



Northrop Grumman's Integrated Systems Sector Receives Approval of Shared Services Procurement System

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DALLAS, May 8, 2001 -- Northrop Grumman Corporation's (NYSE:NOC) Integrated Systems Sector (ISS) recently received approval from the Defense Contract Management Agency (DCMA) for its shared services purchasing system.

This approval marks the first time that ISS has received approval as a sector-wide Materiel organization. Through an audit called the Contractor Purchasing System Review (CPSR), the DCMA's CPSR offices and the Defense Contract Audit Agency conducted a thorough review of the sector's purchasing processes, policies, procedures and systems. Prior to this review, each individual business area within ISS was audited separately.

When ISS was formed as a sector in 1999, the Materiel organization became a shared services function with the goal of integrating all of the purchasing processes from business areas that were formerly stand-alone divisions of Northrop Grumman. "The successful completion of this audit and the approval of our procurement system is a validation that our concept of a shared services Materiel organization works," said Tom Vice, sector vice president-Materiel.

"At the beginning of this review, we established an organized process to provide the necessary information that supported what we already knew, that ISS has a solid system in place that comprises common practices, policies and procedures across Materiel Shared Services."

According to Mr. Vice, this milestone can be attributed to open communication with the two auditing agencies, having an efficient and accurate purchasing system in place, and the hard work and dedication of Materiel team members to ensure a positive outcome.

Northrop Grumman ISS, headquartered in Dallas, Tex., is a premier aerospace systems integration enterprise. ISS has the capabilities to design, develop, integrate, produce and support complete systems, as well as airframe subsystems, for airborne surveillance and battle management aircraft, early warning aircraft, airborne electronic warfare aircraft and air combat aircraft.

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CONTACT: Northrop Grumman Corporation
Georgia Calaway
(469) 420-8055