced Research Projects Agency (DARPA).

Aurora Flight Sciences, producer of the GoldenEye-100 UAV, is currently one of Northrop Grumman's major subcontractors on the Global Hawk program. It produces Global Hawk's V-tail structure and other composite elements for the air vehicle.

Northrop Grumman and IAI share a long history of success with the RQ-5 Hunter program. Since 1990, the Army's fleet of Hunter UAVs has accumulated more than 30,000 hours of flight time.

IAI has built proven UAV systems for customers worldwide including the Ranger tactical UAV system for surveillance, reconnaissance, target-acquisition and artillery adjustment; the Searcher reconnaissance UAV; and the highly successful Heron, medium-altitude, long-endurance strategic UAV System which supports surveillance, reconnaissance, target-acquisition and artillery adjustment missions. IAI also offers a line of micro and mini UAVs for civilian and Para-military mission.

Aurora Flight Sciences is a leading small-business supplier of UAV designs, components, metal and composite structures, and flight services for government, industry, and academic institutions. The company operates facilities in West Virginia, Virginia, and California. In addition to its Global Hawk work, the company is best known for its development of the MarsFlyer UAV for NASA and the GoldenEye-100 vertical takeoff and landing UAV for DARPA.

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Northrop Grumman Integrated Systems is a premier aerospace and defense systems integration organization. Headquartered in El Segundo, Calif., it designs, develops, produces and supports integrated systems and subsystems optimized for use on networks. For its government and civil customers worldwide, Integrated Systems delivers best-value solutions, products and services that support military and homeland defense missions in the areas of intelligence, surveillance and reconnaissance; space access; battle management command and control; and integrated strike warfare.

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