



Amount previously paid: Not Applicable

Filing party: Not Applicable

Form or registration no.: Not Applicable

Date filed: Not Applicable

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This Statement relates to the offer by Northrop Acquisition, Inc. (the "Purchaser"), a Delaware corporation and a wholly owned subsidiary of Northrop Corporation, a Delaware corporation ("Northrop"), to purchase all of the outstanding shares of Common Stock, par value \$1.00 per share (the "Common Stock"), of Grumman Corporation, a New York corporation (the "Company"), and the associated preferred stock purchase rights (the "Rights" and, together with the Common Stock, the "Shares"), upon the terms and subject to the conditions set forth in the Offer to Purchase, dated March 14, 1994, and in the related Letter of Transmittal (which together constitute the "Offer"), at the purchase price of \$60.00 per Share, net to the tendering stockholder in cash.

ITEM 1. SECURITY AND SUBJECT COMPANY.

- (a) The name of the subject company is Grumman Corporation, a New York corporation, and the address of its principal executive offices is 1111 Stewart Avenue, Bethpage, New York 11714-3580.
- (b) The securities to which this statement relates are the Common Stock and the Rights. The information set forth in the Introductory Section and Section 1 ("Terms of the Offer; Extension of Tender Period; Termination; Amendments") of the Offer to Purchase annexed hereto as Exhibit (a)(1) is incorporated herein by reference.
- (c) The information set forth in Section 7 ("Price Range of Shares; Dividends") of the Offer to Purchase is incorporated herein by reference.

ITEM 2. IDENTITY AND BACKGROUND.

- (a)-(d); (g) The Purchaser is incorporated under the laws of the State of Delaware. The information set forth in Section 11 ("Certain Information Concerning Northrop and the Purchaser") of the Offer to Purchase is incorporated herein by reference. The name, business address, present principal occupation or employment, the material occupations, positions, offices or employments for the past five years and citizenship of each director and executive officer of Northrop and of Purchaser, and the name, principal business and address of any corporation or other organization in which such occupations, positions, offices and employments are or were carried on are set forth in Annex I to the Offer to Purchase and incorporated herein by reference.
- (e); (f) Except as set forth in Section 11 ("Certain Information Concerning Northrop and the Purchaser") of the Offer to Purchase, during the last five years, neither Purchaser nor Northrop, nor, to the best of Northrop's knowledge, any of the directors or executive officers of Purchaser or Northrop has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or was a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which any such person was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting activities subject to, federal or state securities laws or finding any violation of such law.

ITEM 3. PAST CONTACTS, TRANSACTIONS OR NEGOTIATIONS WITH THE SUBJECT COMPANY.

- (a)-(b) The information set forth in the Introductory Section and Section 13 ("Contacts with the Company; Background of the Offer") of the Offer to Purchase is incorporated herein by reference.

ITEM 4. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

- (a)-(b) The information set forth in Section 12 ("Source and Amount of Funds") of the Offer to Purchase is incorporated herein by reference.
- (c) Not applicable.

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ITEM 5. PURPOSE OF THE TENDER OFFER AND PLANS OR PROPOSALS OF THE BIDDER.

The information set forth in the Introductory Section and Sections 8 ("Possible Effects of the Offer on the Market for Shares; Stock Exchange Listing; Registration Under the Exchange Act") and 14 ("Purpose of the Offer and the Proposed Merger; Plans of Northrop and the Purchaser with Respect to the Company") of the Offer to Purchase is incorporated herein by reference.

ITEM 6. INTEREST IN SECURITIES OF THE SUBJECT COMPANY.

- (a)-(b) The information set forth in the Introductory Section and Section 11 ("Certain Information Concerning Northrop and the Purchaser") of the Offer to Purchase is incorporated herein by reference.

ITEM 7. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO THE SUBJECT COMPANY'S SECURITIES.

The information set forth in the Introductory Section and Sections 11 ("Certain Information Concerning Northrop and the Purchaser"), 13 ("Contacts with the Company; Background of the Offer") and 14 ("Purpose of the Offer and the Proposed Merger; Plans of Northrop and the Purchaser with Respect to the Company") of the Offer to Purchase is incorporated herein by reference.

ITEM 8. PERSONS RETAINED, EMPLOYED OR TO BE COMPENSATED.

The information set forth in Section 16 ("Fees and Expenses") of the Offer to Purchase is incorporated herein by reference.

ITEM 9. FINANCIAL STATEMENTS OF CERTAIN BIDDERS.

The information set forth in Section 11 ("Certain Information Concerning Northrop and the Purchaser") of the Offer to Purchase is incorporated herein by reference.

ITEM 10. ADDITIONAL INFORMATION.

- (a) Not applicable.
- (b)-(c) The information set forth in Section 15 ("Certain Legal Matters") of the Offer to Purchase is incorporated herein by reference.
- (d) The information set forth in Sections 8 ("Possible Effects of the Offer on the Market for Shares; Stock Exchange Listing; Registration Under the Exchange Act") and 15 ("Certain Legal Matters") of the Offer to Purchase is incorporated herein by reference.
- (e) Not applicable.
- (f) The information set forth in the Offer to Purchase and the Letter of Transmittal, to the extent not otherwise set forth herein, is

incorporated herein by reference.

ITEM 11. MATERIAL TO BE FILED AS EXHIBITS.

- (a) (1) Offer to Purchase, dated March 14, 1994.
- (2) Letter of Transmittal.
- (3) Letter, dated March 14, 1994, from the Dealer Manager to brokers, dealers, commercial banks, trust companies and nominees.

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- (4) Letter, dated March 14, 1994, to be sent by brokers, dealers, commercial banks, trust companies and nominees to their clients.
- (5) Notice of Guaranteed Delivery.
- (6) Notice of Withdrawal.
- (7) IRS Guidelines to Substitute Form W-9.
- (8) Press Release, dated March 9, 1994.
- (9) Summary newspaper advertisement, dated March 14, 1994.
- (b) Commitment Letter dated March 10, 1994 from The Chase Manhattan Bank, N.A. and Chemical Bank to Northrop.
- (c) (1) Confidentiality Agreement between Northrop and the Company.
- (2) Amendment to Confidentiality Agreement between Northrop and the Company.
- (d) Not applicable.
- (e) Not applicable.
- (f) Not applicable.

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SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: March 14, 1994

NORTHROP CORPORATION

/s/ Richard R. Molleur

-----  
Name: Richard R. Molleur  
Title: Corporate Vice President

NORTHROP ACQUISITION, INC.

/s/ Richard R. Molleur

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Name: Richard R. Molleur  
Title: Vice President and Secretary

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EXHIBIT INDEX

EXHIBIT NO. -----	DESCRIPTION -----	SEQUENTIALLY NUMBERED PAGE -----
(a) (1)	Offer to Purchase, dated March 14, 1994.	
(2)	Letter of Transmittal.	
(3)	Letter, dated March 14, 1994, from the Dealer Manager to brokers, dealers, commercial banks, trust companies and nominees.	
(4)	Letter, dated March 14, 1994, to be sent by brokers, dealers, commercial banks, trust companies and nominees to their clients.	
(5)	Notice of Guaranteed Delivery.	
(6)	Notice of Withdrawal.	
(7)	IRS Guidelines to Substitute Form W-9.	
(8)	Press Release, dated March 9, 1994.	
(9)	Summary newspaper advertisement, dated March 14, 1994.	
(b)	Commitment Letter dated March 10, 1994 from The Chase Manhattan Bank, N.A. and Chemical Bank to Northrop.	
(c) (1)	Confidentiality Agreement between Northrop and the Company.	
(2)	Amendment to Confidentiality Agreement between Northrop and the Company.	
(d)	Not applicable.	
(e)	Not applicable.	
(f)	Not applicable.	

OFFER TO PURCHASE FOR CASH  
ALL OUTSTANDING SHARES OF COMMON STOCK  
(Including the Associated Rights)  
OF  
GRUMMAN CORPORATION  
AT  
\$60.00 NET PER SHARE  
BY  
NORTHROP ACQUISITION, INC.  
A WHOLLY OWNED SUBSIDIARY OF  
NORTHROP CORPORATION

-----  
THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY  
TIME, ON FRIDAY, APRIL 8, 1994, UNLESS EXTENDED.  
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THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS: (1) THERE BEING VALIDLY TENDERED AND NOT WITHDRAWN PRIOR TO THE EXPIRATION DATE THAT NUMBER OF SHARES REPRESENTING AT LEAST TWO-THIRDS OF THE TOTAL NUMBER OF OUTSTANDING SHARES OF GRUMMAN CORPORATION (THE "COMPANY") ON A FULLY DILUTED BASIS (THE "MINIMUM CONDITION"), (2) THE PURCHASER BEING SATISFIED, IN ITS SOLE DISCRETION, THAT SECTION 912 OF THE NEW YORK BUSINESS CORPORATION LAW IS INVALID OR THAT ITS RESTRICTIONS ARE OTHERWISE INAPPLICABLE TO A PROPOSED MERGER IN WHICH EACH SHARE NOT PURCHASED IN THE OFFER WILL BE CONVERTED INTO THE RIGHT TO RECEIVE CASH IN AN AMOUNT EQUAL TO THE PRICE PER SHARE PAID PURSUANT TO THE OFFER (THE "SECTION 912 CONDITION"), (3) THE PURCHASER BEING SATISFIED, IN ITS SOLE DISCRETION, THAT THE SUPERMAJORITY VOTING REQUIREMENT CONTAINED IN ARTICLE SEVENTH OF THE COMPANY'S CERTIFICATE OF INCORPORATION IS INAPPLICABLE TO THE PROPOSED MERGER (THE "SUPERMAJORITY VOTING CONDITION") AND (4) THE PREFERRED STOCK PURCHASE RIGHTS OF THE COMPANY HAVING BEEN REDEEMED BY THE BOARD OF DIRECTORS OF THE COMPANY OR THE PURCHASER BEING SATISFIED, IN ITS SOLE DISCRETION, THAT THE RIGHTS HAVE BEEN INVALIDATED OR OTHERWISE ARE INAPPLICABLE TO THE OFFER AND THE PROPOSED MERGER (THE "RIGHTS CONDITION"). THE OFFER IS ALSO SUBJECT TO CERTAIN OTHER TERMS AND CONDITIONS CONTAINED IN THIS OFFER TO PURCHASE. SEE SECTION 6.

THE OFFER IS NOT CONDITIONED UPON THE PURCHASER OBTAINING FINANCING.

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IMPORTANT

THE PURCHASER WILL REVIEW ITS OPTIONS WITH RESPECT TO THE OFFER FROM TIME TO TIME AND MAY CONSIDER, AMONG OTHER THINGS, CHANGES TO THE MATERIAL TERMS OF THE OFFER. THE PURCHASER HAS OFFERED TO ENTER INTO A MERGER AGREEMENT WITH THE COMPANY ON SUBSTANTIALLY IDENTICAL TERMS TO THOSE CONTAINED IN THE AGREEMENT AND PLAN OF MERGER DATED AS OF MARCH 6, 1994 BETWEEN THE COMPANY AND MARTIN MARIETTA CORPORATION. NORTHROP INTENDS TO CONTINUE TO SEEK TO NEGOTIATE WITH THE COMPANY WITH RESPECT TO THE ACQUISITION OF THE COMPANY. THE PURCHASER RESERVES THE RIGHT TO AMEND THE OFFER (INCLUDING AMENDING THE PURCHASE PRICE UPON ENTRY INTO ANY MERGER AGREEMENT WITH THE COMPANY).

Any stockholder desiring to tender Shares should either (1) complete and sign the Letter of Transmittal, or a facsimile copy thereof, in accordance with the instructions in the Letter of Transmittal, mail or deliver it and any other required documents to the Depositary and either deliver the certificates for such Shares to the Depositary along with the Letter of Transmittal or tender such Shares pursuant to the procedures for book-entry transfer set forth in Section 2 of this Offer to Purchase or (2) request such stockholder's broker, dealer, commercial bank, trust company or other nominee to effect the transaction for the stockholder. Stockholders having Shares registered in the name of a broker, dealer, commercial bank, trust company or other nominee must contact such broker, dealer, commercial bank, trust company or other nominee if they desire to tender such Shares.

A stockholder who desires to tender Shares and whose certificates for Shares are not immediately available, or who cannot comply with the procedures for book-entry transfer described in this Offer to Purchase on a timely basis, may tender such Shares by following the procedures for guaranteed delivery set forth in Section 2.

Questions and requests for assistance, or for additional copies of this Offer to Purchase, the Letter of Transmittal or other tender offer materials, may be directed to the Dealer Manager or to the Information Agent at their respective addresses and telephone numbers set forth on the back cover of this Offer to Purchase. Holders of Shares may also contact brokers, dealers, commercial banks or trust companies for assistance concerning the Offer.

The Dealer Manager for the Offer is:

SALOMON BROTHERS INC

March 14, 1994

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To the Holders of Common Stock of  
Grumman Corporation:

INTRODUCTION

THE OFFER

Northrop Acquisition, Inc. (the "Purchaser"), a wholly owned subsidiary of Northrop Corporation, a Delaware corporation ("Northrop"), hereby offers to purchase all outstanding shares of Common Stock, par value \$1.00 per share (the "Common Stock"), of Grumman Corporation, a New York corporation (the "Company"), and the associated preferred stock purchase rights (the "Rights"

and, together with the Common Stock, the "Shares") issued pursuant to the Rights Agreement, dated as of February 18, 1988, as amended as of March 6, 1994, between the Company and The Bank of New York, as Rights Agent (the "Rights Agreement"), upon the terms and subject to the conditions set forth in this Offer to Purchase and in the related Letter of Transmittal (which together constitute the "Offer"), at the purchase price of \$60.00 per Share, net to the tendering stockholder in cash.

The purpose of the Offer and the Proposed Merger (as defined below) is to enable the Purchaser to acquire control of, and the entire equity interest in, the Company. The Offer, as the first step in the acquisition of the Company, is intended to facilitate the acquisition of all outstanding Shares. The Purchaser will review its options with respect to the Offer from time to time and may consider, among other things, changes to the material terms of the Offer. Northrop intends to continue to seek to negotiate with the Company with respect to the acquisition of the Company. The Purchaser currently intends, as soon as practicable following the consummation of the Offer, to seek to have the Company consummate a merger or similar business combination with the Purchaser (the "Proposed Merger") pursuant to which each then outstanding Share (other than Shares owned by Northrop or any of its wholly owned subsidiaries, Shares held in the treasury of the Company and Shares held by stockholders who perfect appraisal rights under Section 623 of the New York Business Corporation Law (the "New York Law")) would be converted into the right to receive in cash the same amount as received per Share in the Offer, and the Company would become a wholly owned subsidiary of Northrop. Northrop intends to recommend to its stockholders, upon completion of the Proposed Merger, that its name be changed to "Northrop Grumman Corporation."

The Offer is subject to the fulfillment of certain conditions described under "Certain Conditions to the Offer," below, and in Section 6.

The Offer will expire at 12:00 midnight, New York City time, on Friday, April 8, 1994, unless extended.

The Purchaser reserves the right to acquire additional Shares after consummation of the Offer in open market purchases, through a tender offer, privately negotiated transactions or otherwise, in order to obtain a sufficient number of Shares to approve the transactions contemplated hereby.

Tendering stockholders will not be obligated to pay brokerage commissions, solicitation fees or, subject to Instruction 6 of the Letter of Transmittal, stock transfer taxes on the purchase of Shares by the Purchaser pursuant to the Offer. However, any tendering stockholder or other payee who fails to complete and sign the Substitute Form W-9 that is included in the Letter of Transmittal may be subject to a required backup federal income tax withholding of 31% of the gross proceeds payable to such stockholder or other payee pursuant to the Offer. See Section 2. The Purchaser will pay all charges and expenses of Salomon Brothers Inc, as Dealer Manager (in such capacity, the "Dealer Manager"), Chemical Bank, as Depositary (in such capacity, the "Depositary"), and Georgeson & Company Inc., as Information Agent (in such capacity, the "Information Agent"), incurred in connection with the Offer. For a description of the fees and expenses to be paid by the Purchaser, see Section 16.

#### SUMMARY BACKGROUND OF THE OFFER

Commencing in early 1992, senior executives of Northrop and the Company discussed, generally, a business combination of the two companies. Discussions between the two companies continued in 1993, and in December 1993, the Company retained Goldman, Sachs & Co. ("Goldman") and Northrop retained Salomon Brothers Inc ("Salomon"). In January and February of 1994, Salomon and Goldman engaged in detailed discussions about methods to structure a possible business combination. Those discussions were based on a "merger of equals" form of business combination and each company made clear it was not for sale. During such discussions, Salomon, on behalf of Northrop, proposed various alternative



methods of structuring a business combination in response to concerns of the Company raised by Goldman.

On February 24, 1994, the Company informed Northrop through its investment bankers that it had decided not to pursue further discussions with Northrop at that time. Based on this turn of events, Northrop became concerned that the Company might have decided to enter into a merger or other transaction involving a sale of the Company. To ensure that the Company's Board of Directors was aware of Northrop's serious interest, on February 25, 1994, Northrop sent a letter confirming that, based on the facts known to it, Northrop would be prepared, if invited, to submit an offer at a price per share of not less than \$50.00. Northrop stated that it would also be prepared to consider an offer at a higher level, if warranted by any additional information or analysis.

On March 1, 1994, Northrop was advised that the Board of Directors of the Company was not prepared to pursue Northrop's proposal.

On March 7, 1994, the Company announced that it had entered into an Agreement and Plan of Merger (the "Martin Marietta Merger Agreement") with Martin Marietta Corporation ("Martin Marietta"). The Martin Marietta Merger Agreement provides, among other things, that Martin Marietta will make an offer to purchase all of the outstanding Shares at a price per Share of \$55.00 (the "Martin Marietta Offer"), and that, following the purchase of Shares, a subsidiary of Martin Marietta will be, on or after May 18, 1994, merged with and into the Company (the "Martin Marietta Merger"), with each Share being converted into the right to receive \$55.00 cash per Share. The Martin Marietta Merger Agreement provides for the payment by the Company to Martin Marietta of \$50 million under certain circumstances in the event the Company is acquired by a party other than Martin Marietta, plus up to \$8.8 million of expenses if the Martin Marietta Merger is not consummated. On March 8, 1994, Martin Marietta commenced the Martin Marietta Offer.

On March 9, 1994, the Board of Directors of Northrop approved the commencement of the Offer. On March 10, 1994, Northrop sent a letter to the Company and issued a press release stating that its Board of Directors had authorized the acquisition of the Company at a price of \$60.00 per Share and that it is prepared to enter into a merger agreement with the Company on substantially identical terms to those contained in the Martin Marietta Merger Agreement.

For a more detailed discussion of the background of the Offer, see Section 13.

#### CERTAIN CONDITIONS TO THE OFFER

The Offer is subject to the fulfillment of certain conditions described in Section 6. These include the following:

MINIMUM CONDITION. CONSUMMATION OF THE OFFER IS CONDITIONED UPON THERE BEING VALIDLY TENDERED AND NOT WITHDRAWN PRIOR TO THE EXPIRATION DATE (AS DEFINED IN SECTION 1) SHARES REPRESENTING TWO-THIRDS OF THE TOTAL NUMBER OF OUTSTANDING SHARES OF THE COMPANY ON A FULLY DILUTED BASIS (THE "MINIMUM CONDITION").

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According to the Company, as reported in the Martin Marietta Offer, as of February 28, 1994, there were 33,935,448 Shares outstanding and not more than 1,131,732 Shares subject to issuance pursuant to stock options under the Company's stock option and long-term incentive plans, and as deferred awards payable in Shares between the date hereof and June 30, 1994 under the Company's management incentive plan. As a result, the Purchaser believes that the Minimum Condition would be satisfied if at least 23,378,121 Shares were validly tendered and not withdrawn prior to the Expiration Date.

SECTION 912 CONDITION. CONSUMMATION OF THE OFFER IS CONDITIONED UPON THE PURCHASER BEING SATISFIED, IN ITS SOLE DISCRETION, THAT SECTION 912 OF THE NEW

YORK LAW IS INVALID OR THAT ITS RESTRICTIONS ARE OTHERWISE INAPPLICABLE TO THE PURCHASER IN CONNECTION WITH THE PROPOSED MERGER (THE "SECTION 912 CONDITION").

The provisions of Section 912, which may be applicable to the Company, purport to prohibit, among other transactions, the consummation of the Proposed Merger for a period of five years after the consummation of the Offer unless, prior to the purchase of Shares pursuant to the Offer, the Company's Board of Directors approved either the Proposed Merger or the purchase of Shares pursuant to the Offer. After such five-year period shall have lapsed, the Proposed Merger (or another business combination) could not be effected unless certain requirements of Section 912 were satisfied, such as approval by the holders of a majority of the Shares held by disinterested stockholders or the meeting of certain "fair price" criteria.

The Section 912 Condition would be satisfied if, prior to the consummation of the Offer, the Board of Directors of the Company approved the Proposed Merger or the acquisition of the Shares by the Purchaser pursuant to the Offer or if the Purchaser, in its sole discretion, were satisfied that Section 912 was invalid or that its restrictions were otherwise inapplicable to the Purchaser in connection with the Proposed Merger for any reason, including, without limitation, those specified in Section 912.

On March 6, 1994, the Board of Directors of the Company approved the Martin Marietta Merger Agreement, thereby relieving Martin Marietta from the requirements of Section 912. The Purchaser believes that, in order to place the Purchaser on a level playing field with Martin Marietta and to satisfy its fiduciary duties to stockholders, the Board of Directors of the Company must take similar action to approve the Offer and relieve the Purchaser from the requirements of Section 912 that would restrict consummation of the Proposed Merger.

SUPERMAJORITY VOTING CONDITION. CONSUMMATION OF THE OFFER IS CONDITIONED UPON THE PURCHASER BEING SATISFIED, IN ITS SOLE DISCRETION, THAT THE SUPERMAJORITY VOTING REQUIREMENT CONTAINED IN ARTICLE SEVENTH OF THE COMPANY'S CERTIFICATE OF INCORPORATION IS INAPPLICABLE TO THE PROPOSED MERGER (THE "SUPERMAJORITY VOTING CONDITION").

Article SEVENTH of the Company's Certificate of Incorporation requires the approval of the holders of 85% of the voting power of the then outstanding shares of stock entitled to vote generally in the election of directors, voting together as a single class, and the approval of a majority of the voting power of the outstanding voting shares held by Public Holders (as defined) as a condition to mergers and certain other business combinations with a Substantial Stockholder (generally defined as the beneficial owner of 10% of the combined voting power of the Company's outstanding voting stock), except in cases in which certain price and procedural requirements are satisfied or the transaction is approved by a majority of the Board of Directors of the Company at or prior to the time the Substantial Stockholder first becomes a Substantial Stockholder.

By approving the Martin Marietta Merger Agreement, the Board of Directors of the Company has relieved Martin Marietta from the supermajority voting requirements contained in Article SEVENTH of the Company's Certificate of Incorporation. The Purchaser believes that, in order to place the Purchaser on a level playing field with Martin Marietta and to satisfy its fiduciary duties to stockholders, the Board of Directors of the Company must take similar action to approve the Offer and relieve the Purchaser from the supermajority voting requirements of Article SEVENTH.

RIGHTS CONDITION. CONSUMMATION OF THE OFFER IS CONDITIONED UPON THE RIGHTS HAVING BEEN REDEEMED BY THE BOARD OF DIRECTORS OF THE COMPANY OR THE PURCHASER BEING SATISFIED, IN ITS SOLE DISCRETION, THAT THE RIGHTS HAVE BEEN INVALIDATED OR ARE OTHERWISE INAPPLICABLE TO THE OFFER AND THE PROPOSED MERGER (THE "RIGHTS CONDITION").

The Rights are described in the Company's Report on Form 8-A filed with the Securities and Exchange Commission (the "Commission") on March 9, 1988 (the "Form 8-A"), as amended by the Company's amendment on Form 8 filed with the Commission on March 24, 1988, and such description is summarized in Section 14. Based on the Company's filings with the Commission, at any time until the close of business on the Distribution Date (as defined in the Rights Agreement), the Company may redeem the Rights in whole, but not in part, at a price of \$.01 per Right, subject to adjustment. According to the Company's filings with the Commission, until the close of business on the Distribution Date, the Rights will be represented by and transferred with, and only with, the Shares and the surrender for transfer of any of the certificates representing Shares (the "Share Certificates") will also constitute the surrender for transfer of the Rights associated with the Shares represented by such Share Certificates. According to the Company's filings with the Commission, the Rights Agreement provides that, as soon as practicable following the Distribution Date, separate certificates representing the Rights ("Rights Certificates") will be mailed to holders of record of Shares, as of the close of business on the Distribution Date, and thereafter the Rights Certificates alone will evidence the Rights.

Based on publicly available information, the Purchaser believes that, as of March 10, 1994, the Rights were not exercisable, Rights Certificates had not been issued and the Rights were evidenced by the Share Certificates. Under the Rights Agreement, as a result of the commencement of the Offer, the Distribution Date will be March 20, 1994, the tenth day following the announcement by Northrop and the Purchaser of the intention to commence the Offer, unless prior to such date the Company's Board of Directors redeems the Rights or takes action to delay the Distribution Date.

According to the Martin Marietta Offer, on March 6, 1994, the Company amended the Rights Agreement to exclude Martin Marietta and any direct or indirect subsidiary thereof from the constraints imposed by the Rights Agreement. The Purchaser believes that, in order to place the Purchaser on a level playing field with Martin Marietta and to satisfy its fiduciary duties to stockholders, the Board of Directors of the Company must take similar action to exclude the Purchaser and its affiliates from the constraints imposed by the Rights Agreement.

STOCKHOLDERS ARE URGED TO READ THIS OFFER TO PURCHASE AND THE LETTER OF TRANSMITTAL CAREFULLY BEFORE DECIDING WHETHER TO TENDER THEIR SHARES.

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#### THE TENDER OFFER

1. Terms of the Offer; Extension of Tender Period; Termination; Amendments. Upon the terms and subject to the conditions of the Offer (including, if the Offer is extended or amended, the terms and conditions of any such extension or amendment), the Purchaser will accept for payment and pay for all Shares which are validly tendered on or prior to the Expiration Date (as hereinafter defined) and not theretofore withdrawn as provided in Section 3. The term "Expiration Date" shall mean 12:00 midnight, New York City time, on Friday, April 8, 1994, unless and until the Purchaser, in its sole discretion, shall have extended the period of time for which the Offer is open, in which event the term "Expiration Date" shall mean the latest time and date at which the Offer, as so extended by the Purchaser, shall expire.

The Offer is conditioned upon, among other things, the satisfaction of the Minimum Condition, the Section 912 Condition, the Supermajority Voting Condition and the Rights Condition. The Purchaser reserves the right (but shall not be obligated) to waive any or all of such conditions. If by 12:00 midnight, New York City time, on Friday, April 8, 1994, any or all of such conditions have not been satisfied or waived, the Purchaser reserves the right (but shall not be obligated) (i) to decline to purchase any of the Shares tendered and terminate the Offer, (ii) to waive all of the unsatisfied conditions and, subject to complying with applicable rules and regulations of the Commission, to purchase all Shares validly tendered or (iii) to extend the Offer and,

subject to the right of stockholders to withdraw Shares until the Expiration Date, retain the Shares which have been tendered during the period or periods for which the Offer is extended. In the event that the Purchaser waives any of the conditions set forth in Section 6, the Commission may, if the waiver is deemed to constitute a material change to the information previously provided to the stockholders, require that the Offer remain open for an additional period of time and/or that the Purchaser disseminate information concerning such waiver.

Subject to the applicable regulations of the Commission, the Purchaser reserves the right, in its sole discretion, at any time or from time to time, to (i) delay acceptance for payment of or, regardless of whether such Shares were theretofore accepted for payment, payment for any Shares pending receipt of regulatory or governmental approvals (see Section 15), (ii) terminate the Offer (whether or not any Shares have theretofore been accepted for payment) if any of the conditions referred to in Section 6 have not been satisfied or upon the occurrence of any of the events specified in Section 6, and (iii) waive any condition or otherwise amend the Offer in any respect, in each case, by giving oral or written notice of such delay, termination, waiver or amendment to the Depositary and by making a public announcement thereof. The Purchaser acknowledges (a) that Rule 14e-1(c) under the Exchange Act requires the Purchaser to pay the consideration offered or return the Shares tendered promptly after the termination or withdrawal of the Offer and (b) that the Purchaser may not delay acceptance for payment of, or payment for (except as provided in clause (i) of the preceding sentence), any Shares upon the occurrence of any of the conditions specified in Section 6 without extending the period of time during which the Offer is open.

The rights reserved by the Purchaser in the preceding paragraph are in addition to the Purchaser's rights pursuant to Section 6. Any extension, amendment or termination will be followed as promptly as practicable by public announcement, such announcement in the case of an extension to be issued no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date, in accordance with the public announcement requirements of Rule 14e-1(d) under the Exchange Act. Subject to applicable law (including Rules 14d-4(c) and 14d-6(d) under the Exchange Act, which require that any material change in the information published, sent or given to stockholders in connection with the Offer be promptly disseminated to stockholders in a manner reasonably designed to inform stockholders of such change) and without limiting the manner in which the Purchaser may choose to make any public announcement, the Purchaser shall have no obligation to publish, advertise or otherwise communicate any such public announcement other than by making a release to the Dow Jones News Service.

If the Purchaser makes a material change in the terms of the Offer or the information concerning the Offer or waives a material condition of the Offer (including a waiver of the Minimum Condition, the Section 912 Condition, the Supermajority Voting Condition or the Rights Condition), the Purchaser will disseminate additional tender offer materials (including by public announcement as set forth above) and extend the Offer to the extent required by Rules 14d-4(c) and 14d-6(d) under the Exchange Act. The minimum period during which an offer must remain open following material changes in the terms of the offer, other than a change in price, percentage of securities sought or dealer's soliciting fee, will depend upon the facts and circumstances, including the materiality, of the changes. In the Commission's view, an offer should remain open for a minimum of five business days from the date the material change is first published, sent or given to securityholders, and, if material changes are made with respect to information that approaches the significance of price and share levels, a minimum of ten business days may be required to allow for adequate dissemination and investor response. With respect to a change in price or, subject to certain limitations, a change in the percentage of securities sought or a dealer's soliciting fee, a minimum ten business day period from the date of such change is generally required to allow for adequate dissemination to stockholders. Accordingly, if, prior to the Expiration Date, the Purchaser decreases the number of Shares being sought or increases or decreases the

consideration offered pursuant to the Offer, and if the Offer is scheduled to expire at any time earlier than the period ending on the tenth business day from the date that notice of such increase or decrease is first published, sent or given to holders of Shares, the Offer will be extended at least until the expiration of such ten business day period. For purposes of the Offer, a "business day" means any day other than a Saturday, Sunday or a federal holiday and consists of the time period from 12:01 a.m. through 12:00 midnight, New York City time.

A request is being made to the Company for the use of its stockholder list and security position listings for the purpose of disseminating the Offer to holders of Shares. This Offer to Purchase and the Letter of Transmittal and other relevant materials will be mailed to record holders of Shares and furnished to brokers, dealers, commercial banks, trust companies and similar persons whose names, or the names of whose nominees, appear on the stockholder list or, if applicable, who are listed as participants in a clearing agency's security position listing, for subsequent transmittal to beneficial owners of Shares.

According to the Company's Solicitation/Recommendation Statement on Schedule 14D-9 filed with the Commission on March 9, 1994 (the "Schedule 14D-9"), as of January 31, 1994, 11,229,061 Shares were held by the Grumman Corporation Employees' Investment Plan ("EIP"). The Offer is being made to the trustees of the EIP for such Shares at the same price and in accordance with the same terms as for Shares held by other stockholders. According to the Martin Marietta Offer, the EIP provides that the trustees of the EIP will exercise their fiduciary obligations and determine whether to tender such Shares. According to the Martin Marietta Offer, the trustees may consider a variety of factors set forth in the EIP in making such decision and may determine what procedures to follow in obtaining instructions from EIP participants with respect to the Shares held in their accounts (obtaining such instructions is permitted but not required). Any further information concerning the procedure that will be followed with respect to the EIP will be provided to EIP participants by the EIP trustees or other EIP fiduciaries.

2. Procedure for Tendering Shares. Except as set forth below, in order for Shares to be validly tendered pursuant to the Offer, the Letter of Transmittal (or a facsimile thereof), properly completed and duly executed, together with any required signature guarantees, or an Agent's Message (as defined below) in connection with a book-entry delivery of Shares, and any other documents required by the Letter of Transmittal, must be received by the Depositary at one of its addresses set forth on the back cover of this Offer to Purchase on or prior to the Expiration Date and either (i) Share certificates representing tendered Shares must be received by the Depositary, or such Shares must be tendered pursuant to the procedure for book-entry transfer set forth below (and confirmation of receipt of such delivery must be received by the Depositary) in each case on or prior to the Expiration Date, or (ii) the guaranteed delivery procedures set forth below must be complied with.

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To be assured of participation in this Offer, stockholders who have tendered Shares pursuant to the Martin Marietta Offer must withdraw their Shares from that offer and tender them to the Purchaser. Included with the materials accompanying this Offer to Purchase is a Notice of Withdrawal which may be used to withdraw Shares tendered pursuant to the Martin Marietta Offer. Stockholders who desire assistance in withdrawing Shares tendered pursuant to the Martin Marietta Offer may contact the Information Agent at the address and telephone number set forth on the back cover of this Offer to Purchase.

No signature guarantee on the Letter of Transmittal is required (i) if the Letter of Transmittal is signed by the registered holder of the Shares tendered therewith, unless such holder has completed either the box entitled "Special Delivery Instructions" or the box entitled "Special Payment Instructions" in the Letter of Transmittal, or (ii) if Shares are tendered for the account of a member firm of a registered national securities exchange, a member of the National Association of Securities Dealers, Inc. or a commercial

bank or trust company having an office, branch or agency in the United States (each being hereinafter referred to as an "Eligible Institution"). In all other cases, all signatures on the Letter of Transmittal must be guaranteed by an Eligible Institution. See Instructions 1 and 5 of the Letter of Transmittal.

THE METHOD OF DELIVERY OF ALL DOCUMENTS, INCLUDING CERTIFICATES FOR SHARES, IS AT THE ELECTION AND RISK OF THE TENDERING STOCKHOLDER. IF DELIVERY IS BY MAIL, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, IS RECOMMENDED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ENSURE DELIVERY.

If the Distribution Date with respect to the Rights does not occur prior to the Expiration Date, a tender of Shares will also constitute a tender of the associated Rights. If the Distribution Date occurs and Rights Certificates are distributed by the Company to holders of Shares prior to the time a holder's Shares are tendered pursuant to the Offer, in order for Rights (and the corresponding Shares) to be validly tendered, Rights Certificates representing a number of Rights equal to the number of Shares tendered must be delivered to the Depository or, if available, a book-entry confirmation must be received by the Depository with respect thereto. If the Distribution Date occurs and Rights Certificates are not distributed prior to the time Shares are tendered pursuant to the Offer, Rights may be tendered prior to a stockholder receiving Rights Certificates by use of the guaranteed delivery procedures described below. In any case, a tender of Shares constitutes an agreement by the tendering stockholder to deliver Rights Certificates representing a number of Rights equal to the number of Shares tendered pursuant to the Offer to the Depository within five business days after the date Rights Certificates are distributed. The Purchaser reserves the right to require that the Depository receive Rights Certificates, or a book-entry confirmation, if available, with respect to such Rights, prior to accepting the related Shares for payment pursuant to the Offer, if the Distribution Date occurs prior to the Expiration Date.

IF THE PURCHASER DECLARES THAT THE RIGHTS CONDITION IS SATISFIED, THE PURCHASER WILL NOT REQUIRE DELIVERY OF RIGHTS. UNLESS AND UNTIL THE PURCHASER DECLARES THAT THE RIGHTS CONDITION IS SATISFIED, HOLDERS OF SHARES WILL BE REQUIRED TO TENDER ONE RIGHT FOR EACH SHARE TENDERED IN ORDER TO EFFECT A VALID TENDER OF SUCH SHARES.

The Depository will make a request to establish accounts with respect to the Shares at The Depository Trust Company, the Midwest Securities Trust Company and the Philadelphia Depository Trust Company (individually, a "Book-Entry Transfer Facility" and, collectively, the "Book-Entry Transfer Facilities") for purposes of the Offer within two business days after the date of this Offer to Purchase, and any financial institution that is a participant in any of the Book-Entry Transfer Facilities'

systems may make book-entry delivery of the Shares by causing any Book-Entry Transfer Facility to transfer such Shares into the Depository's account in accordance with such Book-Entry Transfer Facility's procedure for such transfer. Although delivery of Shares may be effected through book-entry transfer at any Book-Entry Transfer Facility, a properly completed and duly executed Letter of Transmittal (or manually signed facsimile thereof), with any required signature guarantees and any other required documents, or an Agent's Message (as defined below) must, in any case, be transmitted to and received by the Depository at one of its addresses set forth on the back cover of this Offer to Purchase prior to the Expiration Date, or the guaranteed delivery procedures described below must be complied with. The term "Agent's Message" means a message transmitted through electronic means by a Book-Entry Transfer Facility to and received by the Depository and forming a part of a book-entry confirmation, which states that such Book-Entry Transfer Facility has received an express acknowledgment from the participant in such Book-Entry Transfer Facility tendering the Shares that such participant has received and agrees to be bound by the Letter of Transmittal. DELIVERY OF DOCUMENTS TO A BOOK-ENTRY

TRANSFER FACILITY IN ACCORDANCE WITH THAT BOOK-ENTRY TRANSFER FACILITY'S PROCEDURES DOES NOT CONSTITUTE DELIVERY TO THE DEPOSITARY.

To prevent backup federal income tax withholding on payments made to stockholders with respect to Shares purchased pursuant to the Offer, each stockholder must provide the Depositary with his correct taxpayer identification number by completing the Substitute Form W-9 included in the Letter of Transmittal. See Instruction 7 of the Letter of Transmittal.

If a stockholder desires to tender Shares pursuant to the Offer and such stockholder's certificates for Shares are not immediately available (or the procedures for book-entry transfer cannot be completed on a timely basis) or time will not permit all required documents to reach the Depositary prior to the Expiration Date, such Shares may nevertheless be tendered provided that all of the following conditions are satisfied:

(a) such tender is made by or through an Eligible Institution;

(b) the Depositary receives, prior to the Expiration Date, a properly completed and duly executed Notice of Guaranteed Delivery substantially in the form provided by the Purchaser; and

(c) the certificates for all tendered Shares, in proper form for transfer (or confirmation of book-entry transfer of such Shares into the Depositary's account at one of the Book-Entry Transfer Facilities), together with a properly completed and duly executed Letter of Transmittal (or manually signed facsimile thereof) and any required signature guarantees, or an Agent's Message in connection with a book-entry transfer, are received by the Depositary within five New York Stock Exchange, Inc. ("NYSE") trading days after the date of such Notice of Guaranteed Delivery.

The Notice of Guaranteed Delivery may be delivered by hand, or may be transmitted by telegram, telex, facsimile transmission or mail, to the Depositary and must include a guarantee by an Eligible Institution in the form set forth in such Notice of Guaranteed Delivery and a representation that the stockholder on whose behalf the tender is being made is deemed to own the Shares being tendered within the meaning of Rule 10b-4 under the Exchange Act.

By executing the Letter of Transmittal, a tendering stockholder irrevocably appoints designees of the Purchaser as such stockholder's proxies, in the manner set forth in the Letter of Transmittal, each with full power of substitution, to the full extent of such stockholder's rights with respect to the Shares tendered by such stockholder (and any and all other Shares or other securities or rights issued or issuable in respect of such Shares on or after March 10, 1994), effective when, if and to the extent that the Purchaser accepts such Shares for payment pursuant to the Offer. Upon such acceptance for payment, all prior proxies given by such stockholder with respect to such Shares accepted for payment or other securities or rights will, without further action, be revoked, and no subsequent proxies may be

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given. Such designees of the Purchaser will, with respect to such Shares, be empowered to exercise all voting and other rights of such stockholder as they in their sole discretion may deem proper in respect of any annual, special or adjourned meeting of the Company's stockholders, by consent in lieu of any such meeting or otherwise. In order for Shares to be deemed validly tendered, immediately after the Purchaser's acceptance for payment of such Shares, the Purchaser must be able to exercise full voting and other rights with respect to such Shares.

The Purchaser's acceptance for payment of Shares tendered pursuant to any of the procedures described above will constitute a binding agreement between the tendering stockholder and the Purchaser upon the terms and subject to the conditions of the Offer.

All questions as to the validity, form, eligibility (including time of receipt) and acceptance for payment of any tendered Shares will be determined by the Purchaser in its sole discretion, and its determination will be final and binding. The Purchaser reserves the absolute right to reject any or all tenders of any Shares that it determines are not in appropriate form or the acceptance for payment of or payment for which may, in the opinion of the Purchaser's counsel, be unlawful. The Purchaser also reserves the absolute right to waive any of the conditions of the Offer or any defect or irregularity in any tender with respect to any particular Shares or any particular stockholder and the Purchaser's interpretation of the terms and conditions of the Offer (including the Letter of Transmittal and the Instructions thereto) will be final and binding. No tender of Shares will be deemed to have been validly made until all defects or irregularities have been cured or expressly waived. None of the Purchaser, Northrop, the Dealer Manager, the Depository, the Information Agent or any other person will be obligated to give notice of any defects or irregularities in tenders, nor shall any of them incur any liability for failure to give any such notice.

3. Withdrawal Rights. Tenders of Shares made pursuant to the Offer will be irrevocable, except that Shares tendered may be withdrawn at any time prior to the Expiration Date, and, unless theretofore accepted for payment as provided herein, may also be withdrawn on or after May 13, 1994.

For a withdrawal to be effective, a written, telegraphic, telex or facsimile transmission notice of withdrawal must be timely received by the Depository at one of its addresses set forth on the back cover of this Offer to Purchase. Any notice of withdrawal must specify the name of the person who tendered the Shares to be withdrawn, the number of Shares to be withdrawn and the name in which the certificates representing such Shares are registered, if different from that of the person who tendered such Shares. If certificates for Shares to be withdrawn have been delivered or otherwise identified to the Depository, the serial numbers shown on the particular certificates evidencing such Shares to be withdrawn must also be furnished to the Depository prior to the physical release of the Shares to be withdrawn, together with a signed notice of withdrawal with signatures guaranteed by an Eligible Institution (except, with respect to signature guarantees, in the case of Shares tendered by an Eligible Institution). If Shares have been delivered pursuant to the procedures for book-entry transfer set forth in Section 2, any notice of withdrawal must specify the name and number of the account at the appropriate Book-Entry Transfer Facility to be credited with such withdrawn Shares and must otherwise comply with such Book-Entry Transfer Facility's procedures.

If, for any reason whatsoever, acceptance for payment of any Shares tendered pursuant to the Offer is delayed, or the Purchaser is unable to accept for payment or pay for Shares tendered pursuant to the Offer, then, without prejudice to the Purchaser's rights set forth herein, the Depository may, nevertheless, on behalf of the Purchaser, retain tendered Shares, and such Shares may not be withdrawn except to the extent that the tendering stockholder is entitled to and duly exercises withdrawal rights as described in this Section 3. Any such delay will be accompanied by an extension of the Offer to the extent required by law.

Withdrawals may not be rescinded and any Shares withdrawn will thereafter be deemed not validly tendered for purposes of the Offer. However, withdrawn Shares may be retendered by again following the procedures described in Section 2 at any time prior to the Expiration Date.

All questions as to the form and validity (including time of receipt) of notices of withdrawal will be determined by the Purchaser in its sole discretion, and its determination will be final and binding. None of the Purchaser, Northrop, the Dealer Manager, the Depository, the Information Agent or any other person will be obligated to give notice of any defects or irregularities in any notice of withdrawal, nor shall any of them incur any liability for failure to give any such notice.



4. Acceptance for Payment and Payment of Purchase Price. Upon the terms and subject to the conditions of the Offer (including, if the Offer is extended or amended, the terms and conditions of any extension or amendment), the Purchaser will accept for payment and pay for all Shares validly tendered prior to the Expiration Date (and not properly withdrawn in accordance with Section 3 above) as soon as practicable after the Expiration Date. Any determination concerning the satisfaction of such terms and conditions shall be within the sole discretion of the Purchaser and such determination shall be final and binding on all tendering stockholders. See Section 6. The Purchaser expressly reserves the right to delay acceptance for payment of, or payment for, Shares in order to comply in whole or in part with any applicable law, including, without limitation, the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"). See Section 15. If the Purchaser desires to delay payment for Shares purchased pursuant to the Offer, and such delay would otherwise be in contravention of Rule 14e-1(c) of the Exchange Act, the Purchaser will formally extend the Offer. In all cases, payment for Shares accepted for payment pursuant to the Offer will be made only after timely receipt by the Depositary of certificates for such Shares (or a timely confirmation of a book-entry transfer of such Shares into the Depositary's account at one of the Book-Entry Transfer Facilities, as described in Section 2), a properly completed and duly executed Letter of Transmittal (or manually signed facsimile thereof or an Agent's Message in connection with a book-entry transfer) and any other documents required by the Letter of Transmittal.

For purposes of the Offer, the Purchaser will be deemed to have accepted for payment, and thereby purchased, tendered Shares when, as and if the Purchaser gives oral or written notice to the Depositary of its acceptance for payment of such Shares. Payment for Shares so accepted for payment will be made by the deposit of the purchase price therefor with the Depositary, which will act as agent for the tendering stockholders for the purpose of receiving such payment from the Purchaser and transmitting such payment to tendering stockholders. IN NO CIRCUMSTANCES WILL INTEREST BE PAID ON THE PURCHASE PRICE BY REASON OF ANY DELAY IN MAKING SUCH PAYMENT.

If any tendered Shares are not accepted for payment and paid for, certificates for such Shares will be returned (or, in the case of Shares delivered by book-entry transfer with any Book-Entry Transfer Facility as permitted by Section 2, such Shares will be credited to an account maintained with such Book-Entry Transfer Facility) without expense to the tendering stockholder as promptly as practicable following the expiration or termination of the Offer, as the case may be.

If, prior to the Expiration Date, the Purchaser increases the consideration to be paid for Shares pursuant to the Offer, the Purchaser will pay such increased consideration for all Shares accepted for payment pursuant to the Offer, whether or not such Shares have been tendered or accepted for payment prior to such increase in the consideration.

The Purchaser reserves the right to transfer or assign to one or more subsidiaries of the Purchaser or Northrop the right to purchase Shares tendered pursuant to the Offer, but any such transfer or assignment will not relieve the Purchaser of its obligations under the Offer or prejudice the rights of tendering stockholders to receive payment for Shares validly tendered and accepted for payment pursuant to the Offer.

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5. Certain Tax Consequences. The receipt of cash for Shares pursuant to the Offer or the Proposed Merger will be a taxable transaction for federal income tax purposes (and may also be a taxable transaction under applicable state, local, foreign and other tax laws). Accordingly, a holder will recognize gain or loss for federal income tax purposes equal to the difference between the amount of cash received and such holder's tax basis for the Shares. Such gain or loss will be capital gain or loss if the Shares were held as a capital asset.

New York State imposes a 10% tax upon gains realized by a transferor upon

the transfer of an interest in real property (including leases) located within New York State, including certain transfers of stock in corporations that own appreciated interests in such real property (the "Gains Tax"), and an additional tax on the gross value of such real property or the portion of the value of the stock in such corporations attributable to such real property equal to approximately 0.4% (the "State Transfer Tax"). The acquisition by the Purchaser of the Shares pursuant to the Offer and the Proposed Merger will constitute a taxable transfer of an interest in any real property owned or leased by the Company and located in New York State and may result in a Gains Tax, State Transfer Tax, or any combination of the foregoing being imposed upon the selling stockholders. The Purchaser will file all necessary returns on behalf of the Company's tendering stockholders tendering in connection with such gains Tax and/or State Transfer Tax and will pay any taxes due thereon. The amount of such taxes paid by the Purchaser may result in the deemed receipt of additional consideration by each stockholder in proportion to the number of Shares sold by such stockholder. However, the Purchaser believes that in such a case, under Section 164(a) of the Internal Revenue Code of 1986, as amended, a stockholder would reduce the amount realized on the sale by the amount of the tax treated as additional consideration to such stockholder.

IN VIEW OF THE INDIVIDUAL NATURE OF TAX CONSEQUENCES, STOCKHOLDERS ARE URGED TO CONSULT THEIR OWN ADVISORS AS TO THE SPECIFIC TAX CONSEQUENCES TO THEM OF THE OFFER.

6. Certain Conditions of the Offer. Notwithstanding any other provision of the Offer, the Purchaser shall not be required to accept for payment or, subject to any applicable rules and regulations of the Commission, including Rule 14e-1(c) (relating to the Purchaser's obligation to pay for or return tendered Shares after termination of the Offer), pay for any Shares tendered, and may postpone the acceptance for payment or, subject to the restriction referred to above, payment for any Shares tendered, and may amend or terminate the Offer (whether or not any Shares have theretofore been purchased or paid for), if (i) the Minimum Condition, the Section 912 Condition, the Supermajority Voting Condition or the Rights Condition shall not have been satisfied, (ii) the waiting period applicable for the purchase of Shares pursuant to the Offer under the HSR Act shall not have expired or been terminated prior to the expiration of the Offer (and any extensions thereof), or (iii) at any time on or after March 10, 1994 and before acceptance for payment of, or payment for, such Shares, any of the following events shall occur or shall be determined by the Purchaser to have occurred:

(a) there shall have been threatened, instituted or pending any action, proceeding, application, claim or counterclaim by any government or governmental authority or agency, domestic or foreign, or by any other person, domestic or foreign (whether brought by the Company, an affiliate of the Company or any other person), before any court or governmental, regulatory or administrative agency, authority or tribunal, domestic or foreign, which (i) challenges or seeks to challenge the acquisition by the Purchaser or any of its affiliates of the Shares, restrains or prohibits or seeks to restrain or prohibit the making or consummation of the Offer or the Proposed Merger or other subsequent business combination, restrains or prohibits or seeks to restrain or prohibit the performance of any of the contracts or other arrangements entered into by the Purchaser or any of its affiliates in connection with the acquisition of the Company, or obtains or seeks to obtain any material damages, or otherwise relates directly or indirectly to the transactions contemplated by the Offer, the Proposed Merger or such business combination, (ii) makes or seeks to make the purchase

of, or payment for, some or all of the Shares pursuant to the Offer or the Proposed Merger illegal or results in a delay in the ability of the Purchaser to accept for payment or pay for some or all of the Shares or to consummate the Proposed Merger, (iii) prohibits or limits or seeks to prohibit or limit the ownership or operation by the Purchaser or any of its

affiliates of all or any portion of the business or assets of the Company and its subsidiaries or of Northrop and its affiliates or compels or seeks to compel the Purchaser or any of its affiliates, or imposes or seeks to impose any limitation on the ability of the Purchaser or any of its affiliates to conduct their business or own such assets, (iv) imposes or seeks to impose limitations on the ability of the Purchaser or any of its affiliates to acquire or hold or to exercise full rights of ownership of the Shares, including, but not limited to, the right to vote the Shares purchased by them on all matters properly presented to the stockholders of the Company, (v) in the sole judgment of the Purchaser might result in a limitation of the benefits expected to be derived by the Purchaser as a result of the transactions contemplated by the Offer or the value of the Shares to the Purchaser or (vi) otherwise directly or indirectly relates to the Offer, the Proposed Merger or any other business combination with the Company or which otherwise, in the sole judgment of the Purchaser, might adversely affect the Company or any of its subsidiaries or the Purchaser or any of its affiliates or the value of the Shares; or

(b) there shall be any action taken, or any statute, rule, regulation, order or injunction shall be sought, proposed, enacted, promulgated, entered, enforced or deemed applicable to the Offer, the Proposed Merger or other subsequent business combination between the Purchaser or any of its affiliates and the Company, or any other action shall have been taken, proposed or threatened, by any government, governmental authority or court, domestic, foreign or supranational, other than the routine application to the Offer, the Proposed Merger or other subsequent business combination of waiting periods under the HSR Act, that, in the sole judgment of the Purchaser, might, directly or indirectly, result in any of the consequences referred to in clauses (i) through (vi) of paragraph (a) above; or

(c) there shall have occurred any of the following events: (i) any state of war, armed hostility, international crisis or national emergency affecting, directly or indirectly, the United States of America, (ii) a declaration of any banking moratorium or suspension of payments by banks in the United States or any limitation on the extension of credit by lending institutions in the United States (whether or not mandatory), (iii) any general suspension of trading or limitation of prices on any national securities exchange or in the over-the-counter securities markets or quotations for shares traded thereon as reported by the National Association of Securities Dealers Automated Quotation System ("NASDAQ") or otherwise, (iv) any significant adverse change in the market price of the Shares or in the securities or financial markets in the United States or abroad, including, without limitation, a decline of at least 15% in either the Dow Jones Average of Industrial Stocks or the Standard and Poor's 500 Index from that existing at the close of business on March 10, 1994, (v) any change in the general political, market, economic or financial conditions in the United States or abroad that could have a material adverse effect upon the business or operations of the Company or the trading in the Shares, or (vi) in the case of any of the foregoing existing at the time of the commencement of the Offer, a material acceleration or worsening thereof; or

(d) a tender or exchange offer with respect to some or all of the Shares, or in the case of a tender or exchange offer commenced on or prior to the date hereof, any material change in such offer, including, but not limited to, an increase in the consideration offered pursuant to such offer, or a merger or acquisition proposal for the Company, shall have been proposed, announced or made by another person (including the Company or its subsidiaries or affiliates), or it shall have been publicly disclosed or the Purchaser shall have otherwise learned that (i) any person, other than the Purchaser, including the Company or its subsidiaries or affiliates, or "group" (as such term is used in Section 13(d)(3) of the Exchange Act), shall have acquired or proposed to acquire more than 5% of any class of capital stock of the Company or shall have been granted any option, right or warrant, conditional or otherwise, to acquire more than 5% of any class of capital stock of the Company

(including the Shares), other than acquisitions for bona fide arbitrage purposes and other than acquisitions by any person or group who has publicly disclosed such ownership in a Schedule 13D or 13G (or amendments thereto) on file with the Commission on or prior to March 10, 1994, (ii) any such person or group who had publicly disclosed in a Schedule 13D or 13G any such ownership of more than 5% of any class of capital stock of the Company prior to such date shall have thereafter acquired or proposed to acquire additional capital stock constituting more than 1% of any class of capital stock of the Company or shall have been granted any option, right or warrant, conditional or otherwise, to acquire more than 1% of any class of capital stock of the Company, (iii) any person shall have filed a Notification and Report Form under the HSR Act or made a public announcement reflecting an intent to acquire the Company or assets or securities of the Company; or

(e) any change shall have occurred or been threatened (or any condition, event or development shall have occurred or been threatened involving a prospective change) in the business, properties, assets, liabilities, capitalization, stockholders' equity, financial condition, results of operation or prospects of the Company or any of its subsidiaries, which, in the sole judgment of the Purchaser, is or may be materially adverse to, or the Purchaser shall become aware of any facts which, in the sole judgment of the Purchaser, have or may have materially adverse significance with respect to, either the value of the Company or any of its subsidiaries or the value of the Shares to the Purchaser, Northrop or any of their affiliates; or

(f) the Company or any of its subsidiaries shall have (i) issued, distributed, sold or pledged, or authorized or proposed the issuance, distribution, sale or pledge of, (A) any shares of capital stock of any class (including, without limitation, the Shares) or any securities convertible into any such shares, or rights, warrants or options to acquire any such shares or convertible securities (other than Shares issued pursuant to, and in accordance with the terms in effect on March 10, 1994 of, employee stock options issued prior to such date, and as deferred awards payable in Shares pursuant to, and in accordance with, the terms in effect of awards outstanding on March 10, 1994) or (B) any other securities or rights in respect of, in lieu of, or in substitution for capital stock of the Company; (ii) purchased or otherwise acquired, or proposed to purchase or otherwise acquire, any outstanding Shares or other securities; (iii) declared or paid, or proposed to declare or pay any dividend or distribution on any class of capital stock of the Company (other than the regular quarterly dividend not to exceed \$.30 per Share); (iv) entered into an agreement for, or authorized, recommended, proposed or effected, or announced its intention to enter into an agreement for, or to authorize, recommend, propose or effect, any merger (other than the Proposed Merger), consolidation, liquidation, dissolution or business combination or any acquisition of assets, disposition of assets, change in its capitalization, release or relinquishment of any contractual right or other rights or any comparable event not in the ordinary course of business; (v) entered into an agreement for, or authorized, recommended, proposed or effected, or announced its intention to enter into an agreement for, or to authorize, recommend, propose or effect, any transaction which would substantially affect the value of the Shares to the Purchaser; (vi) altered or proposed to alter any material term of any existing security; (vii) issued, or announced its intention to issue, any debt securities, or securities convertible into, or rights, warrants or options to acquire, any debt securities, or incurred, or announced its intention to incur, any debt other than in the ordinary course of business and consistent with past practice; or (viii) entered into, or announced its intention to enter into, any other agreement or arrangement with any other person, entity or group which, in the sole judgment of the Purchaser, could adversely affect either the value of the Shares or the value of the Company or any of its subsidiaries to the Purchaser, Northrop or any of their affiliates; or

(g) the Company or any of its subsidiaries shall have proposed or adopted

any amendment to any of their certificates of incorporation or bylaws or similar organizational documents; or

(h) the Company or any of its subsidiaries shall have entered into any employment, severance or similar agreement or plan with any of its employees other than in the ordinary course of business

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or entered into or amended any agreements, arrangements or plans so as to provide for increased compensation or benefits to its employees as a result of or in connection with the transactions contemplated by the Offer; or

(i) the Purchaser shall have learned that any material contractual right of the Company or any of its subsidiaries or affiliates shall be impaired or otherwise adversely affected or that any material amount of indebtedness of the Company or any of its subsidiaries shall become accelerated or otherwise due prior to its stated due date, in either case with or without notice or the lapse of time or both, as a result of the transactions contemplated by the Offer; or

(j) the Purchaser shall become aware of any covenant, term or condition in any of the Company's instruments or agreements that in the Purchaser's sole judgment is or may be (whether considered alone or in the aggregate with any other covenants, terms or conditions) materially adverse to the value of the Shares or the value of the Company or any of its subsidiaries to the Purchaser, Northrop or any of their affiliates (including, but not limited to, any event of default that may ensue as a result of the consummation of the Offer or the acquisition of control of the Company); or

(k) the Purchaser shall become aware that any report, document, instrument, financial statement or schedule of the Company filed with the Commission contained, when filed, an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading; or

(l) the Purchaser, Northrop or any of their affiliates and the Company shall have reached any agreement or understanding providing for the termination of the Offer or for a merger or other business combination with the Company;

which, in the sole judgment of the Purchaser, in any such case, and regardless of the circumstances (including any action or inaction by the Purchaser or any of its affiliates) giving rise to any such condition, makes it inadvisable to proceed with the Offer or with such acceptance for payment of or payment for the Shares.

The foregoing conditions are for the sole benefit of the Purchaser and may be waived by the Purchaser, in whole or in part, at any time and from time to time in its sole discretion. The failure by the Purchaser at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such rights and each such right shall be deemed an ongoing right which may be asserted at any time and from time to time. Any determination by the Purchaser concerning the events described above will be final and binding on all parties.

A public announcement shall be made of a material change in, or waiver of, such conditions, and the Offer may, in certain circumstances, be extended in connection with any such change or waiver.

The Purchaser acknowledges that the Commission believes that (a) if the Purchaser is delayed in accepting the Shares it must either extend the Offer or terminate the Offer and promptly return the Shares, and (b) the circumstances in which a delay in payment is permitted are limited and do not include unsatisfied conditions of the Offer, except with respect to any approval required under the HSR Act and most other regulatory approvals.

7. Price Range of Shares; Dividends. According to the Company's Annual Report on Form 10-K for the year ended December 31, 1992 (the "1992 10-K"), the Shares are traded on the New York Stock Exchange. The following table sets forth, for the periods indicated, the high and low sales prices of the Shares and the cash dividends declared or paid per Share as reported by the Company in its

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1992 Annual Report to Stockholders with respect to the year ended December 31, 1992, and as reported thereafter by published financial sources, with respect to periods after December 31, 1992.

	HIGH	LOW	DIVIDEND
	-----	-----	-----
Year Ended December 31, 1992:			
First Quarter.....	\$20 1/4	\$17 3/8	\$.25
Second Quarter.....	\$22 7/8	\$17 3/8	\$.25
Third Quarter.....	\$23 3/8	\$20 3/4	\$.25
Fourth Quarter.....	\$25	\$19 5/8	\$.25
Year Ended December 31, 1993:			
First Quarter.....	\$35 7/8	\$24 1/8	\$.25
Second Quarter.....	\$41 3/4	\$34	\$.30
Third Quarter.....	\$41 7/8	\$33	\$.30
Fourth Quarter.....	\$41 3/8	\$34 1/2	\$.30
Year Ended December 31, 1994:			
First Quarter (January 1, 1994 to March 4, 1994).....	\$43	\$36 1/2	\$.30

On March 4, 1994, the last full trading day prior to the announcement of the execution of the Martin Marietta Merger Agreement, the last sales price of the Shares on the NYSE Composite Tape was \$39 7/8 per Share. On March 9, 1994, the last full trading day prior to the date of the announcement of the Purchaser's intention to commence the Offer, the last sales price of the Shares on the NYSE Composite Tape was \$55.00 per Share. On March 11, 1994, the last full trading day prior to the commencement of the Offer, such last sales price was \$64 3/4 per Share. STOCKHOLDERS ARE URGED TO OBTAIN A CURRENT MARKET QUOTATION FOR THE SHARES.

The Purchaser believes, based upon publicly available information, that as of the date of this Offer, the Rights are listed on the NYSE, are attached to the Shares and are not traded separately. As a result, the sale prices per Share set forth above are also the high and low sale prices per share of Common Stock and associated Rights during such period. Upon the occurrence of the Distribution Date (as defined in the Rights Agreement), the Rights are to detach and may trade separately from the Shares. See Section 14. As a result of the commencement by the Purchaser of the Offer, the Distribution Date will be a date fixed by the Company's Board of Directors, which is not later than March 20, 1994, the tenth day following the announcement by Northrop and the Purchaser of the intention to commence the Offer, unless prior to such date the Company's Board of Directors redeems the Rights or takes action to delay the Distribution Date. See Section 14. IF THE DISTRIBUTION DATE OCCURS AND THE RIGHTS BEGIN TO TRADE SEPARATELY FROM THE COMMON STOCK, STOCKHOLDERS ARE ALSO URGED TO OBTAIN A CURRENT MARKET QUOTATION FOR THE RIGHTS.

8. Possible Effects of the Offer on the Market for Shares; Stock Exchange Listing; Registration Under the Exchange Act. The purchase of Shares pursuant to the Offer will reduce the number of holders of Shares and the number of Shares that might otherwise trade publicly. Consequently, depending upon the number of Shares purchased and the number of remaining holders of Shares, the purchase of Shares pursuant to the Offer may adversely affect the liquidity and

market value of the remaining Shares held by the public. The Purchaser cannot predict whether the reduction in the number of Shares that might otherwise trade publicly would have an adverse or beneficial effect on the market price for or marketability of the Shares or whether it would cause future market prices to be greater or less than the Offer price.

Depending upon the number of Shares purchased pursuant to the Offer, the Shares may no longer meet the requirements of the NYSE for continued listing. According to the NYSE's published guidelines, the NYSE would consider delisting the Shares if, among other things, the number of record holders of

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at least 100 Shares should fall below 1,200, the number of publicly held Shares exclusive of management or other concentrated holdings should fall below 600,000 or the aggregate market value of publicly held Shares should not exceed \$5 million. If as a result of the purchase of Shares pursuant to the Offer, Shares no longer meet the requirements of the NYSE for continued listing and the listing of the Shares is discontinued, the market for the Shares could be adversely affected.

If the NYSE were to delist the Shares, it is possible that the Shares would continue to trade on other securities exchanges or in the over-the-counter market and that price quotations would be reported by such exchanges or through the NASDAQ or other sources. The extent of the public market for the Shares and the availability of such quotations would, however, depend upon the number of stockholders remaining at such time, the interest in maintaining a market in the Shares on the part of securities firms, the possible termination of registration under the Exchange Act, as described below, and other factors.

The Shares are currently "margin securities" under the regulations of the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"), which has the effect, among other things, of allowing brokers to extend credit on such Shares as collateral. Depending on factors similar to those described above regarding listing and market quotations, it is possible the Shares would no longer constitute "margin securities" for purposes of the Federal Reserve Board's margin regulations and therefore could no longer be used as collateral for loans made by brokers.

The Shares are currently registered under the Exchange Act. Such registration may be terminated upon application of the Company to the Commission if such Shares are not listed on a national exchange and there are fewer than 300 holders of record of the Shares. The termination of the registration of the Shares under the Exchange Act would reduce the information required to be furnished by the Company to its stockholders and to the Commission, and would make certain of the provisions of the Exchange Act, such as the short-swing profit recovery provisions of Section 16(b) and the requirement of furnishing a proxy statement in connection with stockholders' meetings pursuant to Section 14(a) or 14(c) and the related requirement of an annual report to stockholders, and the requirements of Rule 13e-3 with respect to going private transactions, no longer applicable with respect to the Shares or to the Company. Furthermore, if a substantial number of Shares are acquired by the Purchaser, the ability of "affiliates" of the Company and persons holding "restricted securities" of the Company to dispose of such securities pursuant to Rule 144 promulgated under the Securities Act of 1933, as amended, may be impaired or, with respect to certain persons, eliminated. If registration of the Shares under the Exchange Act, as amended, were terminated, the Shares would no longer be "margin securities" or eligible for stock exchange listing or NASDAQ reporting. The Purchaser believes that the purchase of the Shares pursuant to the Offer may result in the Shares becoming eligible for deregistration under the Exchange Act and it would be the intention of the Purchaser to cause the Company to make an application for termination of registration of the Shares as soon as possible after successful completion of the Offer, if the Shares are then eligible for such termination.

9. Dividends and Distributions. If, on or after March 10, 1994, the Company should (i) split, combine or otherwise change the Shares or its capitalization,

(ii) acquire presently outstanding Shares or otherwise cause a reduction in the number of outstanding Shares, or (iii) issue or sell any shares of any class or any securities convertible into any such shares, or any rights, warrants or options to acquire any such shares or convertible securities (other than Shares issued pursuant to, and in accordance with the terms in effect on March 10, 1994, of, employee stock options issued prior to such date, and as deferred awards payable in shares pursuant to, and in accordance with, the terms in effect of awards outstanding on March 4, 1994) then, without prejudice to the Purchaser's rights under Sections 6 and 15, the Purchaser, in its sole discretion, may make such adjustments in the purchase price and other terms of the Offer as it deems appropriate, including, without limitation, the number or type of securities offered to be purchased.

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If, on or after March 10, 1994, the Company should declare or pay any cash or stock dividend (other than the regular quarterly dividend not to exceed \$.30 per Share) or other distribution on, or issue any rights with respect to, the Shares, payable or distributable to stockholders of record on a date prior to the transfer to the name of the Purchaser or its nominees or transferees on the Company's stock transfer records of the Shares purchased pursuant to the Offer, then, without prejudice to the Purchaser's rights under Sections 6 and 15, (i) the purchase price per Share payable by the Purchaser pursuant to the Offer may, in the sole discretion of the Purchaser, be reduced by the amount of any such cash dividend or distribution, and (ii) any non-cash dividend, distribution or right to be received by the tendering stockholders will (a) be received and held by the tendering stockholders for the account of the Purchaser and will be required to be promptly remitted and transferred by each tendering stockholder to the Depository for the account of the Purchaser, accompanied by appropriate documentation of transfer, or (b) at the direction of the Purchaser, be exercised for the benefit of the Purchaser, in which case the proceeds of such exercise will promptly be remitted to the Purchaser. Pending such remittance, the Purchaser will be entitled to all rights and privileges as owner of any such non-cash dividend, distribution or right or such proceeds and may withhold the entire purchase price or deduct from the purchase price the amount or value thereof, as determined by the Purchaser in its sole discretion.

10. Certain Information Concerning the Company. The Company is a New York corporation with its principal offices located at 1111 Stewart Avenue, Bethpage, New York 11714-3580. The following description of the Company's business has been taken from the 1992 10-K:

The activities of Grumman Corporation and its subsidiaries (the "Company" or "Grumman") are described in the following four industry segments:

"Aerospace"--Includes the design and production of military aircraft, space systems and commercial aircraft components and subassemblies, as well as the modernization or conversion of previously completed aircraft.

"Electronics Systems"--Includes the design, manufacture and integration of sophisticated electronics for aircraft, computerized test equipment and other defense related products, such as airborne surveillance systems.

"Information and Other Services"--Includes electronic data processing services for affiliates and other customers as well as real estate and leasing services. It also includes technical services that help ready the space shuttle for flight, provide space station program support, service and maintain flight simulators and trainers and support Grumman aircraft.

"Special Purpose Vehicles"--Includes fabrication of Long Life Vehicles for the U.S. Postal Service and aluminum truck bodies.

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Summary Financial Information. The following table sets forth certain summary consolidated financial information with respect to the Company and its consolidated subsidiaries derived from the audited financial statements contained in the 1992 10-K and the Company's Schedule 14D-9. The summary below is qualified by reference to such documents (which may be inspected and obtained as described below), including the financial statements and related notes contained therein.

THE COMPANY AND SUBSIDIARIES

SUMMARY CONSOLIDATED STATEMENT OF INCOME  
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

	YEAR ENDED DECEMBER 31,		
	1993	1992	1991
Revenues			
Sales.....	\$3,224,535	\$3,492,075	\$3,963,492
Other income.....	24,589	11,875	10,359
Total sales and other income.....	3,249,124	3,503,950	3,973,851
Costs and expenses			
Cost of sales.....	2,929,987	3,189,035	3,620,895
Restructuring charge.....	85,000	--	--
Loss on Tracor Aviation Inc. settlement...	--	--	46,500
Selling, administrative and other.....	115,928	113,289	124,049
Interest.....	31,702	55,065	85,236
Total costs and expenses.....	3,162,617	3,357,389	3,876,680
Income before income taxes.....	86,507	146,561	97,171
Provision for federal income taxes.....	21,000	26,700	2,000
Income from continuing operations.....	65,507	119,861	95,171
Income (loss) from discontinued operations.....	(6,700)	(45,035)	4,166
Cumulative effect of change to accrual method of accounting for post-retirement benefit.....	--	(198,000)	--
Net income (loss).....	\$ 58,807	\$ (123,174)	\$ 99,337
Primary earnings per common share:			
Income from continuing operations.....	\$ 1.90	\$ 3.49	\$ 2.75
Income (loss) from discontinued operations.....	(0.19)	(1.34)	.13
Cumulative effect of accounting change....	--	(5.88)	--
Net income (loss).....	\$ 1.71	\$ (3.73)	\$ 2.88

THE COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET  
(AMOUNTS IN THOUSANDS)

DECEMBER 31,	
1993	1992

ASSETS		
Current assets		
Cash and cash equivalents.....	\$ 346,090	\$ 299,077
Marketable securities (at cost, approximating market) ..	18,034	--
Accounts receivable.....	518,731	534,260
Inventories, less progress payments.....	499,436	612,424
Prepaid expenses.....	40,992	41,280
	-----	-----
Total current assets.....	1,423,283	1,487,041
	-----	-----
Property, plan and equipment, less accumulated depreciation.....	372,723	399,421
	-----	-----
Non-current assets		
Deferred income taxes.....	120,028	94,856
Long-term receivables.....	6,009	9,079
Investments.....	52,505	28,678
Other.....	49,901	69,941
	-----	-----
	228,443	202,554
	-----	-----
Total.....	\$2,024,449	\$2,089,016
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Short-term debt.....	\$ 6,571	\$ 83,399
Accounts payable.....	147,576	128,610
Wages and benefits payable.....	90,229	95,519
Income taxes.....	88,932	145,353
Advances and deposits.....	95,340	30,251
Other current liabilities.....	89,699	127,902
	-----	-----
Total current liabilities.....	518,347	611,034
	-----	-----
Long-term debt.....	243,106	355,244
	-----	-----
Accrued retirement benefits.....	304,752	306,500
	-----	-----
Restructuring reserve.....	85,000	--
	-----	-----
Other liabilities.....	37,191	23,348
	-----	-----
Common stock--\$1.00 par value, authorized 80,000 shares; outstanding 34,049 and 33,519 shares (net of treasury stock).....	344,589	321,038
Retained earnings.....	491,464	471,852
	-----	-----
Total.....	\$2,024,449	\$2,089,016
	=====	=====

Other Information. The Shares are registered under the Exchange Act. Accordingly, the Company is subject to the informational filing requirements of the Exchange Act and, in accordance therewith, is obligated to file periodic reports, proxy statements and other information with the Commission relating to its business, financial condition and other matters. Information, as of particular dates, concerning the Company's directors and officers, their remuneration, options granted to them, the principal holders of the Company's securities and any material interest of such persons in transactions with the Company

statements and other information should be available for inspection at the public reference facilities of the Commission located in Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, and should also be available for inspection and copying at the regional offices of the Commission located in the Everett McKinley Dirksen Building, 219 South Dearborn Street, Chicago, Illinois 60604, and the Jacob K. Javits Federal Building, 26 Federal Plaza, New York, New York 10278. Copies of this material may also be obtained by mail, upon payment of the Commission's customary fees, from the Commission's principal office at 450 Fifth Street, N.W., Washington, D.C. 20549. In addition, such material should also be available for inspection at the library of the New York Stock Exchange, 20 Broad Street, New York, New York 10005. Except as otherwise noted in this Offer to Purchase, all of the information with respect to the Company set forth in this Offer to Purchase has been derived from publicly available information. Although each of Northrop and the Purchaser has no knowledge that any such information is untrue, neither Northrop nor the Purchaser takes responsibility for the accuracy or completeness of information contained in this Offer to Purchase with respect to the Company or for any failure by the Company to disclose events which may have occurred or may affect the significance or accuracy of any such information.

11. Certain Information Concerning Northrop and the Purchaser. The Purchaser's principal executive offices are located at 1840 Century Park East, Los Angeles, California 90067. The Purchaser is a newly formed corporation and a wholly owned subsidiary of Northrop. The Purchaser has not conducted any business other than in connection with the Offer and the Proposed Merger. Northrop is a Delaware corporation with its principal executive offices located at 1840 Century Park East, Los Angeles, California 90067.

Northrop is an advanced technology company operating in the aerospace industry. Northrop designs, develops and manufactures aircraft, aircraft subassemblies and electronic systems for military and commercial use.

Northrop is subject to the informational filing requirements of the Exchange Act and, in accordance therewith, files reports and other information with the Commission relating to its business, financial condition and other matters. Information, as of particular dates, concerning Northrop's directors and officers, their remuneration, options granted to them, the principal holders of the Purchaser's securities and any material interest of such persons in transactions with the Purchaser is required to be disclosed in proxy statements distributed to the Purchaser's stockholders and filed with the Commission. Such reports, proxy statements and other information should be available for inspection and copies may be obtained from the offices of the Commission in the manner described in Section 10 and from the library of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

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Set forth below is a summary of certain consolidated financial data with respect to Northrop and its subsidiaries for and as of (i) its fiscal years ended December 31, 1991, December 31, 1992 and December 31, 1993, excerpted or derived from Northrop's Annual Report on Form 10-K for the year ended December 31, 1993 (the "Northrop 1993 10-K"). The summary below is qualified by reference to the Northrop 1993 10-K and the financial information and related notes contained therein. The Northrop 1993 10-K may be examined and copies thereof may be obtained from the offices of the Commission or inspected at the NYSE as set forth in Section 10.

#### NORTHROP AND SUBSIDIARIES

#### SELECTED CONSOLIDATED FINANCIAL DATA (AMOUNTS IN MILLIONS, EXCEPT PER SHARE DATA)

YEAR ENDED DECEMBER 31,  
-----

	1993	1992	1991
	-----	-----	-----
Net sales to:			
United States Government.....	\$ 4,481	\$ 4,958	\$ 5,102
The Boeing Company.....	533	550	542
Other customers.....	49	42	50
	-----	-----	-----
Total net sales.....	\$ 5,063	\$ 5,550	\$ 5,694
	=====	=====	=====
Net income (loss).....	\$ 96	\$ 121	\$ 201
Earnings (loss) per share.....	1.99	2.56	4.26
Cash dividends per share.....	1.60	1.20	1.20
Net working capital.....	\$ 481	\$ 354	\$ 611
Current ratio.....	1.45 to 1	1.25 to 1	1.51 to 1
Total assets.....	\$ 2,939	\$ 3,162	\$ 3,128
Long-term debt.....	\$ 160	\$ 160	\$ 470
Total long-term obligations.....	468	426	688
Long-term debt, as a percentage of shareholders' equity.....	12.1%	12.8%	39.8%
Operating margin as a percentage of:			
Net sales.....	4.3%	4.1%	6.2%
Average operating assets.....	9.1	8.9	12.8
Net income (loss) as a percentage of:			
Net sales.....	1.9%	2.2%	3.5%
Average assets.....	3.1	3.8	6.5
Average shareholders' equity.....	7.5	9.9	18.1
Research and development expenses:			
Contract.....	\$ 1,603	\$ 1,693	\$ 1,601
Non-contract.....	97	93	102
Payroll and employee benefits.....	\$ 1,906	\$ 2,001	\$ 2,109
Number of employees at year-end.....	29,800	33,600	36,200
Number of shareholders at year-end.....	11,618	12,599	13,607
Depreciation and amortization.....	\$ 214	\$ 160	\$ 171
Maintenance and repairs.....	87	106	97
Rent expense.....	47	52	51
Floor area (millions of square feet):			
Owned.....	12.9	12.6	12.2
Commercially leased.....	3.2	4.2	4.5
Leased from United States Government.....	2.1	1.9	1.7

The name, business address, present principal occupation or employment and citizenship of each of the directors and executive officers of Northrop and the Purchaser are set forth in Annex I hereto.

Except as described in the Introduction and Section 13 of this Offer to Purchase, (a) none of Northrop or the Purchaser or, to the best knowledge of Northrop or the Purchaser, any of the persons listed in Annex I hereto, or any associate or majority owned subsidiary of Northrop or the Purchaser or any of the persons so listed, beneficially owns any security of the Company or has any contract, arrangement, understanding or relationship with any other person with respect to any securities of the Company, including, but not limited to, any contract, arrangement, understanding or relationship concerning the transfer or the voting of any securities of the Company, joint ventures, loan or option arrangements, puts or calls, guaranties of loans, guaranties against loss, or the giving or withholding of proxies, and (b) none of Northrop or the Purchaser or, to the best knowledge of Northrop or the Purchaser, any of the other persons referred to above, or any of the respective directors, executive officers or subsidiaries of any of the foregoing, has effected any transaction in any security of the Company during the past 60 days.

Except as described in this Offer to Purchase, none of Northrop or the Purchaser or, to the best knowledge of Northrop or the Purchaser, any of the

persons listed in Annex I hereto, has had, since January 1, 1990, any business relationships or transactions with the Company or any of its executive officers, directors or affiliates that would require reporting under the rules of the Commission. Except as set forth in this Offer to Purchase, there have been no contacts, negotiations or transactions between the Purchaser or Northrop or their respective subsidiaries or, to the best knowledge of the Purchaser and Northrop, any of the persons listed on Annex I, and the Company or its affiliates, concerning a merger, consolidation or acquisition, tender offer or other acquisition of securities, election of directors or a sale or other transfer of a material amount of assets.

In June 1987, Northrop and various elements of the U.S. Government, including the Department of Justice, commenced internal, criminal and civil investigations in connection with alleged falsification of certain testing data or testing of Rate Sensor Assemblies for the AV-8B Harrier Jet and Flight Data Transmitter Units for the Air-Launched Cruise Missile at Northrop's Electronics System Division--Norwood Site (formerly called the Precision Products Division (PPD)). As a result of Northrop's investigation, several employees at PPD's former Pomona, California facility were dismissed in 1987. In February 1989, the U.S. Department of Justice intervened in a civil lawsuit filed in the U.S. District Court for the Central District of California, alleging violations of the False Claims Act (31 U.S.C. Sec 3729(a) et. seq.) and filed an amended complaint. The amended complaint alleged violations of the False Claims Act, fraud, breach of contract, mistake of fact and unjust enrichment. In July, 1989, PPD was suspended from future contracting with any agency in the Executive Branch of the U.S. Government, which suspension has since been lifted. In February 1990, in connection with a settlement of the litigation, Northrop pleaded guilty to 34 false statements that had been made by former employees of the Electronics System Division, the U.S. Government withdrew various other charges and Northrop agreed to pay a \$17 million fine.

Certain additional information regarding Northrop and the Purchaser required by the New York Law is set forth in Annex II hereto.

12. Source and Amount of Funds. The total amount of funds required by the Purchaser to purchase all Shares that may be tendered and to pay related fees and expenses will be approximately \$2.13 billion. Northrop intends to obtain the funds from bank loans to be provided initially by Chase Manhattan Bank, N.A. ("Chase") and Chemical Bank ("Chemical," together with Chase, the "Co-Agents"). Chase and Chemical have entered into a commitment letter with Northrop dated March 10, 1994 (the "Financing Commitment") pursuant to which each of Chase and Chemical has committed to provide \$1.4 billion (or a total of \$2.8 billion) in senior bank credit facilities (collectively, the "Credit Facilities") to finance the Offer and the Proposed Merger, to pay related fees and expenses, to refinance existing bank debt of Northrop and (after the Proposed Merger) the Company and to provide

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working capital for Northrop. Although Chase and Chemical have together committed to provide all of the Credit Facilities, they have advised that they expect to act as co-agents for a syndicate of financial institutions to provide all or a portion of the Credit Facilities.

Each of the Co-Agents' commitments under the Financing Commitment is subject to the following conditions: (i) the negotiation, execution and delivery of definitive documentation with respect to the Credit Facilities satisfactory in form and substance to the Co-Agents and their counsel; (ii) satisfaction by the Co-Agents with the form and substance of the Offer and the definitive documentation therefor; (iii) a definitive merger agreement, in form and substance satisfactory to the Co-Agents, shall have been entered into by Northrop and the Company; (iv) there shall not have occurred any material adverse change in the business, assets, operations, condition (financial or otherwise) or prospects of Northrop and its subsidiaries (including the Company) taken as a whole; (v) there shall not have occurred any change in or disruption of financial or capital market conditions that in the opinion of the Co-Agents could materially and adversely affect the satisfactory syndication of

the Credit Facilities; and (vi) the appropriate markets shall be clear of competing transactions by or on behalf of Northrop.

The Co-Agents have advised Northrop that they would be prepared to commit to provide the financing without satisfaction of the requirement for a merger agreement, subject to a mutually satisfactory agreement with Northrop with respect to the payment of additional fees to the Co-Agents, an increase in the margins on loans under the Credit Facilities, and a limitation on the length of interest periods under the Credit Facilities prior to completion of the Proposed Merger.

Northrop has agreed to pay commitment and syndication fees to the Co-Agents and to pay certain of the expenses of the Co-Agents incurred in connection with the Financing Commitment and the Credit Facilities. Northrop has also agreed to indemnify the Co-Agents and certain other persons against certain losses arising out of the Offer, the Financing Commitment or the Credit Facilities.

Set forth below is a summary description of the Financing Commitment and the Credit Facilities. The summary description does not purport to be complete. There can be no assurance that the terms set forth below will be contained as described in the definitive documentation with respect to the Credit Facilities, and such documentation will include provisions in addition to those described.

The Credit Facilities will consist of two facilities, a five-year revolving credit facility and a five-year term loan. The aggregate amount of the Credit Facilities will be allocated between the revolving credit facility and the term loan in a manner to be agreed between Northrop and the Co-Agents. The term loan will amortize prior to maturity on a schedule to be agreed between Northrop and the Co-Agents. There will be no scheduled prepayments or reductions of availability of revolving loans prior to maturity.

The Credit Facilities will be guaranteed by the Purchaser and secured by a pledge by Northrop of the capital stock of the Purchaser.

Loans under the Credit Facilities will bear interest, at the option of Northrop, at either (i) a base rate equal to the higher of the rate announced from time to time by Chase as its prime commercial lending rate or the daily federal funds rate plus .50% or (ii) the London interbank offered rate ("LIBOR") (as adjusted for certain reserve requirements, as incurred by the lenders) for one-, two-, three-, six- and (subject to the lenders' consent) twelve-month periods plus an interest margin based on the ratio of Northrop's consolidated total debt to consolidated total net worth. Assuming that, after the Offer and the Proposed Merger Northrop's implied credit rating is at least BBB-, the initial margin for LIBOR term loans will be between .625% and .75% per annum and the initial margin for LIBOR revolving credit loans will be in the same range but less the applicable facility fees, described below. In addition, Northrop may request competitive bids from the lenders for short-term borrowings.

Facility fees under the Credit Facilities will be payable to each lender based on the total amount of its commitment to make revolving loans, based on a grid tied to Northrop's ratio of consolidated total debt to consolidated net worth. Assuming that, after consummation of the Offer and the Proposed Merger, Northrop's implied credit rating is BBB-, the initial facility fee would be between .20% and .25% per annum.

The documentation governing the Credit Facilities will include conditions precedent to the lenders' funding obligations, representations and warranties, funding and yield protection provisions, conditions precedent, covenants, events of default and other provisions determined by the lenders to be appropriate for transactions of this type. The Financing Commitment provides that the definitive documents will include covenants, among others, limiting Northrop's ability to encumber or dispose of its assets or incur subordinated debt or engage in further mergers and acquisitions and imposing a maximum

leverage ratio, a minimum fixed charge coverage ratio and a minimum net worth ratio. The covenants also may include a limitation on the ability of Northrop to pay dividends on its capital stock or redeem or retire its stock.

13. Contacts with the Company; Background of the Offer. Commencing in early 1992, Mr. Kent Kresa, Chairman, Chief Executive Officer and President of Northrop, and Dr. Renso L. Caporali, Chairman and Chief Executive Officer of the Company, discussed, in general terms, the potential advantages of a business combination of the two companies, in light of developments affecting military spending and their impact on the defense and aerospace industries. Further discussions occurred from time to time during 1992. From the beginning of these discussions, both Messrs. Kresa and Caporali made it clear that their respective firms were not for sale. When certain of the senior officers of Northrop and the Company first met in New York City on January 26, 1993 to conduct preliminary discussions as to whether some form of business combination made strategic sense, the mutual "not for sale" message was reiterated. This understanding continued to serve as a background to subsequent meetings between the managements of the two companies in February of 1993.

In connection with the ongoing discussions and based on the understanding that neither company was for sale, on January 21, 1993, a letter agreement (the "Confidentiality Agreement") was entered into between the companies, by which each company agreed to maintain in confidence non-public information concerning the other, and for a period of three years not to acquire shares of, or, unless invited to do so, make a proposal for any extraordinary transaction with, the other. It is Northrop's position that the "standstill" provisions of the Confidentiality Agreement may not be enforced to prohibit or prevent the Offer or the purchase of Shares pursuant hereto. See Section 15.

At a meeting between Messrs. Caporali and Kresa in April 1993, Mr. Caporali expressed his desire that further conversations be deferred pending completion by the United States Department of Defense of a "bottom-up" review of military procurement and weapons programs, since the decisions resulting from that review could significantly affect the prospects of either or both the two companies. As a result, no further substantive discussions took place between Northrop and the Company until December of 1993.

Messrs. Caporali and Kresa had a brief discussion on November 19, 1993, during which Mr. Kresa expressed to Mr. Caporali his vision of how defense industry down-sizing might affect their companies. Following that discussion, executives of Northrop and the Company resumed discussions regarding a possible business combination. These discussions commenced in Los Angeles on December 7 and 8, 1993. Because of the general understanding between these executives concerning strategic fit and vision, managements of the respective companies recommended to Messrs. Caporali and Kresa that a more formal meeting between representatives of the two companies was in order. Such a meeting was held on December 12, 1993, during which certain of the senior officers of Northrop and the Company discussed the possibilities of a business combination and how best to proceed. Representatives of both companies again stressed that neither company was for sale. During these discussions, Northrop management believed that a basic understanding existed between the two management groups with respect to the organizational structure of the resulting corporation and that the Company's top management was favorably disposed toward the idea of a "merger of equals" transaction in part because the strong balance sheet of the new company would put it in a favorable position to pursue

strategic acquisitions. Additional meetings were conducted on December 13, 1993, and a follow-up meeting took place on January 13, 1994 in Washington, D.C. In all cases, the model under discussion between executives of both companies was that of a merger of equals.

In December 1993, the Company engaged Goldman, and Northrop engaged Salomon to advise it with respect to a possible business combination with the Company. On the basis of the apparent mutual interest of the two management groups,

Salomon and Goldman were asked to begin discussions with each other in January 1994. In a conversation on January 14, 1994, Goldman expressed to Salomon its view that a transaction involving solely an exchange of stock for stock would be difficult to accomplish, in that such a transaction would involve excessive dilution. Goldman indicated its belief that alternative transaction structures should be explored.

In anticipation of a meeting of the Board of Directors of the Company scheduled for January 20, 1994, Northrop proposed to the Company by letter dated January 19, 1994 that the two companies exchange information regarding their respective companies and, concurrently, seek to negotiate the terms for a business combination which would resemble as closely as possible the mutually expressed desire for a merger of equals. Northrop also proposed that a period of 30 days be allowed for that process, and that, during such period, both companies agree not to engage in discussions of any alternative transaction with any other party. Mr. Kresa also asked Mr. Caporali for his agreement to a statement of "understandings" between them with respect to such matters as the constitution of the board of directors and the initial organizational structure of the merged company. Following the Company's Board of Directors meeting on January 20, 1994, representatives of the Company advised Northrop that the Company's directors viewed favorably a business combination of the two companies, but that they did not believe it was appropriate to approve Northrop's suggested "understandings," or to agree to the 30-day exclusive period.

On January 28, 1994, at the direction of the respective companies, representatives of Salomon met with representatives of Goldman to discuss specific transaction structures that would provide for receipt of a mixture of cash and stock by both companies' stockholders, yet remain consistent with the concept of a merger of equals. At that meeting, representatives of Goldman expressed the view that, in order to obtain the two-thirds vote of the Company's stockholders required under New York Law for a merger, the Company's stockholders would have to be offered consideration which represented a premium over the market price of the Company's stock.

Salomon and Goldman met again on February 9, 1994, at which time Salomon presented an outline of a possible cash-election merger based upon a suggestion made by Goldman in their prior meeting. This structure also involved an increase over the proposals discussed on January 28, 1994 in the amount of cash that would be provided to the stockholders of both companies. Salomon estimated that this structure would give each company's stockholders a premium to market of approximately 20% to 25% while preserving the concept of a merger of equals. Representatives of Goldman indicated their agreement that such a transaction would likely receive the requisite two-thirds stockholder approval and in response to Northrop's request that it receive a formal response on the proposal stated that it would be considered by the Company's Board of Directors at a meeting on February 17, 1994.

On February 18, 1994, Salomon was informed by representatives of Goldman that the proposed cash-election merger would afford the Company's stockholders less value than the Company believed it could achieve on its own. Goldman told representatives of Salomon that the Company believed it could achieve a share price "in the mid \$50's" on its own, based on certain assumptions.

On February 23, 1994, at the instruction of Northrop, representatives from Salomon repeatedly attempted to contact Goldman with the intention of expressing Northrop's view that it was willing to proceed with a transaction structure that provided value to the Company's stockholders of "something in the \$50's" on a per share basis, a substantial portion of which would be in cash.

On February 24, 1994, a representative of Goldman responded to Salomon's telephone calls and advised that the Company had decided not to pursue further discussions with Northrop at that time. No explanation was given by Goldman. Salomon representatives advised Goldman by telephone of the proposal they had



been unable to communicate to Goldman on February 23rd. In response to a number of questions from Salomon, Goldman stated that the Company's Board of Directors had instructed Goldman not to respond further to Northrop's inquiries.

Based on this turn of events, Northrop became concerned that the Company might have decided to enter into a merger or other transaction involving a sale of the Company. To ensure that the Company's Board of Directors was aware of Northrop's serious interest, on February 25, 1994, Northrop sent a letter to the Company confirming that, based upon the facts known to Northrop, Northrop would be prepared, if invited, to submit an offer at a price per share of not less than \$50.00. The letter stated that Northrop would also be prepared to consider an offer at a higher level, if warranted, based upon any additional information or analysis the Company might wish to provide Northrop. Northrop had not (and still has not) been provided non-public financial information concerning the Company or been permitted to perform a due diligence investigation of the Company.

On March 1, 1994, representatives of Goldman telephoned Salomon and advised it that the Board of Directors of the Company had convened, reviewed Northrop's February 25th letter and determined that the Company was not prepared to pursue Northrop's proposal. Goldman also advised that the Company had no interest in pursuing discussions with Northrop at that time.

According to the Company's Schedule 14D-9 filed with the Commission on March 9, 1994, on March 6, 1994, a special meeting of the Board of Directors of the Company was held at the conclusion of which the Board unanimously adopted a resolution (i) authorizing the execution and delivery of the Martin Marietta Merger Agreement and (ii) recommending that the stockholders of the Company accept the Martin Marietta Offer. On March 7, 1994, the Company announced that it had entered into the Martin Marietta Merger Agreement, which includes a provision for the payment to Martin Marietta of \$50 million under certain circumstances in the event the Company is acquired by a party other than Martin Marietta, plus up to \$8.8 million of expenses if the Martin Marietta Merger is not consummated. On March 8, 1994, Martin Marietta commenced the Martin Marietta Offer.

On March 9, 1994, the Board of Directors of Northrop approved the commencement of the Offer, and on March 10, 1994, Northrop sent a letter to the Company and issued a press release stating that its directors have authorized the acquisition of the Company at a price of \$60.00 per Share and that it is prepared to enter into a merger agreement with the Company on substantially identical terms to those contained in the Martin Marietta Merger Agreement. The following is the text of Northrop's March 10th letter:

Dr. Renso L. Caporali  
Chairman and Chief Executive Officer  
Grumman Corporation  
1111 Stewart Avenue  
Bethpage, NY 11714-3580

Dear Renso:

The Board of Directors of Northrop Corporation have authorized the acquisition of Grumman Corporation at a cash price of \$60 per share, \$5 per share in excess of the recently announced offer by Martin Marietta. On Monday, March 14, we will commence a tender offer for all shares

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of Grumman Corporation. We have received a commitment letter from the Chase Manhattan Bank N.A. and Chemical Bank totaling \$2.8 billion to finance the acquisition.

Our Board has authorized us also to enter into a tender offer/merger agreement with Grumman on substantially identical terms as those between Grumman and Martin Marietta. In this connection, we are prepared, upon completion of the acquisition, to recommend to our

stockholders that the name of this corporation be changed to Northrop Grumman Corporation, to preserve the proud heritage of the Grumman name in U. S. military aviation.

Grumman's stockholder interests were not well served when the decision was made to enter into the agreement with Martin Marietta. In light of the fiduciary duties of the directors of Grumman to its stockholders, we believe that its Board of Directors has a legal duty to facilitate the receipt by its stockholders of Northrop's offer, in order that they may freely choose what is obviously a much more favorable transaction. For the same reasons, we believe that we should be furnished substantially the same non-public information concerning Grumman that was furnished to Martin Marietta. We request your confirmation by the close of business Monday, March 14, that you are prepared to furnish such information.

We and our representatives have been negotiating with Grumman in good faith since early December, responding to Grumman's clear statements that it was "not for sale". We had been working to achieve a mutually acceptable business combination which corresponded as closely as possible to what we understood to be our shared strategic vision. Now, it appears from the tender offer documents that we were not playing on a "level playing field". As early as February 16, your representative asked Martin Marietta but not us to submit their highest and best offer. We never received such a request. Never, in the entire process were we advised that you were in negotiations with another party, that a decision had been made to sell Grumman, or that we should submit our highest and best bid.

Then, even after we informed you by letter on February 25 of our interest in acquiring Grumman for cash at a price per share "of not less than \$50" if invited to do so, Grumman proceeded to enter an agreement with Martin Marietta containing a \$50,000,000 lock-up payment to be paid to Martin Marietta if their tender offer is overbid. Under the circumstances, we believe the lock-up agreement with Martin Marietta is improper and illegal.

We believe a combination of our companies is a very sound strategic fit which serves our national interest. As we discussed, the transaction is based on the great synergistic fit of our respective businesses. Most importantly, our offer serves the interest of your shareholders and represents an excellent long-term investment for Northrop's shareholders.

We look forward to your prompt response.

Sincerely,

Kent Kresa

On March 14, 1994, the Purchaser commenced the Offer.

Except as described above, there have been no contacts, negotiations or transactions between the Purchaser, Northrop or their subsidiaries or, to the best knowledge of the Purchaser and Northrop, any of the persons listed on Annex I, and the Company or its affiliates, concerning a merger, consolidation or acquisition, tender offer or other acquisition of securities, election of directors or a sale or other transfer of a material amount of assets.

#### 14. Purpose of the Offer and the Proposed Merger; Plans of Northrop and the Purchaser with Respect to the Company.

Purpose of the Offer; Plans for the Company. The purpose of the Offer is to acquire control of, and the entire equity interest in, the Company. As soon as practicable following the purchase of Shares pursuant to the Offer, the

Purchaser intends to seek the maximum representation obtainable on the Company's Board of Directors and to propose and seek to have the Company consummate the Proposed Merger. The Proposed Merger, if so consummated, would involve the conversion of each of the then outstanding Shares, other than Shares owned by the Purchaser or any of its subsidiaries and other than Shares held by stockholders who properly exercise their dissenters' rights, into the right to receive cash in an amount equal to the price per Share in the Offer.

If Northrop acquires control of the Company, it intends to conduct a review of the Company and its assets, corporate structure, capitalization, operations, policies, management and personnel. After such review, Northrop will determine what actions or changes, if any, would be desirable in light of the circumstances which then exist, and reserves the right to effect such actions or changes. In its March 10th letter to the Company, Northrop stated that it intends, upon completion of the Proposed Merger, to recommend to its stockholders that its name be changed to "Northrop Grumman Corporation."

Except as described in this Offer to Purchase, neither Northrop nor the Purchaser has any present plans or proposals that would relate to or result in any extraordinary corporate transaction, such as a merger, reorganization or liquidation involving the Company or any of its subsidiaries, a sale or transfer of a material amount of assets of the Company or any of its subsidiaries, any change in the Company's Board of Directors or management, any material change in the Company's capitalization or dividend policy, or any other material change in the Company's corporate structure or business.

Constraints on the Purchaser's Ability to Consummate the Proposed Merger. If the Offer is consummated, the Purchaser will hold sufficient Shares to approve the Proposed Merger on behalf of the Company's stockholders. However, in light of the restrictions described below, there can be no assurance that the Proposed Merger will be proposed to stockholders of the Company or be consummated or as to the timing thereof. Nonetheless, if the Board of Directors of the Company votes to approve the Offer and the Proposed Merger, the Section 912 Condition, the Supermajority Voting Condition and the Rights Condition will be satisfied and the impediments to the Offer and the Proposed Merger contained in the Company's Certificate of Incorporation and Section 912 of the New York Law will be removed.

Neither Northrop nor the Purchaser can give any assurance as to whether, as a result of information hereafter obtained by either Northrop or the Purchaser, changes in general economic or market conditions or in the business of the Company, or other presently unforeseen factors, the Proposed Merger will be proposed to the Company's stockholders or whether the Proposed Merger will be delayed or abandoned. If for any reason the Proposed Merger is not consummated, Northrop and the Purchaser reserve the right to acquire additional Shares following the expiration of the Offer through private purchases, market transactions, tender or exchange offers or otherwise on terms and at prices that may be more or less favorable than those of the Offer or, subject to any applicable legal restrictions, to dispose of any or all Shares acquired by Northrop and the Purchaser.

Classified Board. The Certificate of Incorporation of the Company provides that the number of directors shall be fixed by Board resolution or a vote of holders of the majority of the voting power of the outstanding Voting Shares (as defined) (or by a vote of holders of at least 85% of such voting power and a majority of the voting power of the outstanding Voting Shares held by Public Holders (as defined) if there is a Substantial Stockholder (as defined)). The Certificate of Incorporation provides that the Board shall be divided into three classes of directors, with the classes to be as nearly equal in number of directors as possible. One class of directors is elected each year for a three-year term. The Certificate

of Incorporation provides that at any meeting of stockholders called expressly for that purpose, any director or the entire Board of Directors may be removed from office by the affirmative vote of the holders of at least a majority of

the voting power of the outstanding Voting Shares (as defined), or, if there is a Substantial Stockholder (as defined), by the affirmative vote of the holders of at least 85% of the voting power of the outstanding Voting Shares and the affirmative vote of at least a majority of the voting power of the outstanding Voting Shares held by Public Holders (as defined). In addition, the Certificate of Incorporation purports to provide that newly created directorships resulting from any increase in the authorized number of directors or other vacancies in the Board of Directors may be filled by a majority vote of the remaining directors. As a result of the classified Board and related provisions, the Purchaser may be unable to elect a majority of directors to the Board of Directors until the second annual meeting of stockholders of the Company is held following consummation of the Offer even if the Purchaser acquires a majority of the outstanding Shares in the Offer. As approval of the Board of Directors is required by the New York Law for a merger, this provision may have the effect of delaying the Proposed Merger.

Restraints on Certain Business Combinations. In addition to the general requirements under the New York Law for approval of a merger, the Certificate of Incorporation of the Company requires the affirmative vote of the holders of 85% of the voting power of the then outstanding Voting Shares and the approval of at least a majority of the voting power of the outstanding Voting Shares held by Public Holders (as defined) (the "Supermajority Vote") in connection with any Business Combination (as defined). The Supermajority Vote is not required if (i) the Business Combination is approved by a majority of the Board of Directors prior to the time the Substantial Stockholder first acquires a 10% Interest (as defined therein) or (ii) certain price and procedural requirements are satisfied.

The price requirement imposed by the Certificate of Incorporation in connection with any Business Combination is that the aggregate value of the cash and the Fair Market Value (as defined therein) as of the date of the consummation of the Business Combination of other consideration per share to be received by holders of Shares shall be an amount not less than: (i) the highest per share price paid by the Substantial Stockholder for any Shares, plus interest compounded annually from the date the Substantial Stockholder became a Substantial Stockholder through the consummation of the Business Combination, less the aggregate amount of any cash dividends, and the Fair Market Value of any dividends paid other than in cash, on each Share from the date on which the Substantial Stockholder became a Substantial Stockholder through the consummation of the Business Combination (in an amount up to but not exceeding the amount of such interest), (ii) the highest Fair Market Value per Share during the 30-calendar day period immediately preceding the first date by which specific terms of the proposed Business Combination and the record date which is used for purposes of determining ownership of Shares entitled to vote on the Business Combination shall have been publicly announced (the "Announcement Date"), (iii) the highest Fair Market Value per Share during the 30-calendar day period immediately preceding the Announcement Date multiplied by the ratio of (1) the highest per Share price paid by the Substantial Stockholder for any Shares to (2) the lowest Fair Market Value per Share occurring during the period commencing 75 calendar days prior to the earlier of (a) the day on which the Substantial Stockholder first became beneficial owner of Shares and (b) the day on which there was the first public announcement relating to the intention, or possible intention, of the Substantial Stockholder to become the beneficial owner of Shares and ending with the day immediately prior to the Announcement Date, (iv) the earnings per Share for the four full consecutive fiscal quarters immediately preceding the Announcement Date multiplied by the then price/earnings multiple (if any) of such Substantial Stockholder as customarily computed and reported in the financial community, or (v) the book value per Share, computed in accordance with generally accepted accounting principles, at the end of the fiscal quarter immediately preceding the Announcement Date. Additionally, the Certificate of Incorporation provides that the consideration received by stockholders must be in cash or the same form of consideration used by the Substantial Stockholder to acquire the largest number of Shares previously acquired by the Substantial Stockholder.

Subject to certain exceptions, the Certificate of Incorporation also restricts modifications in the payment of dividends, the acquisition by the Substantial Stockholder of additional securities of the Company, including, without limitation, additional Voting Shares or shares convertible into or exchangeable or exercisable for Voting Shares, the receipt of any benefit by the Substantial Stockholder of any financial assistance from the Company, and the making of any major change in the business or equity capital structure of the Company, and also requires a proxy solicitation in accordance with the requirements of the Exchange Act for the purpose of soliciting stockholder approval of the Business Combination from all holders of Common Stock.

The Purchaser and Northrop may be deemed to be Substantial Stockholders for purposes of the Certificate of Incorporation upon consummation of the Offer. The price requirement imposed by the Certificate of Incorporation in order to avoid the Supermajority Vote may be higher than the price paid pursuant to the Offer; the Purchaser does not intend to cause the Proposed Merger to be consummated at a price greater than that paid pursuant to the Offer. Consummation of the Offer is conditioned upon the Purchaser being satisfied, in its sole discretion, that the Supermajority Vote requirement contained in Article SEVENTH of the Company's Certificate of Incorporation is inapplicable to the Proposed Merger. See "Introduction--Certain Conditions to the Offer."

Vote Required to Amend or Repeal Certain Provisions of the Certificate of Incorporation. Under the Certificate of Incorporation, the affirmative vote of the holders of at least 85% of the voting power of the then outstanding Voting Shares is required to amend, repeal or adopt any provision inconsistent with the provisions of the Certificate of Incorporation with respect to, among other things, creating a classified Board, providing for removal of directors and for filling vacancies on the Board, providing for setting the size of the Board and requiring an 85% stockholder vote to approve certain Business Combinations with a Substantial Stockholder that are not approved by a majority vote of the Board of Directors or do not meet the requisite minimum price, form of consideration and procedural criteria.

Short-Form Merger. Section 905 of the New York Law would permit the Proposed Merger to occur without a vote of the Company's stockholders (a "short-form merger") if the Purchaser were to acquire at least 90% of the outstanding Shares in the Offer. However, because Article SEVENTH of the Company's Certificate of Incorporation imposes certain conditions on short-form mergers that will not be satisfied, the Proposed Merger will require the approval of the Company's stockholders even if the Purchaser acquires at least 90% of the outstanding Shares in the Offer. Therefore, consummation of the Proposed Merger may occur at a date later than the date on which the Proposed Merger could have occurred if effected as a short-form merger.

The Rights Agreement. Pursuant to the Rights Agreement, on February 18, 1988, the Board of Directors of the Company declared a dividend distribution of one Right for each Share outstanding on March 25, 1988. Each Right issued pursuant to the Rights Agreement entitles the registered holder to purchase from the Company one one-hundredth of a share of Series A Junior Participating Preferred Stock at a price of \$80.00, subject to adjustment.

Until the earlier to occur of (i) ten days following the date (the "Shares Acquisition Date") of public announcement that a person or group of affiliated or associated persons acquired, or obtained the right to acquire, beneficial ownership of 20% or more of the outstanding shares of the Common Stock (an "Acquiring Person") or (ii) ten days following the commencement or first public announcement of an intention of any person to make a tender offer or exchange offer if, upon consummation thereof, such person would be an Acquiring Person (the earlier of such dates being called the "Distribution Date"), the Rights are evidenced by the certificates evidencing the Common Stock. Until the Distribution Date, the Rights will be transferred with and only with the Shares. As soon as practicable following the Distribution Date, separate certificates evidencing the Rights ("Rights Certificates") will be mailed to holders of record of Shares as of the close of business on the Distribution Date and such separate Right Certificates alone will evidence the Rights.

The Rights are not exercisable until the Distribution Date. The Rights will expire at the close of business on January 31, 1998 unless earlier redeemed by the Company as described below.

In the event that (i) the Company is the surviving corporation in a merger with an Acquiring Person and its Common Stock is not changed or exchanged, (ii) a person (other than certain specified persons) becomes the beneficial owner of more than 30% of the then outstanding Shares (except pursuant to an offer for all outstanding Shares which the Independent Directors (as defined below) determine to be fair to and otherwise in the best interests of the Company and the stockholders), (iii) an Acquiring Person engages in one or more "self-dealing" transactions or transfers assets as set forth in the Rights Agreement, or (iv) during such time as there is an Acquiring Person, the Company fails to pay certain dividends or an event occurs which results in such Acquiring Person's ownership interest being increased by more than 1% (e.g., a reverse stock split), at any time following the Distribution Date, each holder of a Right will thereafter have the right to receive, upon exercise, Common Stock (or, in certain circumstances, cash, property or other securities of the Company) having a value equal to two times the exercise price of the Right. Notwithstanding any of the foregoing, following the occurrence of any of the events set forth in this paragraph, all Rights that are, or (under certain circumstances specified in the Rights Agreement) were, beneficially owned by an Acquiring Person will be null and void.

In the event that, at any time following the Shares Acquisition Date, (i) the Company is acquired in a merger or other business combination transaction (other than a merger described in the immediately preceding paragraph or a merger which follows an offer described in the immediately preceding paragraph), or (ii) 50% or more of the Company's assets or earning power is sold or transferred, each holder of a Right (except Rights which previously have been voided as set forth above) shall thereafter have the right to receive, upon exercise, common stock of the acquiring company having a value equal to two times the exercise price of the Right. The events set forth in this paragraph and in the preceding paragraph are referred to as the "Triggering Events."

At any time prior to the earlier of (i) 5:00 p.m. New York City time on the tenth day following the Shares Acquisition Date and (ii) January 31, 1998, the Company may redeem the Rights in whole, but not in part, at a price of \$.01 per Right (the "Redemption Price"). Under certain circumstances set forth in the Rights Agreement the decision to redeem shall require the concurrence of a majority of the Independent Directors. Thereafter, the Company's right of redemption may be reinstated if an Acquiring Person reduces such person's beneficial ownership to 10% or less of the outstanding shares of Common Stock of the Company in a transaction or series of transactions not involving the Company or any of its subsidiaries and there is no other Acquiring Person. Immediately upon the action of the Board of Directors of the Company electing to redeem the Rights with, if required, the concurrence of the Independent Directors, the Company shall make announcement thereof, and upon such action, the right to exercise the Rights will terminate and the only right of the holders of Rights will be to receive the Redemption Price.

Until a Right is exercised, the holder thereof, as such, will have no rights as a stockholder of the Company, including, without limitation, the right to vote or to receive dividends.

Other than those provisions relating to the principal economic terms of the Rights, any of the provisions of the Rights Agreement may be amended by the Board of Directors of the Company prior to the Distribution Date. After the Distribution Date or the Shares Acquisition Date, the provisions of the Rights Agreement may be amended by the Board (in certain circumstances, with the concurrence of the Independent Directors) in order to cure any ambiguity, defect or inconsistency, to make changes which do not adversely affect the interests of holders of Rights (excluding the interests of any Acquiring Person), or, with certain limitations, to shorten or lengthen any time period

under the Rights Agreement.

The term "Independent Director" means any member of the Board of Directors of the Company who was a member of the Board prior to the date of the Rights Agreement, and any person who is

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subsequently elected to the Board if such person is recommended or approved by a majority of the Independent Directors, but shall not include an Acquiring Person, or an affiliate of an Acquiring Person, or any representative of the foregoing entities.

Certain Statutory Requirements. Section 912 of the New York Law purports to regulate certain "business combinations" of a "resident domestic corporation" with an "interested shareholder" after the "stock acquisition date," each as defined in Section 912. Section 912 provides that a resident domestic corporation shall not engage at any time in any business combination with any interested shareholder other than: (i) a business combination approved by the board of directors of such resident domestic corporation prior to such interested shareholder's stock acquisition date or where the purchase of stock by such interested shareholder on the stock acquisition date had been approved by the board of directors prior to the stock acquisition date; (ii) a business combination approved by the affirmative vote of the holders of a majority of the outstanding voting stock not beneficially owned by such interested shareholder or any affiliate thereof no earlier than five years after such interested shareholder's stock acquisition date; or (iii) a business combination after such five year period which was approved by a majority of shares held by disinterested shareholders and which meet certain "fair price" criteria and other conditions specified in Section 912 (which would require, among other things, that the consideration be in cash or in the same form as paid in the Offer).

Section 912 defines "resident domestic corporation" as a corporation (i) organized in the State of New York, (ii) having either (A) its principal executive offices and significant business operations located in the State of New York or (B) alone or in combination with one or more of its subsidiaries of which it owns at least 80% of the voting stock, a specified number or percentage of employees employed primarily in the State of New York and (iii) having at least ten percent of its voting stock owned beneficially by residents of the State of New York. A "business combination" includes (i) any merger or consolidation of a resident domestic corporation with (a) an interested shareholder or (b) any other corporation which is, or after such merger or consolidation would be, an affiliate or associate of such interested shareholder, (ii) any sale, lease, exchange, mortgage, pledge, transfer or other disposition to or with an interested shareholder or any affiliate or associate thereof of assets having an aggregate market value equal to at least 10% of the aggregate market value of all assets on a consolidated basis or of all outstanding stock, or representing at least 10% of the earning power or net income on a consolidated basis, of such resident domestic corporation, and (iii) other specified self-dealing transactions between such resident domestic corporation and an interested shareholder or any affiliate or associate thereof. An "interested shareholder" is defined to include any person (other than the corporation or a subsidiary thereof) that is the beneficial owner, directly or indirectly, of 20% or more of the outstanding voting stock of such resident domestic corporation. "stock acquisition date" is defined as the date that a person first becomes an interested shareholder.

If Section 912 applies to the Company, and if Section 912 is not inapplicable on its face or as applied to the Proposed Merger, Section 912 would prohibit, among other transactions, consummation of the Proposed Merger for a period of five years after consummation of the Offer unless, prior to the purchase of Shares pursuant to the Offer, the Company's Board of Directors shall have approved the Proposed Merger or the purchase of Shares pursuant to the Offer.

The Offer is subject to the Section 912 Condition. As more fully described in the Introduction, the Section 912 Condition would be satisfied if (i) the

Company's Board of Directors approved the Offer and the Proposed Merger prior to consummation of the Offer, or (ii) the Purchaser, in its sole discretion, was satisfied that Section 912 was invalid or its restrictions were otherwise inapplicable to the Purchaser in connection with the Proposed Merger for any reason, including, without limitation, those specified in Section 912. On March 6, 1994, the Board of Directors of the Company approved the Martin Marietta Merger Agreement, thereby relieving Martin Marietta from the requirements of Section 912. The Purchaser believes that, in order to place the Purchaser on a level playing field with Martin Marietta and to satisfy its fiduciary duties to stockholders, the Board of Directors of the Company must take

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similar action to approve the Offer and relieve the Purchaser from the requirements of Section 912 that would restrict the consummation of the Proposed Merger. See Introduction and Section 13.

The Purchaser has reserved the right, in its sole discretion, to waive any or all of the conditions to the Offer. In the event the Purchaser waives the Section 912 Condition and consummates the Offer, the Purchaser may elect to disregard Section 912 on the basis of the belief that it is inapplicable, invalid or unenforceable, may take action to attempt to avoid the effects of Section 912 or may abandon or postpone the Proposed Merger.

Article 16 of the New York Law also requires a bidder for shares of a New York corporation to file a registration statement with the attorney general and satisfy certain disclosure requirements. The Purchaser and Northrop have filed such a registration statement.

Appraisal Rights. If the Proposed Merger is consummated, stockholders of the Company would have certain rights to dissent and demand appraisal of their Shares under the New York Law. Dissenting stockholders who comply with the requisite statutory procedures under the New York Law would be entitled to a judicial determination and payment of the "fair value" of their Shares as of the close of business on the day prior to the date of stockholder authorization of the Proposed Merger, together with interest thereon, at such rate as the court finds equitable, from the date the Proposed Merger is consummated until the date of payment. Under the New York Law, in fixing the fair value of the Shares, a court would consider the nature of the transaction giving rise to the stockholders' right to receive payment for Shares and its effects on the Company and its stockholders, the concepts and methods then customary in the relevant securities and financial markets for determining fair value of shares of a corporation engaging in a similar transaction under comparable circumstances and all other relevant factors. The value so determined could be more or less than the purchase price offered pursuant to the Offer or the Proposed Merger.

Going Private Transactions. The Proposed Merger would have to comply with applicable federal law. In the event that the Proposed Merger is consummated more than one year after termination of the Offer and the Purchaser has become an affiliate of the Company as a result of the consummation of the Offer, or the Proposed Merger provides for the payment of consideration less than that paid pursuant to the Offer, and in certain other circumstances, the Purchaser may be required to comply with Rule 13e-3 under the Exchange Act. If applicable, Rule 13e-3 would require, among other things, that certain financial information concerning the Company and certain information relating to the fairness of such transaction and the consideration offered to minority stockholders be filed with the Commission and distributed to minority stockholders prior to the consummation of such transaction.

#### 15. Certain Legal Matters.

General. Except as described below, based on its examination of publicly available filings by the Company with the Commission and other publicly available information concerning the Company, neither Northrop nor the Purchaser is aware of any license or regulatory permit that appears to be material to the business of the Company and that might be adversely affected by



the Purchaser's acquisition of Shares pursuant to the Offer, or of any approval or other action by any governmental authority or public body, domestic or foreign, that would be required for the acquisition or ownership of Shares by the Purchaser pursuant to the Offer. Should any such approval or other action be required, it is presently contemplated that such approval or action would be sought except as described below under "Other State Takeover Statutes." While the Purchaser does not currently intend to delay acceptance for payment of Shares tendered pursuant to the Offer pending the outcome of any such matter, there can be no assurance that any such approval or other action, if required, would be obtained without substantial conditions or that adverse consequences might not result to the Company's business or that certain parts of the Company's business might not have to be disposed of in the event that such approvals were not obtained or such other actions were not taken or in order to obtain any

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such approval or other action. If certain types of adverse action are taken with respect to the matters discussed below, the Purchaser may decline to accept for payment or pay for any Shares tendered. See Section 6.

Confidentiality Agreement. As described above under "Introduction," the Company and Northrop are parties to the Confidentiality Agreement, which was entered into in January 1993 when the two companies were engaged in discussions of a transaction viewed as a merger of equals. The Confidentiality Agreement provides, among other things, that for a period of three years neither party will, unless invited by the other, acquire or offer to acquire voting securities or assets of, or make a proposal for any extraordinary transaction with, the other. The Confidentiality Agreement provides that either party shall be entitled to an injunction in the event of a breach of the Confidentiality Agreement by the other. In light of the Company's decision to enter into the Martin Marietta Merger Agreement and the other circumstances described above in Section 13, Northrop believes that: (a) the Company and its Board of Directors have a fiduciary duty not to interfere with the Offer, and (b) the Confidentiality Agreement may not be enforced to prohibit or prevent the Offer or the purchase of Shares pursuant thereto. It is Northrop's position that in light of all of the circumstances, the conduct of the Company in entering into the Martin Marietta Merger Agreement without advising Northrop that the Company had determined to put itself up for sale or affording Northrop the opportunity to submit its best and highest offer for a similar acquisition: (a) was in violation of the Company's and the Board of Director's fiduciary duty to stockholders and the implied covenant of good faith and fair dealing under the Confidentiality Agreement; and (b) caused the standstill provisions of the Confidentiality Agreement to fail for lack of consideration and the failure of their essential purpose.

Antitrust. Under the HSR Act and the rules that have been promulgated thereunder by the Federal Trade Commission (the "FTC"), certain acquisition transactions may not be consummated unless certain information has been furnished to the Antitrust Division of the Department of Justice (the "Antitrust Division") and the FTC and certain waiting period requirements have been satisfied. The acquisition of Shares pursuant to the Offer is subject to such requirements. See Section 6.

Under the provisions of the HSR Act applicable to the purchase of Shares pursuant to the Offer, purchases cannot be made until the expiration of a 15 calendar day waiting period after the furnishing of certain required information and documentary material to the Antitrust Division and the FTC with respect to the Offer (unless earlier terminated pursuant to a request therefor, which Northrop or the Purchaser will make). If, within such 15-day waiting period, either the Antitrust Division or the FTC requests additional information or documentary material relevant to the Offer from the Purchaser, the waiting period will be extended for an additional period of 10 calendar days following the date of substantial compliance with such request. Only one extension of the waiting period pursuant to a request for additional information is authorized by the rules promulgated under the HSR Act. Thereafter, such waiting period may be extended only by court order or by

agreement of the Purchaser. A request for additional information issued to the Company cannot extend the waiting period. The Purchaser expects to file a Notification and Report Form with respect to the Offer and under the HSR Act on March 14, 1994, and, in such event, the required waiting period with respect to the Offer will expire at 11:59 p.m., New York City time, on March 29, 1994, unless Northrop or the Purchaser receives a request for additional information or documentary material prior thereto.

The Antitrust Division and the FTC frequently scrutinize the legality under the antitrust laws of transactions such as the proposed purchase of the Shares by the Purchaser pursuant to the Offer. At any time before or after such purchase, the Antitrust Division or the FTC could take such action under the antitrust laws as it deems necessary or desirable in the public interest, including seeking to enjoin the transaction or seeking divestiture of the Shares so acquired or divestiture of substantial assets of Northrop, the Purchaser or the Company. Litigation seeking similar relief could also be brought by private parties.

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The Purchaser does not believe that consummation of the Offer will result in violation of any applicable antitrust laws. However, there can be no assurance that a challenge to the Offer on antitrust grounds will not be made, or if such a challenge is made, what the result will be. See Section 6 for certain conditions to the Offer, including conditions with respect to litigation and certain governmental actions.

Government Contracts. Revenue under United States government contracts and subcontracts represents a significant percentage of the Company's revenue from continuing operations. Certain United States government agencies, departments or regulations prescribe conditions, policies and procedures relating to the qualifications of bidders, offerors, contractors, subcontractors and other firms and individuals and to the eligibility for procuring government defense contracts. The Purchaser is not aware of any fact concerning any of its or Northrop's officers and directors which would cause any domestic governmental agency or department with which the Company presently does business to disqualify the Company as a contractor.

Other State Takeover Statutes. A number of states in addition to New York have adopted "takeover" statutes that purport to apply to attempts to acquire corporations that are incorporated in such states, or whose business operations have substantial economic effects in such states, or which have substantial assets, security holders, employees, principal executive offices or places of business in such states.

In *Edgar v. MITE Corporation*, the Supreme Court of the United States invalidated on constitutional grounds the Illinois Business Takeover Act, which, as a matter of state securities law, made takeovers of corporations meeting certain requirements more difficult. However, in *CTS Corp. v. Dynamics Corp. of America*, the Supreme Court held that a state may, as a matter of corporate law and, in particular, those laws concerning corporate governance, constitutionally disqualify a potential acquiror from voting on the affairs of a target corporation without prior approval of the remaining stockholders, provided that such laws were applicable under certain conditions, in particular, that the corporation has a substantial number of stockholders in the state and is incorporated there.

The Company, directly or through subsidiaries, conducts business in a number of states throughout the United States, some of which have enacted "takeover" statutes. The Purchaser does not know whether any of these statutes will, by their terms, apply to the Offer, and has not complied with any such statutes other than the registration requirements of Article 16 of the New York Law. To the extent that certain provisions of these statutes purport to apply to the Offer, the Purchaser believes that there are reasonable bases for contesting the validity or applicability of such statutes. If any person should seek to apply any state takeover statute to the Offer, the Purchaser would take such

action as then appears desirable, which action may include challenging the validity or applicability of any such statute in appropriate court proceedings. If it is asserted that one or more takeover statutes apply to the Offer, and it is not determined by an appropriate court that such statute or statutes do not apply or are invalid as applied to the Offer, the Purchaser may be required to file certain information with, or receive approvals from, the relevant state authorities, and the Purchaser may be unable to purchase or pay for Shares tendered pursuant to the Offer, or be delayed in continuing or consummating the Offer. In such case, the Purchaser may not be obligated to accept for payment or pay for Shares tendered. According to the Martin Marietta Offer, the by-laws of the Company were amended by the Board of Directors of the Company on March 6, 1994 to provide that, to the extent the Company is permitted to do so, the takeover statutes of any state, other than the State of New York, shall not apply to the Company.

16. Fees and Expenses. Salomon is acting as Dealer Manager in connection with the Offer and serving as financial advisor to Northrop and the Purchaser in connection with the proposed acquisition of the Company. Northrop has agreed to pay Salomon an initial fee of \$1 million as a result of the commencement of the Offer, and an additional fee of \$1 million upon the execution of a definitive agreement to effect a combination (by merger, tender offer or otherwise), joint venture or other

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business combination transaction with the Company or the purchase by Northrop of all or a significant portion of the assets or more than 30% of the equity securities of the Company (collectively, a "Combination Transaction"). In addition, Salomon will receive a fee of \$8 million (less fee amounts previously paid) upon consummation of any such Combination Transaction. Northrop and the Purchaser will also reimburse Salomon for out-of-pocket expenses, including reasonable attorneys' fees, and Salomon will be indemnified against certain liabilities and expenses in connection with the Offer, including certain liabilities under the federal securities laws.

The Purchaser has retained Georgeson & Company Inc. to act as the Information Agent and Chemical Bank to act as the Depositary in connection with the Offer. The Information Agent may contact holders of Shares by mail, telephone, telex, telegraph and personal interview and may request brokers, dealers and other nominee stockholders to forward the Offer materials to beneficial owners. The Information Agent and the Depositary will receive reasonable and customary compensation for services relating to the Offer and will be reimbursed for certain out-of-pocket expenses. The Purchaser and Northrop have also agreed to indemnify the Information Agent and the Depositary against certain liabilities and expenses in connection with the Offer, including certain liabilities under the federal securities laws.

The Purchaser will not pay any fees or commissions to any broker or dealer or any other person for soliciting tenders of Shares pursuant to the Offer (other than to the Dealer Manager, the Information Agent and the Depositary). Brokers, dealers, commercial banks and trust companies will, upon request, be reimbursed by the Purchaser for customary mailing and handling expenses incurred by them in forwarding offering materials to their customers.

17. Miscellaneous. The Offer is being made to all holders of Shares. The Purchaser is not aware of any state where the making of the Offer is prohibited by administrative or judicial action pursuant to any valid state statute. If the Purchaser becomes aware of any valid state statute prohibiting the making of the Offer or the acceptance of Shares pursuant thereto, the Purchaser will make a good faith effort to comply with any such state statute or seek to have such statute declared inapplicable to the Offer. If, after such good faith effort, the Purchaser cannot comply with any such state statute, the Offer will not be made to (nor will tenders be accepted from or on behalf of) the holders of Shares in such state. In any jurisdiction where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer will be deemed to be made on behalf of the Purchaser by the Dealer Manager or one or more registered brokers or dealers licensed under the laws of

such jurisdiction.

No person has been authorized to give any information or make any representation on behalf of Northrop, the Purchaser or the Company not contained in this Offer to Purchase or in the Letter of Transmittal and, if given or made, such information or representation must not be relied upon as having been authorized.

Northrop and the Purchaser have filed with the Commission a Tender Offer Statement on Schedule 14D-1, together with all exhibits thereto, pursuant to Rule 14d-3 of the General Rules and Regulations under the Exchange Act, furnishing certain additional information with respect to the Offer. Such Tender Offer Statement and any amendments thereto, including exhibits, may be inspected and copies may be obtained from the offices of the Commission in the manner set forth in Section 10 (except that they will not be available at the regional offices of the Commission).

Northrop Acquisition, Inc.

March 14, 1994

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ANNEX I

INFORMATION RELATING TO DIRECTORS AND  
EXECUTIVE OFFICERS OF NORTHROP AND THE PURCHASER

The following table sets forth the name, current business address and present principal occupation or employment, and material occupations, positions, office or employments and business addresses thereof for the past five years of each director and executive officer of Purchaser. Unless otherwise indicated, the current business address of each person is 1840 Century Park East, Los Angeles, California 90067. Each such person is a citizen of the United States of America. Unless otherwise indicated, each occupation set forth opposite an individual's name refers to employment with Purchaser. Directors are indicated by an asterisk.

NAME AND BUSINESS ADDRESS -----	PRINCIPAL OCCUPATION OR EMPLOYMENT -----
Oliver C. Boileau, Jr.*.	Corporate Vice President and General Manager, B-2 Division; Director since 1992; Consultant to General Dynamics prior to November 1989; President and Director of General Dynamics from 1980 until 1988 and Vice Chairman of General Dynamics until 1988; Chairman of the Massachusetts Institute of Technology-Lincoln Laboratory Advisory Board.
Jack R. Borsting*..... University of Southern California School of Business Administration University Park Los Angeles, CA 90089	E. Morgan Stanley Professor of Business Administration, University of Southern California; Dean of the School of Business at the University of Miami from 1983 to 1988; Robert Dockson Professor and Dean of the School of Business Administration at the University of Southern California, Los Angeles from 1988 to 1994; Past president of the Operations Research Society of America and the Military Operations Research Society; Director of Delta Research and TROLearning.
John T. Chain, Jr.*..... 2680 Continental Plaza 777 Main Street	Executive Vice President, Safety and Corporate Support, Burlington Northern Railroad Company; Chief of Staff for Supreme Headquarters Allied Powers Europe and

Ft. Worth, TX 76102-5384	Commander in Chief, Strategic Air Command until 1991; Executive Vice President of Operations for Burlington Northern Railroad from 1991 until 1992; Director of Kemper Corporation.
Arthur Dauer.....	Corporate Vice President and Chief Human Resources Officer, 1991-1994; Senior Vice President, Human Resources; Prior to 1991, Director of Personnel, Hewlett-Packard Co.
Jack Edwards*..... P.O. Box 380 Point Clear, Alabama 36564	Partner, Hand, Arendall, Bedsole, Greaves & Johnston; U.S. House of Representatives, 1964-1985, serving on the Appropriations Committee (16 years), as Senior Republican on the Defense Committee (10 years), Transportation Subcommittee (16 years) and Banking, Finance and Urban Affairs Committee; Director of Southern Company, Holman, Inc. and Dravo Corporation.
Marvin Elkin.....	Corporate Vice President, Administration and Services, 1991-Present; Vice President, Materials and Services, 1989-1991; Vice President and Deputy General Manager, B-2 Division prior to 1989.

NAME AND BUSINESS ADDRESS -----	PRINCIPAL OCCUPATION OR EMPLOYMENT -----
Sheila M. Gibbons.....	Corporate Vice President and Secretary 1992-Present; Vice President and Secretary, 1983-1992.
Nelson F. Gibbs.....	Corporate Vice President and Controller, 1992-Present; Vice President and Controller 1991-1992; Partner, Deloitte & Touche 1987-1991.
Robert W. Helm.....	Vice President, Government Relations since 1994; Vice President, Legislative Affairs; Prior to 1989, Vice President, Business Development, Space and Aviation Systems Business, Honeywell, Inc.
Charles L. Jones, Jr. ..	Corporate Vice President of Quality Operations, 1991- Present; Vice President, Manager, Product Assurance and Productivity Department.
Barbara C. Jordan*..... LBJ School of Public Affairs 2313 Red River Austin, TX 78706	Associated with the Lyndon B. Johnson School of Public Affairs; Texas State Senate 1972; U.S. Congress, 3 terms beginning in 1972, serving on the Judiciary and Government Operations Committees and the Steering and Policy Committee of the House Democratic Caucus; Director of The Mead Corporation, Burlington Northern Railroad, Texas Commerce Bankshares, Inc. and the Federal Home Loan Mortgage Corporation.
Kent Kresa*.....	Chairman since 1990; President since 1987 and Chief Executive Officer since 1989; Chief Operating Officer in 1987; Board of Governors of the Aerospace Industries Association; Director of Chrysler Corporation, Atlantic Richfield Company, the Los Angeles World Affairs Council and the John Tracy Clinic.
Richard R. Mollleur.....	Corporate Vice President and General Counsel; Senior

Vice President and General Counsel, 1991-Present;  
Partner, Winston & Strawn, 1989-1991; Partner, Heron,  
Burchette, Ruckett & Rothwell, 1986-1989.

Aulana L. Peters\*..... Partner, Gibson, Dunn & Crutcher, 1980-1984 and 1988  
Gibson, Dunn & Crutcher until present; Commissioner of the Securities and  
333 S. Grand Ave., Exchange Commission, 1984-1988; Director of 3M, the New  
47th Floor York Stock Exchange, IDS Mutual Fund Group and Mobil  
Los Angeles, CA 90071 Corporation.

John R. Rettberg..... Corporate Vice President and Treasurer, since 1992;  
Vice President and Treasurer, 1987-1992.

John E. Robson\*..... Senior Advisor, Robertson Stevens & Company, investment  
Robertson Stevens & bankers; Deputy Secretary of the United States  
Company Treasury, 1989 to 1993; Dean and Professor of  
555 California, Management at the Emory University School of Business  
Ste 2600 Administration from 1986 to 1989; Director of Rand  
San Francisco, CA 94104 McNally Company and Security Capital Industrial Trust.

James G. Roche..... Corporate Vice President and Chief Advanced Development  
Planning and Public Affairs Officer, 1993-Present;  
Corporate Vice President and Chief Advanced Development  
and Planning Officer; Prior to 1991, Vice President and  
Special Assistant to the Chairman, President and Chief  
Executive Officer.

NAME AND BUSINESS  
ADDRESS  
-----

PRINCIPAL OCCUPATION OR EMPLOYMENT  
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Richard M. Rosenberg\* .. Chairman of the Board and Chief Executive Officer,  
Bank of America BankAmerica Corporation and Bank of American NT & SA  
BankAmerica Corporation since 1990 having served as Vice Chairman of the Board  
555 California St., and a director of BAC and the Bank since 1987; Retired  
40th Floor Commander U.S. Navy Reserve; director of Airborne  
San Francisco, CA 94104 Express and Potlach Corporation; member of the Federal  
Advisory Council of the Board of Governors of the  
Federal Reserve System.

William F. Schmied\*..... Retired; Chairman, President and Chief Executive, from  
P.O. Box 858 1987 to 1988 of the Singer Company which he joined as  
Pebble Beach, CA 93953 Division President of Singer Company Kearfott Division  
in 1969; Director of Northeast Bancorp, Inc., Union  
Trust Company, Tiger International and Flying Tiger  
Line, Inc.

Brent Scowcroft\* ..... Lieutenant General, USAF (Ret.) and Assistant to the  
The Scowcroft President for National Security Affairs for Presidents  
Group, Inc. Bush and Ford; Various national security posts in the  
1750 K St., N.W., Pentagon and the White House; teaching positions at  
Suite 800 West Point and the Air Force Academy; Director of  
Washington, DC 20006 Pennzoil.

John Brooks Slaughter\*.. President, Occidental College since 1988; Chancellor of  
Occidental College the University of Maryland from 1982 to 1988; Director  
1600 Campus Road of Monsanto, ARCO, Avery Dennison and IBM.  
Los Angeles, CA 90041

Wallace C. Solberg\*..... Corporate Vice President and General Manager, Aircraft

Division since 1991; Vice President and General Manager, Electronics Systems Division; Prior to 1991, Vice President and General Manager of Defense Systems Division.

Richard J. Stegemeier\*.. Chairman since 1989 and Chief Executive Officer since UNOCAL Corporation 1201 W. 5th St. Los Angeles, CA 90071 1988 of Unocal Corporation; appointed President and Chief Operating Officer of Unocal in 1985; Chairman of the Los Angeles World Affairs Council; Director of First Interstate Bancorp and Outboard Marine Corporation.

Richard B. Waugh, Jr. .. Corporate Vice President and Chief Financial Officer since 1993; Vice President, Taxes, Risk Management and Business Analysis.

Max T. Weiss..... Corporate Vice President and Manager, Electronics, 1991-Present; Previous positions included Vice President, General Technology and Systems Division Advanced Development; Prior to 1991, Vice President--Technology; Prior to 1990, Vice President--Technical, Electronics Systems Group.

ANNEX II

CERTAIN INFORMATION RELATING TO NORTHROP  
REQUIRED BY NEW YORK LAW

PENSION PLANS.

Northrop sponsors several defined-benefit pension plans covering substantially all employees. Pension benefits for most employees are based on the employee's years of service and compensation during the last five years before retirement. It is the policy of Northrop to fund at least the minimum amount required for all qualified plans, using actuarial cost methods and assumptions acceptable under U.S. Government regulations, by making payments into a trust separate from Northrop.

Northrop and a subsidiary also sponsor defined-contribution plans in which all employees are eligible to participate. Contributions, up to 4 percent of compensation, are based on a formula resulting in the matching of employee contributions.

In addition, Northrop and its subsidiaries currently provide certain health care and life insurance benefits for retired employees. Election to participate must be made at the date of retirement. Qualifying dependents are also eligible for medical coverage. Approximately 75 percent of Northrop's current retirees participate in the medical plan.

a. Northrop Retirement Plans.

Approximately 80% of all full-time employees of the Company participate in the Northrop Retirement Plan (the "Retirement Plan"). The computation of benefits under the Retirement Plan is based upon a formula which takes into consideration years of service, retirement age and final average compensation (highest paid three years during the last five years of service) which consists generally of total wages reflected on tax Form W-2 (including tax-deferred contributions to the Northrop Savings Plan (the "Savings Plan", described below). The employees of one division of Northrop participate in a separate retirement plan under which the computation of benefits is identical to the computation under the Retirement Plan, except that the final average compensation is based on the highest paid three years during the last ten years of service. Additionally, the employees of two divisions are eligible to participate in retirement plans in which Northrop contributes 3% of the

employee's compensation, the employee may contribute up to 9% of the employee's compensation, and Northrop makes matching contributions in amounts equal to a maximum of 4 1/2% of the employee contribution. Finally, the union employees of one of Northrop's divisions participate in a retirement plan in which benefits are calculated in accordance with the provisions of the relevant collective bargaining agreement.

The Supplemental Retirement Income Plan for Senior Executives (the "Supplemental Plan") provides for certain payments to be made upon termination of employment to certain officers designated for participation by the Board of Directors who are over age 55 and have been employees for more than ten years. Payments normally are made monthly and are in an amount equal to the excess of (A) the greater of the participant's benefits under the Retirement Plan calculated without regard to the maximum benefit payable from the Retirement Plan; or a fixed percentage of the participant's Final Average Salary (highest paid three years during the last five years of service) as defined by the Retirement Plan, over (B) the participant's benefits under the Retirement Plan. The above fixed percentage will equal 30% of final average salary at age 55 increasing at a rate of 4% per year up to and including retirement at age 60 and thereafter at a rate of 2% per year up to and including retirement at age 65 or over, at which time the fixed percentage will equal 60%.

The Board of Directors of the Company has also adopted the ERISA Supplemental Plan I (the "ERISA Plan I") which covers individuals who are eligible to receive benefits under the Retirement Plan but who are not eligible to receive benefits under the Supplemental Plan. Benefits payable under the

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ERISA Plan I equal the retirement benefit, if any, which would have been payable to the individual under the Retirement Plan but for the restrictions of Section 415 of the Code, less the retirement benefit actually payable under the Retirement Plan.

The Company's ERISA Supplemental Plan II ("ERISA Plan II") covers individuals who are eligible to receive benefits under the Retirement Plan but who are not eligible to receive benefits under the Supplemental Plan. Benefits payable under the ERISA Plan II equal the retirement benefit, if any, which would have been payable to the individual under the Retirement Plan but for the compensation limitation of Section 401(a)(17) of the Code, and the limitations under Section 415 of the Code, less the retirement benefits actually payable under the Retirement Plan and the ERISA Plan I.

The Northrop Corporation Board of Directors Retirement Plan (the "Directors' Plan") provides that outside directors are eligible to receive a retirement benefit if they retire from the Board following completion of at least five or more consecutive years of service as an outside Board Member. The annual benefit payable pursuant to the Directors Plan is equal to the annual retainer fee then being paid to active directors or such lesser amount as is provided for under the Directors Plan.

b. Northrop Savings Plan.

The Northrop Fund (the Savings Plan Investment Fund that invests Company matching contributions in Company Stock) is an Employee Stock Ownership Plan. Virtually all full-time employees of the Company may participate in the Northrop Savings Plan (a qualified profit-sharing plan). Participants may contribute each year from 2% to 18% of compensation. The Company makes certain matching contributions on behalf of each participant. Participants may elect that all or a portion of the Company's contributions be placed in a fund which is invested in the Common Stock of the Company. All Company contributions not so directed and all participant contributions are invested in other diversified investments.

c. Incentive Compensation Plans.

Certain employees are eligible to receive Incentive Compensation Awards under



the terms of the 1973 Incentive Compensation Plan and the Performance Achievement Plan. Awards are computed and paid annually under a formula based on the financial performance of the Company, including return on stockholders' equity, the Company's attainment of profit objectives and other supplementary objectives (including contract acquisitions, new product development and return on the Company's assets), together with the performance of the individual in relation to personal performance. The financial performance of the Company is determined annually; however, return on stockholders' equity is based on an average over a sliding three-year period. Individual performance is determined annually.

d. Stock Incentive Plans.

Northrop's 1993 Long-Term Incentive Stock Plan provides for stock options, stock appreciation rights (SARs) and stock awards to key employees. This plan added 2,300,000 shares, of which up to one-half may be in the form of stock awards, to the pool available for future grants.

Stock awards, in the form of restricted performance stock rights, are granted to key employees without payment to Northrop. Recipients of the rights shall earn shares of stock based on a total shareholder return measure of performance over a five-year period with interim distributions beginning three years after grant. If after the five-year period no shares have been earned, based on performance, 70% of the original grant will be forfeited.

In 1993, the stockholders approved the 1993 Stock Plan For Non-Employee Directors which provides that 20% of the retainer fee earned by each Director will be paid in Northrop stock, which will

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be issued as soon as practicable following the close of the fiscal year. In addition, Directors may defer payment of all or a portion of their remaining retainer fees and/or their Board and Committee meeting fees. Deferred compensation may either be distributed in Northrop stock, issued as soon as practicable after the close of the fiscal year, or such compensation may be placed in a Stock Unit Account until the conclusion of a director-specified deferral period, a minimum of two years from the time the compensation is earned.

EDUCATIONAL OPPORTUNITIES.

Northrop provides educational assistance to eligible employees who pursue programs of study that are consistent with the employee's field of work and Northrop's business.

RELOCATION ADJUSTMENTS.

Northrop, in accordance with the terms of its corporate policy, may reimburse job applicants, new employees and current employees for certain travel and relocation expenses.

CHARITABLE AND CIVIL ACTIVITIES.

Consistent with Northrop's commitment to responsible community involvement, Northrop supports a variety of charitable foundations, particularly in communities in which Northrop operates facilities or has offices. Additionally, Northrop supports higher education with an emphasis on mathematics and science.

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Manually signed facsimile copies of the Letter of Transmittal will be accepted. Letters of Transmittal and certificates for Shares should be sent or delivered by each stockholder of the Company or his broker, dealer, commercial bank or trust company to the Depositary at one of its addresses set forth below:

The Depository for the Offer is:

CHEMICAL BANK

By Mail:	By Facsimile	By Hand or Overnight Delivery:
Chemical Bank	Transmission:	Chemical Bank
Reorganization Department	(for Eligible	55 Water Street
P.O. Box 3085	Institutions only)	Second Floor--Room 234
G.P.O. Station	(212) 629-8015	New York, New York 10041
New York, New York	(212) 629-8016	Attention:
10116-3085	Confirm by Telephone:	Reorganization Department
	(212) 613-7137	

Any questions or requests for assistance may be directed to the Information Agent or Dealer Manager at their respective addresses and telephone numbers set forth below. Requests for additional copies of this Offer to Purchase and the Letter of Transmittal may be directed to the Information Agent, the Dealer Manager or the Depository. Stockholders may also contact their brokers, dealers, commercial banks or trust companies for assistance concerning the Offer.

The Information Agent for the Offer is:

[LOGO OF GEORGESON & COMPANY INC.]

Wall Street Plaza New York, New York 10005 (212) 509-6240 (Collect) (800) 223-2064 (Toll Free)

Banks and Brokers call (212) 440-9800

The Dealer Manager for the Offer is:

SALOMON BROTHERS INC

Seven World Trade Center

New York, New York 10048

(212) 783-7769

(Call Collect)

LETTER OF TRANSMITTAL  
TO TENDER SHARES OF COMMON STOCK  
(Including the Associated Rights)  
OF  
GRUMMAN CORPORATION  
AT  
\$60.00 NET PER SHARE  
PURSUANT TO THE OFFER TO PURCHASE DATED MARCH 14, 1994  
OF  
NORTHROP ACQUISITION, INC.  
A WHOLLY OWNED SUBSIDIARY OF  
NORTHROP CORPORATION

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THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT,  
NEW YORK CITY TIME, ON APRIL 8, 1994, UNLESS EXTENDED.  
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The Depository for the Offer is:

CHEMICAL BANK

By Mail:	By Facsimile	By Hand or Overnight Delivery:
Chemical Bank	Transmission:	Chemical Bank
Reorganization Department	(for Eligible	55 Water Street
P.O. Box 3085	Institutions only)	Second Floor--Room 234
G.P.O. Station	(212) 629-8015	New York, New York 10041
New York, New York	(212) 629-8016	Attention:
10116-3085	Confirm by Telephone:	Reorganization Department
	(212) 613-7137	

DELIVERY OF THIS INSTRUMENT TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION OF INSTRUCTIONS VIA A FACSIMILE NUMBER OTHER THAN ONE LISTED ABOVE DOES NOT CONSTITUTE A VALID DELIVERY. THE INSTRUCTIONS ACCOMPANYING THIS LETTER OF TRANSMITTAL SHOULD BE READ CAREFULLY BEFORE THIS LETTER OF TRANSMITTAL IS COMPLETED.

This Letter of Transmittal is to be used either if certificates are to be forwarded herewith or, unless an Agent's Message (as defined in the Offer to Purchase) is utilized, if delivery is to be made by book-entry transfer to the account maintained by the Depository at The Depository Trust Company, the Midwest Securities Trust Company, or the Philadelphia Depository Trust Company (individually, a "Book-Entry Transfer Facility" and collectively, the "Book-Entry Transfer Facilities") pursuant to the procedures set forth in Section 2 of the Offer to Purchase. Stockholders whose certificates are not immediately available or who cannot deliver their certificates or deliver confirmation of the book-entry transfer of their Shares (as defined below) into the Depository's account at a Book-Entry Transfer Facility ("Book-Entry Confirmation") and all other documents required hereby to the Depository on or prior to the Expiration Date (as defined in Section 1 of the Offer to Purchase) must tender their Shares according to the guaranteed delivery procedures set forth in Section 2 of the Offer to Purchase. See Instruction 2. Delivery of documents to a Book-Entry Transfer Facility does not constitute delivery to the Depository.

CHECK HERE IF TENDERED SHARES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE DEPOSITARY WITH A BOOK-ENTRY TRANSFER FACILITY AND COMPLETE THE FOLLOWING:

Name of Tendering Institution: \_\_\_\_\_  
Check box of Book-Entry Transfer Facility:  
 The Depository Trust Company



Offer, the undersigned hereby sells, assigns, and transfers to, or upon the

order of, Purchaser all right, title and interest in and to all the Shares that are being tendered hereby (and any and all other Shares or other securities issued or issuable in respect thereof on or after March 10, 1994) and irrevocably constitutes and appoints the Depository the true and lawful agent and attorney-in-fact of the undersigned with respect to such Shares (and any such other Shares or securities) with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest), to (a) deliver certificates for such Shares (and any such other Shares or securities), or transfer ownership of such Shares (and any such other Shares or securities) on the account books maintained by a Book-Entry Transfer Facility, together in either such case with all accompanying evidences of transfer and authenticity, to or upon the order of Purchaser upon receipt by the Depository, as the undersigned's agent, of the purchase price (adjusted, if appropriate, as provided in the Offer to Purchase), (b) present such Shares (and any such other Shares or securities) for transfer on the books of the Company and (c) receive all benefits and otherwise exercise all rights of beneficial ownership of such Shares (and any such other Shares or securities), including receipt of the redemption price of \$.01 per Right upon any redemption of the Rights, all in accordance with the terms of the Offer.

The undersigned hereby irrevocably appoints Richard R. Molleur and Sheila M. Gibbons and each of them the attorneys and proxies of the undersigned, each with full power of substitution, to vote in such manner as each such attorney and proxy or his substitute shall in his sole discretion deem proper, and otherwise act (including pursuant to written consent) with respect to all the Shares tendered hereby which have been accepted for payment by Purchaser prior to the time of such vote or action (and any and all other Shares or securities issued or issuable in respect thereof on or after March 10, 1994), which the undersigned is entitled to vote at any meeting of stockholders (whether annual or special and whether or not an adjourned meeting) of the Company, or consent in lieu of any such meeting, or otherwise. This proxy is coupled with an interest in the Company and in the Shares and is irrevocable and is granted in consideration of, and is effective upon, the deposit by Purchaser with the Depository of the purchase price for such Shares in accordance with the terms of the Offer. Such acceptance for payment shall revoke all prior proxies granted by the undersigned at any time with respect to such Shares (and any such other Shares or other securities) and no subsequent proxies will be given (and if given will be deemed not to be effective) with respect thereto by the undersigned.

The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, sell, assign and transfer the Shares tendered hereby (and any and all other Shares or other securities issued or issuable in respect thereof on or after March 10, 1994) and that, when the same are accepted for payment by Purchaser, Purchaser will acquire good and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances and the same will not be subject to any adverse claim. The undersigned, upon request, will execute and deliver any additional documents deemed by the Depository or Purchaser to be necessary or desirable to complete the sale, assignment and transfer of the Shares tendered hereby (and any and all such other Shares or other securities).

All authority herein conferred or agreed to be conferred in this Letter of Transmittal shall not be affected by, and shall survive, the death or incapacity of the undersigned and any obligation of the undersigned hereunder shall be binding upon the successors, assigns, heirs, executors, administrators and legal representatives of the undersigned. Except as stated in the Offer to Purchase, this tender is irrevocable.

The undersigned understands that tenders of Shares pursuant to any one of the procedures described in Section 2 of the Offer to Purchase and in the instructions hereto will constitute a binding agreement between the undersigned and Purchaser upon the terms and subject to the conditions of the Offer.

Unless otherwise indicated herein under "Special Payment Instructions,"

please issue the check for the purchase price and/or any certificates for Shares not tendered or accepted for payment in the name(s) of the undersigned. Similarly, unless otherwise indicated under "Special Delivery Instructions," please mail the check for the purchase price and/or return any certificates for Shares not tendered or accepted for payment (and accompanying documents, as appropriate) to the undersigned at the address shown below the undersigned's signature. In the event that both the Special Delivery Instructions and the Special Payment Instructions are completed, please issue the check for the purchase price and/or any certificates for Shares not tendered or accepted for payment in the name of, and deliver said check and/or return such certificates to the person or persons so indicated. Stockholders delivering Shares by book-entry transfer may request that any Shares not accepted for payment be returned by crediting such account maintained at a Book-Entry Transfer Facility as such stockholder may designate by making an appropriate entry under "Special Payment Instructions." The undersigned recognizes that Purchaser has no obligation pursuant to the Special Payment Instructions to transfer any Shares from the name of the registered holder thereof if Purchaser does not accept for payment any of the Shares so tendered.

SPECIAL PAYMENT INSTRUCTIONS  
(SEE INSTRUCTIONS 1, 5, 6 AND 7)

SPECIAL DELIVERY INSTRUCTIONS  
(SEE INSTRUCTIONS 1, 5, 6 AND 7)

To be completed ONLY if certificates for Shares not tendered or not purchased and/or the check for the purchase price of Shares purchased are to be issued in the name of someone other than the undersigned, or if Shares delivered by book-entry which are not purchased are to be returned by credit to an account maintained at a Book-Entry Transfer Facility other than that designated above.

To be completed ONLY if certificates for Shares not tendered or not purchased and/or the check for the purchase price of Shares purchased are to be sent to someone other than the undersigned, or to the undersigned at an address other than that shown above.

Issue check and/or certificate to:

Name \_\_\_\_\_  
(Please Print)

Issue check and/or certificate to:

Name \_\_\_\_\_  
(Please Print)

Address \_\_\_\_\_  
\_\_\_\_\_  
(Include Zip Code)

Address \_\_\_\_\_

\_\_\_\_\_  
(Include Zip Code)

\_\_\_\_\_  
(Tax Identification or Social Security Number)

\_\_\_\_\_  
(Tax Identification or Social Security Number)

(See Substitute Form W-9 on Reverse Side)

Credit unpurchased Shares delivered by book-entry transfer to the Book-Entry Transfer Facility account set forth below. Check appropriate box.

- The Depository Trust Company
- Midwest Securities Trust Company
- Philadelphia Depository Trust Company

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 (Account Number)

SIGN HERE

(COMPLETE SUBSTITUTE FORM W-9 ON REVERSE)

.....  
 .....  
 SIGNATURE(S) OF OWNER(S)

Dated: ....., 1994  
 (Must be signed by registered holder(s) exactly as name(s) appear(s) on stock certificate(s) or on a security position listing or by person(s) authorized to become registered holder(s) by certificates and documents transmitted herewith. If signature is by trustees, executors, administrators, guardians, attorneys-in-fact, agents, officers of corporations or others acting in a fiduciary or representative capacity, please provide the following information. See Instruction 5.)

Name(s).....  
 .....  
 (PLEASE PRINT)

Capacity (full title).....

Address.....  
 .....  
 (INCLUDE ZIP CODE)

Area Code and Telephone Number.....

Tax Identification or Social Security No.....  
 (COMPLETE SUBSTITUTE FORM W-9 ON REVERSE)

GUARANTEE OF SIGNATURE(S)  
 (SEE INSTRUCTIONS 1 AND 5)

Authorized Signature.....  
 Name.....  
 (PLEASE PRINT)

Title.....

Name of Firm.....

Address.....  
 .....  
 (INCLUDE ZIP CODE)

Area Code and Telephone Number.....

Dated: ..... , 1994

## INSTRUCTIONS

### FORMING PART OF THE TERMS AND CONDITIONS OF THE OFFER

1. GUARANTEE OF SIGNATURES. No signature guarantee on this Letter of Transmittal is required (i) if this Letter of Transmittal is signed by the registered holder of the Shares (which term, for purposes of this document, shall include any participant in a Book-Entry Transfer Facility whose name appears on a security position listing as the owner of Shares) tendered herewith, unless such holder has completed either the box entitled "Special Delivery Instructions" or the box entitled "Special Payment Instructions" on the reverse hereof, or (ii) if such Shares are tendered for the account of a member firm of a registered national securities exchange or a member of the National Association of Securities Dealers, Inc. or by a commercial bank or trust company having an office, branch or agency in the United States (collectively, "Eligible Institutions"). In all other cases, all signatures on this Letter of Transmittal must be guaranteed by an Eligible Institution. See Instruction 5.

2. DELIVERY OF LETTER OF TRANSMITTAL AND CERTIFICATES. This Letter of Transmittal is to be completed by stockholders either if certificates are to be forwarded herewith or if tenders of Shares are to be made pursuant to the procedures for delivery by book-entry transfer set forth in Section 2 of the Offer to Purchase. Certificates for all physically tendered Shares, or any Book-Entry Confirmation of Shares, as the case may be, as well as a properly completed and duly executed Letter of Transmittal (or facsimile thereof), unless an Agent's Message (as defined in the Offer to Purchase) is utilized, and any other documents required by this Letter of Transmittal, must be received by the Depositary at one of its addresses set forth herein on or prior to the Expiration Date (as defined in Section 1 of the Offer to Purchase). Stockholders whose certificates for Shares are not immediately available or who cannot deliver their certificates and all other required documents to the Depositary on or prior to the Expiration Date may tender their Shares by properly completing and duly executing the Notice of Guaranteed Delivery pursuant to the guaranteed delivery procedure set forth in Section 2 of the Offer to Purchase. Pursuant to such procedure, (i) such tender must be made by or through an Eligible Institution, (ii) a properly completed and duly executed Notice of Guaranteed Delivery, substantially in the form provided by Purchaser, must be received by the Depositary prior to the Expiration Date, and (iii) the certificates for all physically tendered Shares or Book-Entry Confirmation of Shares, as the case may be, together with a properly completed and duly executed Letter of Transmittal (or facsimile thereof), unless an Agent's Message (as defined in the Offer to Purchase) is utilized, and any other documents required by this Letter of Transmittal, must be received by the Depositary within five New York Stock Exchange, Inc. trading days after the date of execution of such Notice of Guaranteed Delivery, all as provided in Section 2 of the Offer to Purchase.

THE METHOD OF DELIVERY OF THIS LETTER OF TRANSMITTAL, THE CERTIFICATE FOR SHARES AND ALL OTHER REQUIRED DOCUMENTS, INCLUDING DELIVERY THROUGH A BOOK-ENTRY TRANSFER FACILITY, IS AT THE OPTION AND RISK OF THE TENDERING STOCKHOLDER AND, EXCEPT AS OTHERWISE PROVIDED IN THIS INSTRUCTION 2, THE DELIVERY WILL BE DEEMED MADE ONLY WHEN ACTUALLY RECEIVED BY THE DEPOSITARY. IF DELIVERY IS BY MAIL, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, IS RECOMMENDED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO INSURE TIMELY DELIVERY.

No alternative, conditional or contingent tenders will be accepted and no fractional Shares will be purchased. All tendering stockholders, by execution of this Letter of Transmittal (or facsimile thereof), waive any right to receive any notice of the acceptance of their Shares for payment.



3. INADEQUATE SPACE. If the space provided herein is inadequate, the certificate numbers and/or the number of Shares should be listed on a separate signed schedule attached hereto.

4. PARTIAL TENDERS. (Not applicable to stockholders who tender by book-entry transfer.) If fewer than all the Shares evidenced by any certificate submitted are to be tendered, fill in the number of Shares which are to be tendered in the box entitled "Number of Shares Tendered." In such case, new certificate(s) for the remainder of the Shares that were evidenced by your old certificate(s) will be sent to you, unless otherwise provided in the appropriate box on this Letter of Transmittal, as soon as practicable after the Expiration Date. All Shares represented by certificates delivered to the Depository will be deemed to have been tendered unless otherwise indicated.

5. SIGNATURES ON LETTER OF TRANSMITTAL, STOCK POWERS AND ENDORSEMENTS. If this Letter of Transmittal is signed by the registered holder(s) of the Shares tendered hereby, the signature(s) must correspond exactly with the name(s) as written on the face of the certificate(s) without alteration, enlargement or any change whatsoever.

If any of the Shares tendered hereby are owned of record by two or more joint owners, all such owners must sign this Letter of Transmittal.

If any tendered Shares are registered in different names on several certificates, it will be necessary to complete, sign and submit as many separate Letters of Transmittal as there are different registrations of certificates.

If this Letter of Transmittal or any certificates or stock powers are signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, such person should so indicate when signing, and proper evidence satisfactory to Purchaser of such person's authority so to act must be submitted.

When this Letter of Transmittal is signed by the registered owner(s) of the Shares listed and transmitted hereby, no endorsements of certificates or separate stock powers are required unless payment or certificates for Shares not tendered or purchased are to be issued to a person other than the registered owner(s). Signatures on such certificates or stock powers must be guaranteed by an Eligible Institution.

If this Letter of Transmittal is signed by a person other than the registered owner(s) of the Shares listed, the certificates must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name or names of the registered owner or owners appear on the certificates. Signatures on such certificates or stock powers must be guaranteed by an Eligible Institution.

6. STOCK TRANSFER TAXES. Except as set forth in this Instruction 6, Purchaser will pay or cause to be paid any stock transfer taxes with respect to the transfer and sale of purchased Shares to it or its order pursuant to the Offer. If payment of the purchase price is to be made to, or if certificates for Shares not tendered or purchased are to be registered in the name of, any person other than the registered holder, or if tendered certificates are registered in the name of any person other than the person(s) signing this Letter of Transmittal, the amount of any stock transfer taxes (whether imposed on the registered holder or such person) payable on account of the transfer to such person will be deducted from the purchase price unless satisfactory evidence of the payment of such taxes or exemption therefrom is submitted.

EXCEPT AS PROVIDED IN THIS INSTRUCTION 6, IT WILL NOT BE NECESSARY FOR TRANSFER TAX STAMPS TO BE AFFIXED TO THE CERTIFICATES LISTED IN THIS LETTER OF TRANSMITTAL.

7. SPECIAL PAYMENT AND DELIVERY INSTRUCTIONS. If a check and/or certificates for unpurchased Shares are to be issued in the name of a person other than the signer of this Letter of Transmittal or if a check is to be sent and/or such

certificates are to be returned to someone other than the signer of this Letter of Transmittal or to an address other than that shown above, the appropriate boxes on this Letter of Transmittal should be completed. Stockholders tendering Shares by book-entry transfer may request that Shares not purchased be credited to such account maintained at a Book-Entry Transfer Facility as such stockholder may designate hereon. If no such instructions are given, such Shares not purchased will be returned by crediting the account at the Book-Entry Transfer Facility designated above.

8. REQUESTS FOR ASSISTANCE OR ADDITIONAL COPIES. Requests for assistance may be directed to, or additional copies of the Offer to Purchase and this Letter of Transmittal may be obtained from, the Information Agent or the Dealer Manager at their respective addresses set forth below or from your broker, dealer, commercial bank or trust company.

9. WAIVER OF CONDITIONS. The conditions of the Offer may be waived by Purchaser, in whole or in part, at any time and from time to time in Purchaser's sole discretion, in the case of any Shares tendered.

10. SUBSTITUTE FORM W-9. The tendering stockholder is required to provide the Depository with a correct Taxpayer Identification Number ("TIN") on Substitute Form W-9 which is provided under "Important Tax Information" below, and to certify whether the stockholder is subject to backup withholding of Federal income tax. If a tendering stockholder is subject to backup withholding, the stockholder must cross out item (2) of the Certification box of the Substitute Form W-9. Failure to provide the information on the Substitute Form W-9 may subject the tendering stockholder to 31% Federal income tax withholding on the payment of the purchase price. If the tendering stockholder has not been issued a TIN and has applied for a number or intends to apply for a number in the near future, he or she should write "Applied For" in the space provided for the TIN in Part I, and sign and date the Substitute Form W-9. If "Applied For" is written in Part I and the Depository is not provided with a TIN within 60 days, the Depository will withhold 31% on all payments of the purchase price until a TIN is provided to the Depository.

11. LOST, DESTROYED OR STOLEN CERTIFICATES. If any certificate(s) representing Shares or Rights has been lost, destroyed or stolen, the stockholder should promptly notify the Depository. The stockholder will then be instructed as to the steps that must be taken in order to replace the certificate(s). This Letter of Transmittal and related documents cannot be processed until the procedures for replacing lost or destroyed certificates have been followed.

IMPORTANT: THIS LETTER OF TRANSMITTAL (OR A FACSIMILE THEREOF), TOGETHER WITH CERTIFICATES OR CONFIRMATION OF BOOK-ENTRY TRANSFER AND ALL OTHER REQUIRED DOCUMENTS, MUST BE RECEIVED BY THE DEPOSITARY, OR THE NOTICE OF GUARANTEED DELIVERY MUST BE RECEIVED BY THE DEPOSITARY, ON OR PRIOR TO THE EXPIRATION DATE.

#### IMPORTANT TAX INFORMATION

Under Federal income tax law, a stockholder whose tendered Shares are accepted for payment is required to provide the Depository with such stockholder's correct TIN on Substitute Form W-9 below. If such stockholder is an individual, the TIN is his social security number. If a tendering stockholder is subject to backup withholding, he must cross out item (2) of the Certification box on the Substitute Form W-9. If the Depository is not provided with the correct TIN, the stockholder may be subject to a \$50 penalty imposed by the Internal Revenue Service. In addition, payments that are made to such stockholder with respect to Shares purchased pursuant to the Offer may be subject to backup withholding.

Certain stockholders (including, among others, all corporations and certain foreign individuals) are not subject to these backup withholding and reporting requirements. In order for a foreign individual to qualify as an exempt recipient, that stockholder must submit a statement, signed under penalties of perjury, attesting to that individual's exempt status. Such statements may be

obtained from the Depository. Exempt stockholders, other than foreign individuals, should furnish their TIN, write "Exempt" on the face of the Substitute Form W-9 below and sign, date and return the Substitute Form W-9 to the Depository. See the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 for additional instructions.

If backup withholding applies, the Depository is required to withhold 31% of any payments made to the stockholder. Backup withholding is not an additional tax. Rather, the tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained.

PURPOSE OF SUBSTITUTE FORM W-9

To prevent backup withholding on payments that are made to stockholder with respect to Shares purchased pursuant to the Offer, the stockholder is required to notify the Depository of his correct TIN by completing the form below certifying that the TIN provided on the Substitute Form W-9 is correct (or that such stockholder is awaiting a TIN).

WHAT NUMBER TO GIVE THE DEPOSITARY

The stockholder is required to give the Depository the social security number or employer identification number of the record owner of the Shares. If the Shares are in more than one name or are not in the name of the actual owner, consult the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 for additional guidelines on which number to report. If the tendering stockholder has not been issued a TIN and has applied for a number or intends to apply for a number in the near future, he should write "Applied For" in the space provided for in the TIN in Part I, and sign and date the Substitute Form W-9. If "Applied For" is written in Part I and the Depository is not provided with a TIN within 60 days, the Depository will withhold 31% on all payments of the purchase price until a TIN is provided to the Depository.

PAYER'S NAME: CHEMICAL BANK

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SUBSTITUTE FORM W-9

Department of the Treasury  
Internal Revenue Service

Payer's Request for Taxpayer  
Identification Number (TIN)

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PART I--PLEASE PROVIDE YOUR TIN IN THE BOX AT  
RIGHT AND CERTIFY BY SIGNING AND  
DATING BELOW.

-----  
SOCIAL SECURITY NUMBER

OR \_\_\_\_\_  
EMPLOYER IDENTIFICATION NUMBER  
(If awaiting TIN write "Applied For")

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PART II--For Payees exempt from backup withholding, see the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 and complete as instructed therein.

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CERTIFICATION--Under the penalties of perjury, I certify that:

- (1) The number shown on this form is my correct Taxpayer Identification Number (or a Taxpayer Identification Number has not been issued to me) and either (a) I have mailed or delivered an application to receive a Taxpayer Identification Number to the appropriate Internal Revenue

Service ("IRS") or Social Security Administration office or (b) I intend to mail or deliver an application in the near future. (I understand that if I do not provide a Taxpayer Identification Number within (60) days, 31% of all reportable payments made to me thereafter will be withheld until I provide a number); and

- (2) I am not subject to backup withholding either because I have not been notified by the IRS that I am subject to backup withholding as a result of a failure to report all interest or dividends, or the IRS has notified me that I am no longer subject to backup withholding.

CERTIFICATION INSTRUCTIONS--You must cross out item (2) above if you have been notified by the IRS that you are subject to backup withholding because of underreporting interest or dividends on your tax return. However, if after being notified by the IRS that you were subject to backup withholding you received another notification from the IRS that you are no longer subject to backup withholding, do not cross out item (2). (Also see instructions in the enclosed Guidelines.)

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SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_ 1994  
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NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING OF 31% OF ANY PAYMENTS MADE TO YOU PURSUANT TO THE OFFER. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.

The Information Agent for the Offer is:

[LOGO OF GEORGESON & COMPANY INC.]

Wall Street Plaza  
New York, New York 10005  
(212) 509-6240 (Collect)  
(800) 223-2064 (Toll Free)

Banks and Brokers call  
(212) 440-9800

The Dealer Manager for the Offer is:

SALOMON BROTHERS INC

Seven World Trade Center

New York, New York 10048

(212) 783-7769

(Call Collect)

[Salomon Brothers Inc Letterhead]

OFFER TO PURCHASE FOR CASH  
ALL OUTSTANDING SHARES OF COMMON STOCK  
(Including the Associated Rights)  
OF  
GRUMMAN CORPORATION  
AT  
\$60.00 NET PER SHARE  
BY  
NORTHROP ACQUISITION, INC.  
A WHOLLY OWNED SUBSIDIARY OF  
NORTHROP CORPORATION

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THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY  
TIME, ON FRIDAY, APRIL 8, 1994, UNLESS EXTENDED.  
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March 14, 1994

To Brokers, Dealers, Commercial Banks,  
Trust Companies And Other Nominees:

We have been engaged to act as Dealer Manager in connection with the offer by Northrop Acquisition, Inc. ("Purchaser"), a wholly owned subsidiary of Northrop Corporation, a Delaware corporation ("Northrop"), to purchase all of the outstanding shares of Common Stock, par value \$1.00 per share (including the Rights, as defined in the Offer to Purchase) (collectively, the "Shares"), of Grumman Corporation, a New York corporation (the "Company"), at \$60.00 per Share, net to the seller in cash, upon the terms and subject to the conditions set forth in Purchaser's Offer to Purchase dated March 14, 1994 and the related Letter of Transmittal (which together constitute the "Offer").

THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, THERE BEING VALIDLY TENDERED IMMEDIATELY PRIOR TO THE EXPIRATION OF THE OFFER, AND NOT WITHDRAWN, SHARES REPRESENTING TWO-THIRDS OF THE SHARES OUTSTANDING ON A FULLY DILUTED BASIS AT THAT DATE.

Enclosed herewith are copies of the following documents:

1. Offer to Purchase dated March 14, 1994;
2. Letter of Transmittal to be used by stockholders of the Company in accepting the Offer;
3. Letter which may be sent to your clients for whose account you hold Shares in your name or in the name of your nominees, with space provided for obtaining such clients' instructions with regard to the Offer;
4. Notice of Guaranteed Delivery to be used to accept the Offer if certificates for Shares are not immediately available or time will not permit all required documents to reach the Depositary prior to the Expiration Date (as defined in the Offer to Purchase) or if the procedures for book-entry transfer cannot be completed on a timely basis;
5. Notice of Withdrawal of Shares tendered pursuant to the offer of MMC Acquisition Corp.;
6. Guidelines of the Internal Revenue Service for Certification of Taxpayer Identification Number on Substitute Form W-9; and
7. Return envelope addressed to Chemical Bank, as Depositary.

Purchaser will not pay any fees or commissions to any broker or dealer or

other person (other than the Dealer Manager, the Depositary and the Information Agent as described in the Offer to Purchase) in connection with the solicitation of tenders of Shares pursuant to the Offer. However, Purchaser will reimburse you for customary mailing and handling expenses incurred by you in forwarding the enclosed materials to your clients.

Purchaser will pay or cause to be paid any transfer taxes payable on the transfer of Shares to it, except as otherwise provided in Instruction 6 of the enclosed Letter of Transmittal.

YOUR PROMPT ACTION IS REQUESTED. WE URGE YOU TO CONTACT YOUR CLIENTS AS PROMPTLY AS POSSIBLE. THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON FRIDAY, APRIL 8, 1994, UNLESS EXTENDED.

In order to take advantage of the Offer, a duly executed and properly completed Letter of Transmittal and any other required documents should be sent to the Depositary and certificates representing the tendered Shares should be delivered, or such Shares should be tendered by book-entry transfer, all in accordance with the Instructions set forth in the Letter of Transmittal and the Offer to Purchase.

If holders of Shares wish to tender, but it is impracticable for them to forward their certificates or other required documents prior to the expiration of the Offer, a tender may be effected by following the guaranteed delivery procedures specified under Section 2, "Procedure for Tendering Shares" in the Offer to Purchase.

Any inquiries you may have with respect to the Offer should be addressed to Salomon Brothers Inc or Georgeson & Company Inc. at their respective addresses and telephone numbers set forth on the back cover page of the Offer to Purchase.

Additional copies of the enclosed materials may be obtained from the undersigned, Salomon Brothers Inc, telephone (212) 783-7769, or by calling the Information Agent, Georgeson & Company Inc., at (800) 223-2064.

Very truly yours,

SALOMON BROTHERS INC

Enclosures

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU OR ANY PERSON AS AN AGENT OF PURCHASER, NORTHROP, THE DEPOSITARY, THE INFORMATION AGENT OR THE DEALER MANAGER OR AUTHORIZE YOU OR ANY OTHER PERSON TO USE ANY DOCUMENT OR MAKE ANY STATEMENTS ON BEHALF OF ANY OF THEM IN CONNECTION WITH THE OFFER OTHER THAN THE DOCUMENTS ENCLOSED AND THE STATEMENTS CONTAINED THEREIN.

OFFER TO PURCHASE FOR CASH  
ALL OUTSTANDING SHARES OF COMMON STOCK  
(Including the Associated Rights)  
OF  
GRUMMAN CORPORATION  
AT  
\$60.00 NET PER SHARE  
BY  
NORTHROP ACQUISITION, INC.  
A WHOLLY OWNED SUBSIDIARY OF  
NORTHROP CORPORATION

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THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY  
TIME, ON FRIDAY, APRIL 8, 1994, UNLESS EXTENDED.  
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To Our Clients:

Enclosed for your consideration is an Offer to Purchase dated March 14, 1994 and Letter of Transmittal (which together constitute the "Offer") relating to an offer by Northrop Acquisition, Inc., ("Purchaser"), a wholly owned subsidiary of Northrop Corporation, a Delaware corporation, to purchase for cash all of the outstanding shares of Common Stock, par value \$1.00 per share (including the Rights, as defined in the Offer to Purchase) (collectively, the "Shares"), of Grumman Corporation, a New York corporation (the "Company"), at a purchase price of \$60.00 per Share, net to the seller in cash, upon the terms and subject to the conditions set forth in the Offer. We are the holder of record of Shares held by us for your account. A tender for such Shares can be made only by us as the holder of record and pursuant to your instructions. The Letter of Transmittal is furnished to you for your information only and cannot be used by you to tender Shares.

We request instructions as to whether you wish to tender any or all of such Shares held by us for your account, pursuant to the terms and conditions set forth in the Offer to Purchase and the related Letter of Transmittal.

Your attention is invited to the following:

1. The tender price is \$60.00 per Share, net to the seller in cash.
2. The Offer and withdrawal rights will expire at 12:00 Midnight, New York time, on Friday, April 8, 1994, unless extended.
3. THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, THERE BEING VALIDLY TENDERED IMMEDIATELY PRIOR TO THE EXPIRATION OF THE OFFER, AND NOT WITHDRAWN, SHARES REPRESENTING TWO-THIRDS OF THE SHARES OUTSTANDING ON A FULLY DILUTED BASIS AT THAT DATE.
4. Stockholders who tender Shares will not be obligated to pay brokerage commissions or, except as set forth in Instruction 6 of the Letter of Transmittal, transfer taxes on the purchase of Shares by Purchaser pursuant to the Offer.

If you wish to have us tender any or all of your Shares, please complete, sign and return the form set forth on the reverse side of this letter. Your instructions to us should be forwarded in ample time to permit us to submit a tender on your behalf prior to the expiration of the Offer.

INSTRUCTIONS WITH RESPECT TO THE OFFER  
TO PURCHASE SHARES OF COMMON STOCK  
(Including the Associated Rights)  
OF  
GRUMMAN CORPORATION

AT  
\$60.00 NET PER SHARE  
BY  
NORTHROP ACQUISITION, INC.  
A WHOLLY OWNED SUBSIDIARY OF  
NORTHROP CORPORATION

The undersigned acknowledge(s) receipt of your letter and the enclosed Offer to Purchase of Northrop Acquisition, Inc. (the "Purchaser") dated March 14, 1994 and the related Letter of Transmittal relating to shares of Common Stock, par value \$1.00 per share (including the associated Rights, as defined in the Offer to Purchase) (collectively, the "Shares"), of Grumman Corporation.

This will instruct you to tender to the Purchaser the number of Shares indicated below held by you for the account of the undersigned, on the terms and subject to the conditions set forth in the Offer to Purchase and Letter of Transmittal.

SIGN HERE

NUMBER OF SHARES TO BE TENDERED:\*

\_\_\_\_\_

\_\_\_\_\_ SHARES

\_\_\_\_\_

Signature(s)

\_\_\_\_\_

Account Number: \_\_\_\_\_

\_\_\_\_\_  
Please print name(s) and address(es)  
here

Dated: \_\_\_\_\_, 1994

\_\_\_\_\_  
Tax Identification or Social Security  
Number

- - - - -  
\* Unless otherwise indicated, it will be assumed that all of your Shares held by us for your account are to be tendered.



NOTICE OF GUARANTEED DELIVERY  
FOR  
TENDER OF SHARES OF COMMON STOCK  
(Including the Associated Rights)  
OF  
GRUMMAN CORPORATION  
TO  
NORTHROP ACQUISITION, INC.

This form, or one substantially equivalent hereto, must be used to accept the Offer (as defined below) if certificates representing shares of Common Stock, par value \$1.00 per share (including the associated Rights, as defined in the Offer to Purchase) (collectively, the "Shares"), of Grumman Corporation, a New York corporation, are not immediately available, if the procedure for book-entry transfer cannot be completed on a timely basis, or if time will not permit all required documents to reach the Depository prior to the Expiration Date (as defined in Section 1 of the Offer to Purchase). Such form may be delivered by hand or transmitted by facsimile transmission or mail to the Depository. See Section 2 of the Offer to Purchase.

The Depository for the Offer is:

CHEMICAL BANK

By Mail:	By Facsimile	By Hand or Overnight Delivery:
Chemical Bank	Transmission:	Chemical Bank
Reorganization Department	(for Eligible	55 Water Street
P.O. Box 3085	Institutions only)	Second Floor--Room 234
G.P.O. Station	(212) 629-8015	New York, New York 10041
New York, New York	(212) 629-8016	Attention
10116-3085	Confirm by Telephone:	Reorganization Department
	(212) 613-7137	

DELIVERY OF THIS NOTICE OF GUARANTEED DELIVERY TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION OF INSTRUCTIONS VIA FACSIMILE TRANSMISSION OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY.

Ladies and Gentlemen:

The undersigned hereby tenders to Northrop Acquisition, Inc., a wholly owned subsidiary of Northrop Corporation, a Delaware corporation, upon the terms and subject to the conditions set forth in the Offer to Purchase dated March 14, 1994 and the related Letter of Transmittal (which together constitute the "Offer"), receipt of which is hereby acknowledged, Shares pursuant to the guaranteed delivery procedures set forth in Section 2 of the Offer to Purchase.

Certificate No(s). \_\_\_\_\_  
(if available) \_\_\_\_\_

Name(s) of Record Holder(s) \_\_\_\_\_

-----  
Please Type or Print

Check ONE box if Shares will be  
tendered by book-entry transfer:

Address \_\_\_\_\_

The Depository Trust Company

Midwest Securities Trust Company

\_\_\_\_\_  
Zip Code

Philadelphia Depository Trust Company Area Code and Tel. No. \_\_\_\_\_

Account Number \_\_\_\_\_ Signature(s) \_\_\_\_\_

Dated \_\_\_\_\_ 1994 \_\_\_\_\_

GUARANTEE

(NOT TO BE USED FOR SIGNATURE GUARANTEE)

The undersigned, a member firm of a registered national securities exchange or a member of the National Association of Securities Dealers, Inc. or a commercial bank or trust company having an office, branch or agency in the United States, (a) represents that the above named person(s) "own(s)" the Shares tendered hereby within the meaning of Rule 10b-4 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), (b) represents that such tender of Shares complies with Rule 10b-4 under the Exchange Act, (c) guarantees delivery to the Depository, at one of its addresses set forth above, of certificates representing the Shares tendered hereby in proper form for transfer, or confirmation of book-entry transfer of such Shares into the Depository's accounts at The Depository Trust Company, the Midwest Securities Trust Company or the Philadelphia Depository Trust Company, in each case with delivery of a properly completed and duly executed Letter of Transmittal (or facsimile thereof), and any other required documents, within five New York Stock Exchange, Inc. trading days after the date hereof.

_____	_____
Name of Firm	Authorized Signature
_____	_____
Address	Title
_____	_____
Zip Code	Name Please Type or Print

Area Code and Tel. No. \_\_\_\_\_ Date \_\_\_\_\_ 1994

NOTE: DO NOT SEND CERTIFICATES FOR SHARES WITH THIS NOTICE.  
CERTIFICATES SHOULD BE SENT WITH YOUR LETTER OF TRANSMITTAL.

WITHDRAWAL OF SHARES OF COMMON STOCK  
OF  
GRUMMAN CORPORATION  
TENDERED PURSUANT TO THE OFFER OF PURCHASE OF  
MMC ACQUISITION CORP.  
A WHOLLY OWNED SUBSIDIARY OF  
MARTIN MARIETTA CORPORATION

To Holders of Common Stock of Grumman Corporation  
Who Have Tendered Shares Pursuant to the Offer of  
MMC Acquisition Corp., a wholly owned subsidiary  
of Martin Marietta Corporation:

Section 4 of the Offer to Purchase dated March 8, 1994 (the "Marietta Offer") of MMC Acquisition Corp. ("Acquisition Corp."), a wholly owned subsidiary of Martin Marietta Corporation, offering to purchase shares of common stock, par value \$1.00 per share (the "Common Stock"), of Grumman Corporation (the "Company"), and the associated preferred stock purchase rights (the "Rights," and together with the Common Stock, the "Shares"), sets forth the applicable procedures whereby Shares that have been tendered pursuant to the Marietta Offer may properly be withdrawn.

Section 4 of the Offer provides in relevant part as follows:

"To be effective, a written, telegraphic, telex or facsimile transmission notice of withdrawal must be timely received by the Depositary at one of its addresses set forth on the back cover of this Offer to Purchase and must specify the name of the person who tendered the Shares to be withdrawn and the number of Shares to be withdrawn and the name of the registered holder of the Shares, if different from that of the person who tendered such Shares. If the Shares to be withdrawn have been delivered to the Depositary, a signed notice of withdrawal with (except in the case of Shares tendered by an Eligible Institution) signatures guaranteed by an Eligible Institution must be submitted prior to the release of such Shares. In addition, such notice must specify, in the case of Shares tendered by delivery of certificates, the name of the registered holder (if different from that of the tendering shareholder) and the serial numbers shown on the particular certificates evidencing the Shares to be withdrawn or, in the case of Shares tendered by book-entry transfer, the name and number of the account at one of the Book-Entry Transfer Facilities to be credited with the withdrawn Shares."

In connection with the offer to purchase the Shares by Northrop Acquisition, Inc. (the "Purchaser"), a wholly owned subsidiary of Northrop Corporation, a Delaware corporation, described in the Purchaser's Offer to Purchase dated March 14, 1994 and the related Letter of Transmittal (which collectively constitute the "Purchaser's Offer"), the Purchaser, for the convenience of holders of Shares, has provided on the attached page a form of "Notice of Withdrawal" which, if properly completed and delivered to First Chicago Trust Company of New York, New York, New York ("First Chicago"), the Depositary for the Marietta Offer, will enable holders of Shares properly to withdraw Shares tendered pursuant to the Marietta Offer. Such form, a facsimile thereof or any other proper notice of withdrawal may be delivered by hand or sent by telegraphic, telex, facsimile transmission or letter to First Chicago.

Shares held by First Chicago under the Marietta Offer must first be withdrawn before they can be tendered pursuant to the Purchaser's Offer. Stockholders who desire assistance in withdrawing the Shares tendered pursuant to the Marietta Offer may contact the Information Agent for the Purchaser's Offer at its address and telephone numbers set forth below.

Copies of the Purchaser's Offer dated March 14, 1994 and related Letter of Transmittal are also available from the Information Agent. Upon proper withdrawal of Shares from the Marietta Offer, Shares may be tendered pursuant

to the Purchaser's Offer, which will expire at 12:00 Midnight, New York City time, on Friday, April 8, 1994, unless extended.

The Information Agent for the Purchaser's Offer is:

[LOGO OF GEORGESON & COMPANY INC.]

Wall Street Plaza  
New York, New York 10005  
(212) 509-6240 (Collect)  
(800) 223-2064 (Toll Free)

Banks and Brokers call  
(212) 440-9800

The Dealer Manager for the Purchaser's Offer is:

SALOMON BROTHERS INC  
Seven World Trade Center  
New York, New York 10048

(212) 783-7769

(Call Collect)

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NOTICE OF WITHDRAWAL

OF

SHARES OF COMMON STOCK

OF

GRUMMAN CORPORATION

TENDERED PURSUANT TO  
THE OFFER TO PURCHASE DATED MARCH 8, 1994

BY

MMC ACQUISITION CORP.

A WHOLLY OWNED SUBSIDIARY OF

MARTIN MARIETTA CORPORATION

TO: FIRST CHICAGO TRUST COMPANY OF NEW YORK ("DEPOSITARY")

By Mail:

By Facsimile Transmission:

By Hand or Overnight  
Courier:

P.O. Box 2564  
Tenders & Exchanges  
Suite 4660  
Jersey City, New Jersey  
07303-2564

(201) 222-4720

or

(201) 222-4721

14 Wall Street, 8th Floor  
Suite 4660 New York,  
New York 10005

Confirm Fax Only:

(201) 222-4707

Gentlemen and Ladies:

The undersigned hereby withdraws the shares of common stock, par value \$1.00 per share (the "Common Stock"), and the associated preferred stock purchase

rights (the "Rights," and together with the Common Stock, the "Shares"), of Grumman Corporation described below.

DESCRIPTION OF SHARES WITHDRAWN

Name(s) of tendering stockholder(s) \_\_\_\_\_

Name(s) of registered holder(s) (if different) \_\_\_\_\_

Number of Shares withdrawn \_\_\_\_\_

FURTHER DESCRIPTION OF SHARES WITHDRAWN

(to be completed only if certificates have been delivered or otherwise identified to First Chicago Trust Company of New York, New York, New York, or tendered by book-entry transfer)

Certificate Number(s)\* \_\_\_\_\_

If applicable, Book-Entry Transfer Facility account number \_\_\_\_\_

Name of Book-Entry Transfer Facility account \_\_\_\_\_

(MUST BE SIGNED ON REVERSE SIDE)

\*CALL GEORGESON & COMPANY INC., THE INFORMATION AGENT FOR THE PURCHASER'S OFFER, FOR ASSISTANCE IF YOU DO NOT HAVE YOUR CERTIFICATE NUMBER(S)

STOCKHOLDER SIGN HERE

(Must be signed by registered holder(s) exactly as name(s) appear(s) on stock certificate(s) or on a security position listing or by person(s) authorized to become registered holder(s) by certificates and documents previously transmitted or transmitted herewith. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, please set forth full title of such person.)

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-----

Signature(s) of Owner(s)

Dated \_\_\_\_\_

Name(s) \_\_\_\_\_

Please Print

Capacity (full title) \_\_\_\_\_

Address \_\_\_\_\_

(Including Zip Code)

(Area Code and Tel. No.) \_\_\_\_\_

SIGNATURE GUARANTEE

(REQUIRED IF CERTIFICATES HAVE BEEN DELIVERED OR OTHERWISE IDENTIFIED TO FIRST CHICAGO TRUST COMPANY OF NEW YORK, NEW YORK, NEW YORK)

Authorized Signature\_\_\_\_\_

Name\_\_\_\_\_

Title\_\_\_\_\_

Address\_\_\_\_\_

Name of Firm\_\_\_\_\_

(Area Code and Tel. No.)\_\_\_\_\_

Dated: \_\_\_\_\_

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION  
NUMBER ON SUBSTITUTE FORM W-9

GUIDELINES FOR DETERMINING THE PROPER IDENTIFICATION NUMBER TO GIVE THE PAYER.--Social Security numbers have nine digits separated by two hyphens: i.e. 000-00-0000. Employer identification numbers have nine digits separated by only one hyphen: i.e. 00-0000000. The table below will help determine the number to give the payer.

-----  
FOR THIS TYPE OF ACCOUNT:           GIVE THE  
  SOCIAL SECURITY  
  NUMBER OF--  
-----

- |   |  |
|---|--|
| 1. An individual's account  | The individual   |
| 2. Two or more individuals<br>(joint account)   | The actual owner<br>of the account<br>or, if combined<br>funds, any one of<br>the individuals(1) |
| 3. Husband and wife (joint<br>account)  | The actual owner<br>of the account<br>or, if<br>joint funds,<br>either person(1)                 |
| 4. Custodian account of a<br>minor (Uniform Gift to<br>Minors Act)  | The minor(2)   |
| 5. Adult and minor (joint<br>account)   | The adult or, if<br>the minor is the<br>only contributor,<br>the minor(1)                        |
| 6. Account in the name of<br>guardian or committee<br>for a designated ward,<br>minor, or incompetent<br>person | The ward, minor,<br>or incompetent<br>person(3)  |
| 7. a. The usual revocable<br>savings trust account<br>(grantor is also<br>trustee)                              | The grantor-<br>trustee(1)   |
| b. So-called trust<br>account that is not<br>a legal or valid<br>trust  | The actual<br>owner(1)   |
| under State<br>law  |  |
| 8. Sole proprietorship<br>account   | The owner(4)   |

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FOR THIS TYPE OF ACCOUNT: GIVE THE EMPLOYER IDENTIFICATION NUMBER OF --  
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- 9. A valid trust, estate, or pension trust      The legal entity (Do not furnish the identifying number of the personal representative or trustee unless the legal entity itself is not designated in the account title.) (5)
- 10. Corporate account      The corporation
- 11. Religious, charitable, or educational organization account      The organization
- 12. Partnership account held in the name of the business      The partnership
- 13. Association, club, or other tax-exempt organization      The organization
- 14. A broker or registered nominee      The broker or nominee
- 15. Account with the Department of Agriculture in the name of a public entity (such as a State or local government, school district, or prison) that receives agricultural program payments      The public entity

- 
- (1) List first and circle the name of the person whose number you furnish.
  - (2) Circle the minor's name and furnish the minor's social security number.
  - (3) Circle the ward's, minor's or incompetent person's name and furnish such person's social security number.
  - (4) Show the name of the owner.
  - (5) List first and circle the name of the legal trust, estate, or pension trust.

NOTE: If no name is circled when there is more than one name, the number will be considered to be that of the first name listed.

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION  
NUMBER OF SUBSTITUTE FORM W-9  
PAGE 2

OBTAINING A NUMBER  
If you don't have a taxpayer identification number or you don't know your number, obtain Form SS-5, Application for a Social Security Number Card, or Form SS-4, Application for an Employer Identification Number, at the local office of the Social Security Administration or the Internal Revenue Service and apply for a number.



PAYEES EXEMPT FROM BACKUP WITHHOLDING

Payees specifically exempted from backup withholding on ALL payments include the following:

- . A corporation.
- . A financial institution.
- . An organization exempt from tax under section 501(a), or an individual retirement plan.
- . The United States or any agency or instrumentality thereof.
- . A State, the District of Columbia, a possession of the United States, or any subdivision or instrumentality thereof.
- . A foreign government, a political subdivision of a foreign government, or any agency or instrumentality thereof.
- . An international organization or any agency, or instrumentality thereof.
- . A registered dealer in securities or commodities registered in the U.S. or a possession of the U.S.
- . A real estate investment trust.
- . A common trust fund operated by a bank under section 584(a).
- . An exempt charitable remainder trust, or a non-exempt trust described in section 4947(a)(1).
- . An entity registered at all times under the Investment Company Act of 1940.
- . A foreign central bank of issue.

Payments of dividends and patronage dividends not generally subject to backup withholding include the following:

- . Payments to nonresident aliens subject to withholding under section 1441.
- . Payments to partnerships not engaged in a trade or business in the U.S. and which have at least one nonresident partner.
- . Payments of patronage dividends where the amount received is not paid in money.
- . Payments made by certain foreign organizations.
- . Payments made to a nominee.

Payments of interest not generally subject to backup withholding include the following:

- . Payments of interest on obligations issued by individuals. Note: You may be subject to backup withholding if this interest is \$600 or more and is paid in the course of the payer's trade or business and you have not provided your correct taxpayer identification number to the payer.
- . Payments of tax-exempt interest (including exempt-interest dividends under section 852).
- . Payments described in section 6049(b)(5) to nonresident aliens.
- . Payments on tax-free covenant bonds under section 1451.
- . Payments made by certain foreign organizations.
- . Payments made to a nominee.

Exempt payees described above should file Form W-9 to avoid possible erroneous backup withholding. FILE THIS FORM WITH THE PAYER, FURNISH YOUR TAXPAYER IDENTIFICATION NUMBER, WRITE "EXEMPT" ON THE FACE OF THE FORM, AND RETURN IT TO THE PAYER. IF THE PAYMENTS ARE INTEREST, DIVIDENDS, OR PATRONAGE DIVIDENDS, ALSO SIGN AND DATE THE FORM.

Certain payments, other than interest, dividends, and patronage dividends, that are not subject to information reporting are also not subject to backup withholding. For details, see the regulations under sections 6041, 6041A(a), 6045, and 6050A.

PRIVACY ACT NOTICE.--Section 6109 requires most recipients of dividend, interest, or other payments to give taxpayer identification numbers to payers who must report the payments to IRS. IRS uses the numbers for identification purposes. Payers must be given the numbers whether or not recipients are required to file tax returns. Payers must generally withhold 31% of taxable interest, dividend, and certain other payments to a payee who does not furnish a taxpayer identification number to a payer. Certain penalties may also apply.

PENALTIES

(1) PENALTY FOR FAILURE TO FURNISH TAXPAYER IDENTIFICATION NUMBER.--If you fail to furnish your taxpayer identification number to a payer, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

(2) FAILURE TO REPORT CERTAIN DIVIDEND AND INTEREST PAYMENTS.--If you fail to include any portion of an includible payment for interest, dividends, or patronage dividends in gross income, such failure will be treated as being due to negligence and will be subject to a penalty of 5% on any portion of an underpayment attributable to that failure unless there is clear and convincing evidence to the contrary.

(3) CIVIL PENALTY FOR FALSE INFORMATION WITH RESPECT TO WITHHOLDING.--If you make a false statement with no reasonable basis which results in no imposition of backup withholding, you are subject to a penalty of \$500.

(4) CRIMINAL PENALTY FOR FALSIFYING INFORMATION.--Falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

FOR ADDITIONAL INFORMATION CONTACT YOUR TAX CONSULTANT OR THE INTERNAL REVENUE SERVICE

NORTHROP TO COMMENCE \$60 PER SHARE CASH  
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TENDER OFFER FOR GRUMMAN CORPORATION  
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LOS ANGELES--March 10, 1994--Northrop Corporation will commence a tender offer to acquire 100 percent of Grumman Corporation for \$60 per share cash. The offer will commence Monday, March 14. The offer, valued at \$2.04 billion, is \$5 per share higher than a bid announced earlier this week by Martin Marietta Corporation. The transaction is subject to Hart-Scott-Rodino antitrust review.

Northrop said it has financing commitments totaling \$2.8 billion from Chase Manhattan Bank N.A. and Chemical Bank.

The company also said that it believes the lock-up agreement entered into by Grumman, which was revealed in Securities and Exchange Commission filings, is "improper and illegal." The company pointed out that there is a principle of corporate law that, when a company is for sale, directors have a duty to shareholders to seek the highest price.

"We firmly believe the combination of Northrop and Grumman serves the vital interests of U.S. national security and the best interests of both Grumman's and Northrop's shareholders," said Kent Kresa, Northrop chairman, president and chief executive officer. "Achieving critical mass in our respective areas of expertise will provide the combined company with the staying power necessary to compete in this new defense environment, thereby enabling the firm to better retain critical defense industrial skills and jobs."

- more -

Page 2

NORTHROP TO COMMENCE \$60 PER SHARE CASH  
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TENDER OFFER FOR GRUMMAN CORPORATION  
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He said a combined Northrop-Grumman would strive to attain the following specific business goals:

--integrate a world-class military aircraft design capability in both tactical and surveillance aircraft.

--integrate a world-class military systems development capability in surveillance, electronic warfare and combat systems, and systems test for all military platforms.

--establish a leading position in development of integrated reconnaissance-strike and battle management systems.

--achieve world-class levels of price competitiveness in commercial aerostructures manufacturing.

--become the supplier of choice for large, highly complex system integration programs for the U.S. Government.

Mr. Kresa also said that Northrop is prepared, upon completion of the acquisition, to recommend to its stockholders that the corporation's name be changed to the Northrop-Grumman Corporation, to "preserve the proud heritage of the Grumman name in U.S. military aviation."

Mr. Kresa pointed out that Northrop's interest in merging with Grumman dates back more than a year. The two companies conducted merger discussions because of the natural strategic fit between their respective aircraft design and manufacturing, defense electronics and aerostructures business segments. Detailed discussions between the two companies, exploring organizational fit, a review of key management personnel and a shared strategic vision, continued in earnest in late 1993 and into 1994.

NORTHROP TO COMMENCE \$60 PER SHARE CASH

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TENDER OFFER FOR GRUMMAN CORPORATION  
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"We believe Northrop-Grumman together will create a formidable competitor in bomber, fighter, electronic warfare, surveillance and strike aircraft, as well as in commercial and military aerostructures, electronics and information systems," Mr. Kresa said. "For instance, the combined business will have extensive experience in both U.S. Navy and U.S. Air Force combat aircraft."

Northrop, headquartered in Los Angeles, has nearly 30,000 employees and had 1993 sales of \$5.1 billion and a year-end backlog of \$6.9 billion. Its major products include the B-2 stealth bomber, AGM-137 Tri-Service Standoff Attack Missile, fuselages for the U.S. Navy's F/A-18 strike fighter and Boeing 747 jetliner, "brilliant" antiarmor submunitions and electronic countermeasures equipment for a wide variety of aircraft. Northrop has manufacturing operations in five states: California, Georgia, Illinois, North Dakota and Massachusetts. The company also holds a 49 percent investment in the parent of Vought Aircraft Company in Dallas, Tex., with an option to purchase the remaining 51 percent.

Grumman, headquartered in Bethpage, N.Y., has 18,000 employees and had 1993 sales of over \$3 billion. Its year-end 1993 business backlog was \$6 billion. The company's major products include the Joint STARS and E-2C airborne surveillance systems, EA-6B and EF-111 airborne electronic warfare systems, F-14 fighter/bomber, A-6 bomber, electronic test equipment and combat systems, structures and control surfaces for military and commercial customers. The company has facilities in 10 states: New York, Florida, Pennsylvania, Georgia, California, Louisiana, Maryland, Michigan, Virginia and Texas.

Mr. Kresa emphasized that the design of future weapon platforms and the modification of existing systems will rely heavily on the integration of complex electronic systems. "I believe the future demand for excellence in airframe and electronics

NORTHROP TO COMMENCE \$60 PER SHARE CASH

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TENDER OFFER FOR GRUMMAN CORPORATION  
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systems integration will position Northrop-Grumman as a front runner to meet these defense needs," he said.

Salomon Brothers is financial advisor to Northrop.

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NR#34-6

NOTE TO EDITORS: ATTACHED FOR YOUR INFORMATION IS A COPY OF A LETTER SENT TODAY BY KENT KRESA, NORTHROP CHAIRMAN AND CHIEF EXECUTIVE OFFICER, TO DR. RENSO L. CAPORALI, CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF GRUMMAN CORPORATION.

This announcement is neither an offer to purchase nor a solicitation of an offer to sell Shares. The Offer is made solely by the Offer to Purchase dated March 14, 1994 and the related Letter of Transmittal, and is being made to all holders of Shares. The Purchaser is not aware of any state where the making of the Offer is prohibited by administrative or judicial action pursuant to any valid state statute. If the Purchaser becomes aware of any valid state statute prohibiting the making of the Offer or the acceptance of Shares pursuant thereto, the Purchaser will make a good faith effort to comply with any such state statute or seek to have such statute declared inapplicable to the Offer. If, after such good faith effort, the Purchaser cannot comply with any such state statute, the Offer will not be made to (nor will tenders be accepted from or on behalf of) the holders of Shares in such state. In any jurisdiction where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer will be deemed to be made on behalf of the Purchaser by Salomon Brothers Inc or one or more registered brokers or dealers licensed under the laws of such jurisdiction.

NOTICE OF OFFER TO PURCHASE FOR CASH  
ALL OUTSTANDING SHARES OF COMMON STOCK  
(INCLUDING THE ASSOCIATED RIGHTS)

OF

GRUMMAN CORPORATION

AT

\$60.00 NET PER SHARE

BY

NORTHROP ACQUISITION, INC.  
A WHOLLY OWNED SUBSIDIARY

OF

NORTHROP CORPORATION

Northrop Acquisition, Inc. (the "Purchaser"), a wholly owned subsidiary of Northrop Corporation, a Delaware corporation ("Northrop"), is offering to purchase all outstanding shares of Common Stock, par value \$1.00 per share (including the associated Rights, as defined in the Offer to Purchase) (collectively, the "Shares"), of Grumman Corporation, a New York corporation (the "Company"), at \$60.00 per Share, net to the seller in cash, without interest, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated March 14, 1994 (the "Offer to Purchase"), and in the related Letter of Transmittal (which together constitute the "Offer").

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON FRIDAY, APRIL 8, 1994, UNLESS EXTENDED.

THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS: (1) THERE BEING VALIDLY TENDERED AND NOT WITHDRAWN PRIOR TO THE EXPIRATION DATE THAT NUMBER OF SHARES REPRESENTING AT LEAST TWO-THIRDS OF THE TOTAL NUMBER OF OUTSTANDING SHARES OF THE COMPANY ON A FULLY DILUTED BASIS, (2) THE PURCHASER BEING SATISFIED, IN ITS SOLE DISCRETION, THAT SECTION 912 OF THE NEW YORK BUSINESS CORPORATION LAW IS INVALID OR THAT ITS RESTRICTIONS ARE OTHERWISE INAPPLICABLE TO THE PROPOSED MERGER IN WHICH EACH SHARE NOT PURCHASED IN THE OFFER WILL BE CONVERTED INTO THE RIGHT TO RECEIVE CASH IN AN AMOUNT EQUAL TO THE PRICE PER SHARE PAID PURSUANT TO THE OFFER, (3) THE PURCHASER BEING SATISFIED, IN ITS SOLE DISCRETION THAT THE SUPERMAJORITY VOTING REQUIREMENT CONTAINED IN ARTICLE SEVENTH OF THE COMPANY'S CERTIFICATE OF INCORPORATION IS INAPPLICABLE TO THE PROPOSED MERGER AND (4) THE RIGHTS HAVING BEEN REDEEMED BY THE BOARD OF DIRECTORS OF THE COMPANY OR THE PURCHASER BEING SATISFIED, IN ITS SOLE DISCRETION, THAT THE RIGHTS HAVE BEEN

INVALIDATED OR OTHERWISE ARE INAPPLICABLE TO THE OFFER AND THE PROPOSED MERGER. THE OFFER IS ALSO SUBJECT TO CERTAIN OTHER TERMS AND CONDITIONS AS SET FORTH IN THE OFFER TO PURCHASE.

THE OFFER IS NOT CONDITIONED UPON THE PURCHASER OBTAINING FINANCING.

The purpose of the Offer and the Proposed Merger is to enable the Purchaser to acquire control of, and the entire equity interest in, the Company. The Offer, as the first step in the acquisition of the Company, is intended to facilitate the acquisition of all outstanding Shares. The Purchaser is currently reviewing its options with respect to the Offer and may consider, among other things, changes to the material terms of the Offer and intends to continue to seek to negotiate with the Company with respect to the acquisition of the Company by the Purchaser. The Purchaser currently intends, as soon as practicable following the consummation of the Offer, to seek to have the Company consummate a merger or similar business combination with the Purchaser (the "Proposed Merger") pursuant to which each then outstanding Share (other than Shares owned by Northrop or any of its wholly owned subsidiaries, Shares held in the treasury of the Company and Shares held by stockholders who perfect appraisal rights under Section 623 of the New York Business Corporation Law) would be converted into the right to receive in cash the same amount as received per Share in the Offer, and the Company will become a wholly owned subsidiary of Northrop. Northrop intends to recommend to its stockholders, upon completion of the Proposed Merger, that its name be changed to "Northrop Grumman Corporation."

The term "Expiration Date" means 12:00 Midnight, New York City Time, on Friday, April 8, 1994, unless and until the Purchaser, in its sole discretion, shall have extended the period of time for which the Offer is open, in which event the term "Expiration Date" shall mean the latest time and date at which the Offer, as so extended by the Purchaser, shall expire.

For purposes of the Offer, the Purchaser will be deemed to have accepted for payment (and thereby purchased) validly tendered Shares when, as and if the Purchaser gives oral or written notice to the Depositary (as defined in the Offer to Purchase) of the Purchaser's acceptance of such Shares for payment pursuant to the Offer. Payment for Shares so accepted for payment will be made by deposit of the purchase price with the Depositary, which will act as agent for tendering stockholders for the purpose of receiving payment from the Purchaser and transmitting payment to validly tendering stockholders. In no circumstances will interest on the purchase price of Shares be paid by the Purchaser by reason of any delay in making payment. Payment for Shares purchased pursuant to the Offer will in all cases be made only after timely receipt by the Depositary of certificates for such Shares, or timely confirmation of a book-entry transfer of such Shares into the Depositary's account at one of the Book-Entry Transfer Facilities described in the Offer to Purchase pursuant to the procedures set forth in Section 2 of the Offer to Purchase, a properly completed and duly executed Letter of Transmittal (or facsimile thereof) or an Agent's Message (as defined in the Offer to Purchase and any other document required by the Letter of Transmittal. The Purchaser expressly reserves the right, in its sole discretion, at any time or from time to time, to extend the period of time during which the Offer is open and thereby delay acceptance for payment of, and the payment for, any Shares, by giving oral or written notice of such extension to the Depositary. Any such extension will be followed as promptly as practicable by a public announcement thereof no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date.

Tenders of Shares pursuant to the Offer will be irrevocable, except that Shares tendered pursuant to the Offer may be withdrawn at any time prior to the Expiration Date and, unless theretofore accepted for payment by the Purchaser pursuant to the Offer, may also be withdrawn on or after May 13, 1994. For a withdrawal to be effective, a written, telegraphic, telex or facsimile transmission notice of withdrawal must be timely received by the Depositary at one of its addresses set forth on the back cover of the Offer to Purchase. Any notice of withdrawal must specify the name of the person who tendered the Shares to be withdrawn, the number of Shares to be withdrawn and the name in which certificates representing the Shares are registered, if different from that of the person who tendered the Shares. If certificates for Shares to be withdrawn

have been delivered or otherwise identified to the Depositary, the serial numbers shown on the particular certificates evidencing such Shares to be withdrawn must also be furnished to the Depositary prior to the physical release of the Shares to be withdrawn, together with a signed notice of withdrawal with signatures guaranteed by an Eligible Institution (as defined in Section 2 of the offer to Purchase), except, with respect to signature guarantees, in the case of Shares tendered by an Eligible institution. If Shares have been delivered pursuant to the procedures for book-entry transfer as set forth in Section 2 of the Offer to Purchase, any notice of withdrawal must specify the name and number of the account at the appropriate Book-Entry Transfer Facility to be credited with such withdrawn Shares and must otherwise comply with such Book-Entry Transfer Facility's procedures. All questions as to the form and validity (including time of receipt) of notices of withdrawal will be determined by the Purchaser in its sole discretion, whose determination will be final and binding.

The information required to be disclosed by Rule 14d-6(e)(1)(vii) of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended, is contained in the Offer to Purchase and is incorporated herein by reference.

A request is being made to the Company for use of its stockholder list and security position listings for the purpose of disseminating the Offer to holders of Shares. The Offer to Purchase, the related Letter of Transmittal and other relevant material will be mailed to record holders of Shares and will be furnished to brokers, dealers, banks and similar persons whose names, or the names of whose nominees, appear on the stockholder list or, if applicable, who are listed as participants in a clearing agency's security position listing for subsequent transmittal to beneficial owners of Shares. The Purchaser will not pay any fees or commissions to any broker or dealer or any other person (other than the Dealer Manager and the Information Agent) for soliciting tenders of Shares pursuant to the Offer.

THE OFFER TO PURCHASE AND THE RELATED LETTER OF TRANSMITTAL CONTAIN IMPORTANT INFORMATION WHICH STOCKHOLDERS SHOULD READ BEFORE MAKING ANY DECISION WITH RESPECT TO THE OFFER.

Request for copies of the Offer to Purchase, the Letter of Transmittal and other tender offer materials may be directed to the Information Agent or the Dealer Manager as set forth below, and copies will be furnished promptly at the Purchaser's expense.

The Information Agent for the Offer is:

GEORGESON  
& COMPANY INC.

Wall Street Plaza  
New York, New York 10005  
(212) 509-6240 (collect)  
Banks and Brokers call (212) 440-9800  
Call Toll Free 1-800-223-2064

The Dealers Manager for the Offer is:

SALOMON BROTHERS INC  
Seven World Trade Center  
New York, New York 10048  
(212) 783-7769  
(Call Collect)

March 14, 1994

Farrington & Favia #2492  
Taylor & Ives Jay J. Cohen  
Farrington & Favia (212) 608-7600  
Taylor & Ives (212) 921-9300  
3-12-94 Proof 5

(FNF274) et/cm/et

Emulsion down

[LOGO OF TAYLOR & IVES  
INCORPORATED]



March 10, 1994

Northrop Corporation  
1840 Century Park East  
Los Angeles, CA 90067

Attention: John R. Rettberg, Corporate Vice President and  
Treasurer

Re: Commitment

Northrop Corporation (the "Borrower") has advised The Chase Manhattan Bank, N.A. ("Chase") and Chemical Bank ("Chemical") that it intends to make a cash tender offer (the "Tender Offer"), the purpose of which is to purchase all of the common stock of a company whose identity has been disclosed to us (the "Target").

You have requested that Chase and Chemical provide the \$2,800,000,000 in senior bank credit facilities (collectively, the "Credit Facilities") required to finance the Tender Offer, to pay related fees and expenses and to finance the continuing operations of the Borrower and its subsidiaries.

Chase and Chemical are pleased to advise you that each of them is willing to provide \$1,400,000,000 of the Credit Facilities. Although Chase and Chemical (collectively, the "Co-Agents") are together committing to provide all of the Credit Facilities, Chase and Chemical expect to act as co-agents for a syndicate of financial institutions (together with Chase and Chemical, the "Lenders") to provide all or a portion of the Credit Facilities.

We have furnished you with a term sheet setting forth indicative terms and conditions for the Credit Facilities. The terms and conditions of the Credit Facilities will be based upon such indicative terms and conditions and will otherwise be subject to mutual agreement among the Co-Agents and you.

It is agreed that Chase and Chemical will act as the sole co-agents and co-arrangers for the Credit Facilities and that no additional agents or co-agents or co-arrangers will be appointed without the consent of the Co-Agents.

You agree to assist the Co-Agents in forming any such syndicate and to provide the Co-Agents and the other Lenders, promptly upon request, with all information deemed necessary by them to complete successfully the syndication, including, but not limited to, (a) an information package for delivery to potential

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syndicate members and participants and (b) all information and projections prepared by you or your advisers relating to the transactions described herein as requested by the Co-Agents. You further agree to make appropriate officers and representatives of the Borrower and its subsidiaries available to participate in information meetings for potential syndicate members and participants at such times and places as the Co-Agents may reasonably request.

You represent and warrant and covenant that:

(1) all information concerning the Borrower and its subsidiaries which has been or is hereafter made available to the Co-Agents by you or any of your representatives in connection with the transactions contemplated hereby is and will be complete and correct in all material respects and does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not materially misleading in light of the circumstances under which such statements are made; and

(2) all financial projections that have been or are hereafter prepared by you and made available to the Co-Agents or any other participants in the Credit Facilities have been or will be prepared in good faith based upon reasonable assumptions.

You agree to supplement the information and projections referred to in clauses (1) and (2) above from time to time until completion of the syndication so that the representations and warranties in the preceding sentence remain correct. In arranging and syndicating the Credit Facilities, the Co-Agents will use and rely on such information and projections without independent verification thereof.

In connection with the syndication of the Credit Facilities, the Co-Agents may, in their discretion, allocate to other Lenders portions of any fees payable to the Co-Agents in connection with the Credit Facilities. You agree that no Lender will receive any compensation of any kind for its participation in the Credit Facility, except as expressly provided for in this letter or in the Fee Letter referred to below.

Each of the Co-Agents' commitment hereunder is subject to the following conditions: (i) the negotiation, execution and delivery of definitive documentation with respect to the Credit Facilities satisfactory in form and substance to the Co-Agents and their counsel; (ii) satisfaction by the Co-Agents with the form and substance of the Tender Offer and the definitive documentation therefor; (iii) a definitive merger agreement, in form and substance satisfactory to the Co-Agents, shall have been entered into by the Borrower and the Target; (iv) there shall not have occurred any material adverse change in the business,

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assets, operations, condition (financial or otherwise) or prospects of the Borrower and its subsidiaries (including the Target) taken as a whole; (v) there shall not have occurred any change in or disruption of financial or capital market conditions that in the opinion of the Co-Agents could materially and adversely affect the satisfactory syndication of the Credit Facilities; and (vi) the appropriate markets shall be clear of competing transactions by or on behalf of the Borrower.

The costs and expenses (including, without limitation, the fees and expenses of counsel to the Co-Agents and the Co-Agents' syndication and other out-of-pocket expenses) arising in connection with the preparation, execution and delivery of this letter and the definitive financing agreements shall be for your account. You further agree to indemnify and hold harmless each Lender (including the Co-Agents) and each director, officer, employee, affiliate and agent thereof (each, an "indemnified person") against, and to reimburse each indemnified person, upon its demand, for, any losses, claims, damages, liabilities or other expenses ("Losses") to which such indemnified person may become subject insofar as such Losses arise out of or in any way relate to or result from the Tender Offer, this letter or the financing contemplated hereby, including, without limitation, Losses consisting of legal or other expenses incurred in connection with investigating, defending or participating in any legal proceeding relating to any of the foregoing (whether or not such indemnified person is a party thereto); provided that the foregoing will not apply to any Losses to the extent they result from the gross negligence or willful misconduct of such indemnified person. Your obligations under this paragraph shall remain effective whether or not definitive financing documentation is executed and notwithstanding any termination of this letter. Neither the Co-Agents nor any other indemnified person shall be responsible or liable to any other person for consequential damages which may be alleged as a result of this letter or the financing contemplated hereby.

The provisions of this letter are supplemented as set forth in a separate fee letter dated the date hereof from us to you (the "Fee Letter") and are subject to the terms of such Fee Letter. By executing this letter, you acknowledge that this letter and the Fee Letter are the only agreements between you and the Co-Agents with respect to the Credit Facilities and set forth the

entire understanding of the parties with respect thereto. Neither this letter nor the Fee Letter may be changed except pursuant to a writing signed by each of the parties hereto. This letter and the Fee Letter shall be governed by, and construed in accordance with, the laws of the State of New York without reference to principals of conflicts of laws.

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This letter is delivered to you on the understanding that prior to its acceptance by you, neither this letter, the Fee Letter nor any of their terms or substance shall be disclosed, directly or indirectly, to any other person except to your employees, agents and advisers who are directly involved in the consideration of this matter.

If you are in agreement with the foregoing, please sign and return to each of the Co-Agents the enclosed copies of this letter and the Fee Letter, together with the acceptance fee referred to therein, no later than 5:00 p.m., Los Angeles time, on March 10, 1994. This offer shall terminate at such time unless prior thereto we shall have received signed copies of such letters and payment of such fee. After acceptance this commitment will terminate on the close of business on May 31, 1994 unless definitive documentation has been executed and delivered by the appropriate parties on or prior to such date.

We look forward to working with you on this transaction.

Very truly yours,

THE CHASE MANHATTAN BANK, N.A.

By /s/ Patricia B. Brill  
=====  
Title Managing Director  
-----

CHEMICAL BANK

By /s/ Maurice Hartigan  
=====  
Title Senior Managing Director  
-----

Accepted and agreed to as of  
the date first above written:

NORTHROP CORPORATION

By /s/ J. R. Rettberg  
=====  
Title Vice President and Treasurer  
-----

March 10, 1994

Northrop Corporation  
1840 Century Park East  
Los Angeles, Ca 90067

Attention: John R. Rettberg, Corporate Vice President and  
Treasurer

Re: Commitment Letter, dated March 10, 1994

Reference is made to our letter to you dated the date hereof (the "Commitment Letter"). This is the Fee Letter referred to therein. Terms defined in the Commitment Letter are used herein with their defined meanings.

In consideration of the commitment set forth in the Commitment Letter you agree to pay the following fees:

1. A non-refundable fee of \$4,000,000 to each of the Co-Agents, payable \$2,000,000 upon acceptance of the Commitment Letter and \$2,000,000 upon the earlier to occur of (x) execution and delivery of definitive documentation and (y) May 31, 1994 or such earlier date upon which the Co-Agents and the Borrower determine that the transactions contemplated by the Commitment Letter will not be consummated.

2. Upon the earlier of the termination of the commitments of the Co-Agents under the Commitment Letter and the execution and delivery of the definitive agreements and satisfaction of the conditions to initial borrowing thereunder in respect of the Credit Facilities (the "Closing Date"), to each of the Co-Agents, a commitment fee of 25 basis points per annum (computed on the basis of a 365 day year and actual days elapsed) on the amount of such Co-Agents commitment for the period from and including the date of acceptance thereof to but excluding the date of such termination or Closing Date, as the case may be.

3. To each Lender (including each Co-Agent in such capacity) a syndication fee of up to 25 basis points on the amount of such Lender's allocated commitment. To the extent that the aggregate syndication fee payable to all Lenders is less than 25 basis points of the total allocated commitments, the difference will be shared as follows: 75% of the difference will be paid to the Borrower and 25% of the difference will be paid to the Co-Agents.

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If you are in agreement with the foregoing, please sign and return to each of the Co-Agents the enclosed copies of this fee letter in accordance with the provisions of the Commitment Letter.

Very truly yours,

THE CHASE MANHATTAN BANK, N.A.

By /s/ Patricia B. Brill  
=====  
Title Managing Director  
-----

CHEMICAL BANK

By /s/ Maurice Hartigan  
=====  
Title Senior Managing Director  
-----

Accepted and agreed to as of  
the date first above written:

NORTHROP CORPORATION

By /s/ J.R. Rettberg  
=====  
Title Vice President and Treasurer  
-----

March 12, 1994

Northrop Corporation  
1840 Century Park East  
Los Angeles, CA 90067

Attention: John R. Rettberg, Corporate Vice President and  
Treasurer

Re: Commitment Letter, dated March 10, 1994

Reference is made to our letter to you dated March 10, 1994 (the  
"Commitment Letter") and the Fee Letter referred to therein. Terms defined in  
the Commitment Letter are used herein with their defined meanings.

One of the conditions of funding the Credit Facilities set forth in the  
Commitment Letter is that a definitive merger agreement, in form and substance  
satisfactory to the Co-Agents, shall have been entered into by the Borrower and  
the Target (the "Merger Condition"). We have been discussing with you the basis  
on which we would agree to remove the Merger Condition.

By this letter we confirm that we would be prepared to commit to finance  
the Tender Offer without satisfaction of the Merger Condition, subject to a  
mutually satisfactory agreement with you (i) to pay fees to the Co-Agents in  
addition to those set forth in the Fee Letter in amounts and at such times as we  
deem appropriate under the circumstances, (ii) to increase the margins on  
the loans under the Credit Facilities prior to the merger by an amount which we  
deem appropriate in the circumstances, and (iii) to limit the length of interest  
periods under the Credit Facilities prior to completion of the merger.

By this letter we are also transmitting a revised term sheet. We agree  
with you that this is the term sheet referred to in the Commitment Letter.  
Please so acknowledge by signing and returning to each of the Co-Agents the  
enclosed copies of this letter.

We look forward to working with you on these transactions.

Very truly yours,

THE CHASE MANHATTAN BANK, N.A.

By /s/ Sherwood ???  
-----  
Title Managing Director  
-----

CHEMICAL BANK

By /s/ Thomas Delaney  
-----  
Title Vice President  
-----

Accepted and agreed to as of

the date first above written:

NORTHROP CORPORATION

By James L. Sanford  
-----

Title  
-----

NORTHROP CORPORATION

SUMMARY OF TERMS AND CONDITIONS  
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Borrower Northrop Corporation, a Delaware corporation  
-----

Purpose To make a capital contribution to a wholly owned  
----- subsidiary of the Borrower ("Acquisition Corp.") to be used  
by Acquisition Corp. to purchase (the "Acquisition") all of  
-----  
the outstanding shares of common stock (and associated  
preferred stock purchase rights) of Grumman Corporation  
(the "Target") (initially by a tender offer for all  
-----  
outstanding shares followed by a merger of Acquisition  
Corp. with and into the Target (the "Merger")), to  
-----  
refinance existing debt of the Borrower and/or, after the  
Merger, the Target, to provide working capital for the  
Borrower and to finance the payment of fees, commissions  
and expenses payable in connection with the Acquisition.

Guarantor Acquisition Corp.  
-----

Co-Agents and Co-Arrangers The Chase Manhattan Bank, N.A. ("Chase") Chemical Bank  
----- ("Chemical")  
-----

Lenders Chase, Chemical and a syndicate of lenders acceptable to  
----- the Borrower and the Co-Arrangers.

Types and Amount of Senior Facilities A Term Loan Facility and Revolving Credit Facility,  
----- aggregating \$2,800,000,000, to be allocated as agreed.

Final Maturity Both the Term Loan facility and the Revolving Credit  
----- Facility will mature 5 years from the date on which the  
initial loans are made (the "Closing Date").  
-----

Amortization Term Loan Facility:  
-----

[To be determined.]

Revolving Credit Facility:  
-----

The revolving credit loans shall be repaid in full on the

Final Maturity of this Facility.

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Interest  
-----

Term Loans and Revolving Credit Loans: At  
-----

the Borrower's option, Base Rate and LIBOR loans will be available as follows:

A. Base Rate Option  
-----

Interest shall be at the Base Rate of Chase plus the applicable Interest Margin (if any), payable in arrears quarterly and at Final Maturity. The Base Rate is defined as the higher of (a) the Federal Funds Rate, as published by the Federal Reserve Bank of New York plus 1/2 of 1%, and (b) the prime commercial lending rate of Chase, as announced from time to time at its head office. Base Rate will be calculated on the basis of the actual number of days elapsed in a year of 365/366 days (or 360 days when the Base Rate is calculated by reference to the Federal Funds Rate). Base Rate drawings shall be made available on a same-day basis if requested prior to noon New York time and shall be in minimum amounts of \$10,000,000 or any integral multiple of \$1,000,000 in excess thereof.

B. LIBOR Option  
-----

Interest shall be determined for periods ("Interest  
-----  
Periods") of one, two, three, six or (with the consent  
-----  
of all Lenders) twelve months (as selected by the Borrower) and shall be at an annual rate equal to the London Interbank Offered Rate ("LIBOR") for the  
-----  
corresponding deposits of U.S. Dollars plus the applicable Interest Margin; provided that prior to the later of consummation of the Merger and completion of primary syndication only one month interest periods will be available. LIBOR will be determined by the Reference Lenders at the start of each Interest Period. Interest will be paid at the end of each Interest Period or quarterly, whichever is earlier, and will be calculated on the basis of the actual number of days elapsed in a year of 360 days. LIBOR will be adjusted for Regulation D reserve requirements on an as-incurred basis. LIBOR drawings shall require

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three business days' prior notice and shall be in minimum amounts of \$10,000,000 or any integral multiple of \$1,000,000 in excess thereof.

Revolving Credit Loans. At the Borrower's option,  
-----

Competitive Bid loans will be available after the Merger as follows:

Competitive Bid Option  
-----

The Borrower may request that competitive bids be solicited from the Lenders through an auction for short-term borrowings priced either (i) at a margin above or below LIBOR or (ii) at a fixed interest rate. LIBOR bids may be requested for Interest Periods of one, two, three, six or twelve months, and fixed interest rate bids may be requested for Interest Periods not to exceed 360 days. Lenders may, at their own discretion, bid for competitively priced loans in an aggregate amount up to the aggregate unused amount of the Revolving Credit Facility, irrespective of their pro rata commitments under the Revolving Credit Facility. Loans made under the Competitive Bid Option will be allocated to the bidding Lenders in order of effective cost, starting from the lowest cost and rising to the highest cost acceptable to the Borrower. The Borrower shall be under no obligation to accept the bids received by it. While borrowings are outstanding under the Competitive Bid Option, each Lender's commitment under the Revolving Credit Facility shall be deemed utilized by such Lender's pro rata share (based on its respective commitment under the Revolving Credit Facility) of the aggregate outstanding amount of such borrowings. Interest will be paid at the end of each Interest Period or quarterly, whichever is earlier, and will be calculated on the basis of the actual number of days elapsed in a year of 360 days.

Default Interest      Any principal of any loan that is not paid when due will  
- -----            bear interest at a rate per annum equal to 2% plus the rate  
                         otherwise

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applicable to such loan. Any default interest will be payable on demand.

Reference Lenders    A representative sample of mutually acceptable Lenders will  
- -----            be selected as Reference Lenders to establish LIBOR rates.

Interest Margins     The applicable interest margin shall be based upon the  
- -----            ratio of the Borrower's consolidated total debt to  
                         consolidated net worth. Assuming that following the  
Acquisition, the Borrower's implied credit rating is at  
least BBB-, the initial margin for LIBOR Term Loans will be  
in the range of 62.5-75 basis points and the initial margin  
for LIBOR Revolving Credit Loans will be in the same range  
but less the applicable facility fee set forth below.

Facility Fee         Facility fee shall accrue on the daily aggregate amount of  
- -----            the commitments under the Revolving Credit Facility  
                         (whether or not utilized) for each day from and including  
the date of the definitive credit agreement to but  
excluding the date such commitment is terminated. The fee



shall be based upon a grid tied to the Borrower's ratio of consolidated total debt to consolidated net worth. Assuming that following the Acquisition, the Borrower's implied credit rating is at least BBB-, the initial facility fee will be in the range of 20-25 basis points.

Collateral  
Security  
- -----

Pledge of the shares of Acquisition Corp.

Documentation  
- -----

The Senior Facilities will be subject to the negotiation, execution and delivery of a definitive credit agreement (including schedules, exhibits and ancillary documentation) and related security agreement, guarantee and other support documentation satisfactory to the Lenders. Such credit agreement will contain representations and warranties, funding and yield protection provisions (including, without limitation, a requirement for compensation for the cost of compliance by the Lenders with capital adequacy and similar requirements), conditions precedent, covenants and events of default reasonably consistent with those contained in the Credit

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Agreement (the "Existing Credit Agreement") dated as of  
-----

January 7, 1994 between the Borrower, Bank of America National Trust and Savings Association, Chemical Bank, Morgan Guaranty Trust Company of New York, as Co-Agents and The Chase Manhattan Bank (National Association), as Agent, and other provisions determined by the Lenders to be appropriate for transactions of this type, including (without limitation) the following:

A. Conditions  
Precedent  
-----

Conditions precedent to the initial extension of credit under the Senior Facilities will include (without limitation):

1. Terms and conditions of the tender offer shall be in form and substance satisfactory to the Lenders; the principal conditions to the consummation of the tender offer (i.e., those set forth on the cover page thereof) shall have been satisfied and shall not have been waived (for which purpose conditions that must be fulfilled to the satisfaction of the Acquisition Corp. must also be fulfilled to the satisfaction of the Lenders); and the tendered shares shall have been accepted for payment pursuant to the tender offer in accordance with the terms of the tender offer.
2. Termination of the commitments under the Existing Credit Agreement.
3. The Lenders' satisfaction that all necessary licenses, permits and governmental and third-party filings, consents and approvals have been obtained and remain in full force and effect.

4. The tender offer and the financing thereof shall be in compliance with all laws and regulations (including, without limitation, the margin regulations).

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Conditions precedent to each extension of credit under the Senior Facilities will be customary for a transaction of this type and others determined by the Lenders to be appropriate, including, without limitation, (a) the absence of any continuing default or event of default, (b) the continuing truth of representations and warranties and (c) no material adverse change.

B. Covenants

-----

Will include (without limitation):

1. Financial and other information.
2. Corporate existence, compliance with laws (including ERISA and environmental laws), payment of taxes, maintenance of properties, maintenance of books and records and inspection.
3. Maintenance of insurance.
4. Limitation on mergers, acquisitions and asset acquisitions (other than the Acquisition).
5. Limitation on dividends and the redemption and retirement of the stock of the Borrower.
6. Limitation on dispositions of assets.
7. Limitation on contingent liabilities.
8. Limitation on liens (negative pledge).
9. Limitation on loans and investments.
10. A maximum ratio of total debt to total capitalization.
11. A minimum fixed charge coverage ratio.
12. A minimum net worth test.

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13. Limitation on creation of subordinated debt.
14. Use of Proceeds.
15. Other deal specific covenants.

C. Events of

Default

-----

Will include (without limitation):

1. Failure to pay any principal when due; or failure to pay any interest or fees payable under the Credit Agreement within two business days of when due.
2. Failure to meet covenants (with grace periods, where appropriate).
3. Representations or warranties false in any material respect when made.

4. Cross default to other material debt of the Borrower and its subsidiaries in an aggregate amount of \$50 million (other than debt of the Target which comes due solely as a result of the Borrower's purchase of the common stock of the Target, the subsequent merger involving the Target or credit downgrades following the purchase of the common stock of the Target pursuant to terms of existing debt of the Target, which debt is not expected to exceed approximately \$250,000,000) which is triggered by an event which permits the holder to accelerate its debt.
5. Change of ownership or control.
6. Other usual defaults with respect to the Borrower and Subsidiaries, including but not limited to, insolvency, bankruptcy, ERISA and judgment defaults.

Assignments and Participations

- -----

Each Lender may assign all or a portion of its loans and commitments under the Senior Facilities, or sell participations therein, to another person or persons only with the

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prior consent of the Company and the administrative agent (which consent shall not be unreasonably withheld or delayed); provided that (a) each such partial assignment shall be in a minimum amount equal to \$25,000,000 and (b) no purchaser of a participation shall have the right to exercise or to cause the selling Lender to exercise voting rights in respect of the Senior Facilities (except as to certain basic issues). In addition, any Lender shall have the right to pledge obligations owed to such Lender to any Federal Reserve Bank.

Expenses and Indemnification

- -----

As specified in the Commitment Letter (with appropriate additions and other modifications for inclusion in the definitive financing agreements).

Majority Lenders

- -----

More than 50%.

Governing Law

- -----

The law of the State of New York

Submission to Jurisdiction, Etc.

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All persons and entities obligated to the Lenders in respect of the Senior Facilities will submit to the non-exclusive jurisdiction of New York courts. All of the parties to the definitive financing documentation will, to the fullest extent permitted by applicable law, waive any right to a trial by jury.

Special New York Counsel to the Co-Agents

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Milbank, Tweed, Hadley & McCloy

[LOGO OF NORTHROP]

Corporate Vice President  
Advanced Development  
and Planning

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Northrop Corporation  
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1840 Century Park East  
Los Angeles, California 90067-2199  
Telephone (310) 553-6262

January 21, 1992

CONFIDENTIALITY AGREEMENT

Grumman Corporation  
1111 Stewart Avenue  
Bethpage, New York 11714-3580

Dear Sirs,

This letter agreement will confirm our possible interest in preliminary discussions ("Discussions") which might lead to some form of negotiated transaction between the parties (the "Transaction"). During such Discussions, we, which term shall include Northrop Corporation, its directors, officers, employees and affiliates and you, which term shall include Grumman Corporation, its directors, officers, employees and affiliates, may determine that it is necessary and appropriate to exchange certain information relating to Northrop or Grumman respectively. Any such information (whether written or oral) furnished to either party to this letter agreement (whether before or after the date hereof) by the other party or its respective financial advisors, attorneys, accountants or agents (collectively, "Representatives") and all analyses, compilations, forecasts, studies or other documents prepared by either party or its Representatives in connection with such party's or its Representatives' review of, or interest in, the Discussions or the Transaction which contain or reflect any such information is hereinafter referred to as the "Information". The term Information will not include information which (i) is or becomes publicly available other than as a result of a disclosure by the receiving party or its Representatives or (ii) is or becomes available to the receiving party on a nonconfidential basis from a source (other than that party or its Representatives) which, to the best of the receiving party's knowledge is not prohibited from disclosing such information to it by a legal, contractual or fiduciary obligation, or (iii) is independently developed by the receiving party without reference to the Information.

Accordingly we and you hereby agree that:

1. Each of the parties and its Representatives (i) will keep the Information confidential and will not (except as required by applicable law, regulation or legal process, and

Grumman Corporation  
January 21, 1992  
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only after compliance with paragraph 3 below), without the prior written consent of the party which furnished the Information, disclose the Information in any manner whatsoever, and (ii) will not use the Information other than in connection with the Transaction; provided, however, that each

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of the parties may reveal the Information to its respective Representatives (a) who need to know the Information for the purpose of evaluating the Transaction, (b) who are informed of the confidential nature of the Information and (c) who agree to act in accordance with the terms of this letter agreement.

2. Each of the parties and its Representatives will not (except as required by applicable law, regulation or legal process, and only after compliance with paragraph 3 below), without the other party's prior written consent, disclose to any person the fact that the Information exists or has been made available, that either party is considering the Transaction, or that discussions or negotiations are taking or have taken place concerning the Transaction or any term, condition or other fact relating to any such Transaction or such discussions or negotiations, including, without limitation, the status thereof.
3. In the event that we or any of our Representatives are requested pursuant to, or required by, applicable law, regulation or legal process to disclose any of the Information, we will notify you promptly so that you may seek a protective order or other appropriate remedy or, in your sole discretion, waive compliance with the terms of this letter agreement. Similarly, in the event that you or any of your Representatives are requested pursuant to, or required by, applicable law, regulation or legal process to disclose any of the Information provided by us, you will notify us promptly so that we may seek a protective order or other appropriate remedy or in our sole discretion, waive compliance with the terms of this letter agreement. In the event that no such protective order or other remedy is obtained, that we or you waive compliance with the terms of this letter agreement, or that disclosure is legally required, the disclosing party will furnish only that portion of the Information which it is advised by counsel is legally required and will exercise reasonable efforts to obtain reliable assurance that confidential treatment will be accorded the Information.
4. If either party determines to cease discussions and/or not to proceed with a Transaction, it will promptly inform the other party of that decision. In that case, both parties at their sole election will either (i) promptly destroy all

Grumman Corporation

January 21, 1992

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copies of the written Information in its or its Representatives' possession and confirm such destruction to the other party in writing, or (ii) promptly deliver to the other party at the returning party's expense all copies of the written Information in its or its Representatives' possession.

5. The parties acknowledge that neither party, its affiliates, or Representatives, nor any of its or their respective officers, directors, employees, agents or controlling persons within the meaning of Section 20 of the Securities Exchange Act of 1934, as amended, makes any express or implied representation or warranty as to the accuracy or completeness of the Information furnished to the other party, and the parties agree that no such person will have any liability relating to the Information or for any errors therein or omissions therefrom. The parties further agree that they are not entitled to rely on the accuracy or completeness of the Information and that they will be entitled to rely solely on such representations and warranties as may be included in any definitive agreement with respect to a Transaction, subject to such limitations and restrictions as may be contained therein.
6. The parties acknowledge that they are aware and will advise their Representatives who are informed of the matters that are the subject of this letter agreement, of the restrictions imposed by the United States securities laws on the purchase or sale of securities by any person who has received material, non-public information from the issuer of such securities and on the communication of such information to any other person when it is

reasonably foreseeable that such other person is likely to purchase or sell such securities in reliance upon such information.

7. For a period of three years from the date of this letter agreement, neither party nor any of its controlled subsidiaries will, unless specifically invited by the other party or its Board of Directors: (i) acquire, offer to acquire, or agree to acquire, directly or indirectly, by purchase or otherwise, any voting securities or direct or indirect rights to acquire any voting securities of the other party, or any assets of the other party or any subsidiary or division thereof or of any such successor or controlling person; (ii) make, or in any way participate in, directly or indirectly, any "solicitation" of "proxies" (as such terms are used in the rules of the Securities Exchange Commission) to vote, or seek to advise or influence any person or entity with respect to the voting of, any voting securities of the other party; (iii) make any public

Grumman Corporation

January 21, 1992

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announcement with respect to, or submit a proposal for, or offer of (with or without conditions) any extraordinary transaction involving the other party or its securities or assets; (iv) form, join or in any way participate in a "group" (as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended) in connection with any of the foregoing. The parties agree that for the period specified above, neither will request the other (its officers, directors, employees and agents), directly or indirectly, to waive any provision of this paragraph.

8. Each of the parties agrees that, for a period of two years from the date of this letter agreement, it will not, directly or indirectly, solicit for employment any employee of the other party or any of its subsidiaries who became known to it as a result of the Discussions or its consideration of a Transaction provided, however, that any such solicitation shall not be deemed a breach of this agreement if (i) the personnel who perform such solicitation have no access to or knowledge of any Information or this agreement and (ii) none of the soliciting party's personnel who have access to the Information have actual advance knowledge of such solicitation. The term "solicit for employment" shall not be deemed to include general solicitations of employment not specifically directed toward employees of Northrop or Grumman.
9. The parties agree that all (i) communications regarding the Discussions or a Transaction, (ii) requests for additional Information, facility tours or management meetings, and (iii) discussions or questions regarding procedures with respect to the Discussions or a Transaction, will be submitted or directed to Dr. James G. Roche, Corporate Vice President-Advanced Development and Planning, if to Northrop Corporation and to Jacob Busolina if to Grumman Corporation.
10. Each of the parties acknowledges that remedies at law may be inadequate to protect it against any actual or threatened breach of this letter agreement and, without prejudice to any other rights and remedies otherwise available to them, the parties agree that each of them shall be entitled to equitable relief, including injunctions. In the event of litigation relating to this letter agreement, if a court of competent jurisdiction determines in a final, nonappealable order that this letter agreement has been breached then the breaching party shall reimburse the nonbreaching party for costs and expenses (including, without limitation, legal fees and expenses) incurred in connection with all such litigation.

Grumman Corporation

January 21, 1992

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11. No failure or delay by either party in exercising any right, power or privilege hereunder will operate as a waiver thereof, nor will any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any rights, power or privilege hereunder.
12. This letter agreement will be governed by and construed in accordance with the laws of the State of California.
13. This letter agreement contains the entire agreement between the parties concerning the confidentiality of the Information, and no modifications of this letter agreement or waiver of the terms and conditions hereof will be binding, unless approved in writing by each of the Parties.
14. Any notice or communication hereunder shall be in writing and shall be delivered personally, telegraphed, telexed or sent by certified, registered or express mail, postage prepaid. Any such notice shall be deemed given when so delivered personally, telegraphed, telexed or sent by facsimile transmission or, if mailed, three (3) business days after the date of deposit in the United States mail, by certified mail return receipt requested as follows:

(i) If to Northrop to:

Northrop Corporation  
1840 Century Park East  
Los Angeles, CA 90067  
Attention: R. R. Molleur, Esq.  
Telecopier: (310) 210-3378

(ii) If to Grumman Corporation to:

Grumman Corporation  
1111 Stewart Avenue  
Bethpage, New York 11714-3580  
Attention: John Mullan, Esq.  
Telecopier: (516) 575-2179

Grumman Corporation  
January 21, 1992  
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Please confirm your agreement with the foregoing by signing and returning the duplicate copy of this letter enclosed herewith.

Very truly yours,

NORTHROP CORPORATION

/s/ James G. Roche

By: \_\_\_\_\_

Name: James G. Roche

\_\_\_\_\_  
Corporate Vice President -  
Advanced Development and  
Title: Planning  
\_\_\_\_\_

Accepted and Agreed as of the date  
first written above:

By: \_\_\_\_\_

EXHIBIT (C) (2)

Corporate Vice President and  
General Counsel

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Northrop Corporation  
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1840 Century Park East  
Los Angeles, CA 90067-2199  
Telephone (310) 553-6262

January 10, 1994

[LOGO OF NORTHROP]

Grumman Corporation  
1111 Stewart Avenue  
Bethpage, New York 11714-3580

Re: Amendment of Confidentiality Agreement

Dear Sirs:

This will confirm that the Confidentiality Agreement, dated January 22, 1992, between you and us shall be amended solely for the purpose of correcting the date of the Agreement, which is hereby amended to "January 21, 1993." All other terms and conditions of said Confidentiality Agreement are unchanged and remain in full force and effect.

Please confirm your agreement with the foregoing by signing and returning the duplicate copy of this letter enclosed herewith.

Sincerely,

By: /s/ Richard R. Molleur

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Richard R. Molleur

Accepted and agreed to  
as of the date first  
written above:

By: /s/ T.L. Genovese

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T.L. Genovese  
Vice President & General Counsel