



Northrop Grumman and SAIC to Restructure Ownership of AMSEC LLC

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NEWPORT NEWS, Va., June 12, 2007 /PRNewswire-FirstCall via COMTEX News Network/ -- Northrop Grumman Corporation [NYSE: NOC] and Science Applications International Corporation [NYSE: SAI] announced a plan to restructure their joint venture, AMSEC LLC (AMSEC), by dividing the company along customer and product lines. AMSEC is a full-service supplier that provides engineering, logistics and technical support services primarily to Navy ship and aviation programs.

Under this restructuring, Northrop Grumman's Newport News sector will retain the ship engineering, logistics and technical services businesses under the AMSEC name. SAIC will receive the aviation, combat systems and strike force integration services businesses from AMSEC. These businesses include AMSEC's subsidiary Eagan, McAllister Associates, Inc. (EMA), a command, control, communications, computers, intelligence, surveillance and reconnaissance, information technology and naval aviation support services firm, which will become a wholly owned subsidiary of SAIC and part of SAIC's Defense Solutions Group. In addition, SAIC will receive AMSEC's Strike Force Systems and Integration Division (SSI), which provides combat systems (including Aegis), integration, training, and engineering support to a number of major Navy customers and which will also be integrated into SAIC's Defense Solutions Group following completion of the restructuring.

The restructuring is not expected to be material to Northrop Grumman's financial results. Since AMSEC currently is a majority owned subsidiary of SAIC and its results are included in SAIC's financial results, following completion of the transaction, the restructuring will be accounted for in SAIC's financial statements as discontinued operations. The revenue associated with the portion of the business remaining at AMSEC that will be removed from SAIC's financial results following completion of the restructuring is estimated to be approximately \$200 million on an annual basis for SAIC's 2008 fiscal year and is expected to have a negligible impact on SAIC's earnings per share from continuing operations and cash flow from continuing operations for SAIC's fiscal 2008.

Completion of the restructuring is subject to customary conditions, including termination or expiration of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. The restructuring is expected to be completed in mid-July 2007.

Following completion of the restructuring, AMSEC LLC will operate as a separate business unit of Northrop Grumman's Newport News sector and will report to Irwin F. Edenzon, vice president of technology development and fleet support "We are enthusiastic about the future of AMSEC. The joint venture with SAIC has been very successful and the proposed restructuring will allow us to focus on supporting Navy ships throughout their service life," Edenzon said.

"Throughout the joint ownership of AMSEC LLC, we have enjoyed a successful relationship with Northrop Grumman's Newport News sector," said Deborah Alderson, president of SAIC's Defense Solutions Group. "The professional services afforded by AMSEC's employees serving our customers have been invaluable. We now look forward to the increased ability to focus on our core business areas of command, control and communications and enterprise solutions

and providing more depth in our solution offerings to our customers through the realignment of EMA and SSI into SAIC."

AMSEC LLC was formed in 1999 as a joint venture between Northrop Grumman Newport News sector and SAIC and has since grown from \$100 million in revenue in 2000 to approximately \$500 million in fiscal year 2007, which ended in January 2007.

SAIC is a leading provider of scientific, engineering, systems integration and technical services and solutions to all branches of the U.S. military, agencies of the Department of Defense, the intelligence community, the U.S. Department of Homeland Security and other U.S. Government civil agencies, as well as to customers in selected commercial markets. With more than 44,000 employees in over 150 cities worldwide, SAIC engineers and scientists solve complex technical challenges requiring innovative solutions for customers' mission-critical functions. SAIC had annual revenues of \$8.3 billion for its fiscal year ended January 31, 2007.

Northrop Grumman Corporation is a \$30 billion global defense and technology company whose 122,000 employees provide innovative systems, products, and solutions in information and services, electronics, aerospace and shipbuilding to government and commercial customers worldwide.

Northrop Grumman disclosure statement:

Note: Certain statements and assumptions in this release contain or are based on "forward-looking" information that Northrop Grumman Corporation (the "Company") believes to be within the definition in the Private Securities Litigation Reform Act of 1995 and involve risks and uncertainties, and include, among others, statements in the future tense, and all statements accompanied by terms such as "expect" and "will" or variations thereof. This information reflects the Company's best estimates when made, but the Company expressly disclaims any duty to update this information if new data become available or estimates change after the date of this release. For a statement of the risk factors and uncertainties that may affect future performance, please refer to the Company's filings with the Securities and Exchange Commission, including, without limitation, Forms 10-K and 10-Q.

SAIC disclosure statement:

Statements in this announcement other than historical data and information constitute forward-looking statements that involve risks and uncertainties. A number of factors could cause our actual results, performance, achievements or industry results to be very different from the results, performance or achievements expressed or implied by such forward-looking statements. Some of these factors include, but are not limited to, the risk factors set forth in SAIC's Annual Report on Form 10-K for the period ended January 31, 2007, and such other filings that SAIC makes with the SEC from time to time. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof.

SOURCE Northrop Grumman Corporation; Science Applications International Corporation

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