



DARPA Awards AeroVironment Phase II Contract for Nano Air Vehicle Development

MONROVIA, Calif.--(BUSINESS WIRE)--May 27, 2008--AeroVironment, Inc. (AV) (NASDAQ: AVAV) today announced it has been awarded a Phase II contract by the Defense Advanced Research Projects Agency (DARPA) to design and build a flying prototype for the Nano Air Vehicle (NAV) program.

AV completed a preliminary design review at the end of its Phase I, \$1.7 million program. Phase II, which was initiated in March, is a new six-month, \$636,000 development program that will culminate with the demonstration of a rudimentary, three-inch flapping-wing air vehicle system. Following a successful demonstration, DARPA has the option to extend the program for an additional 18 months which could increase the Phase II contract value.

The NAV program was initiated by DARPA to develop a new class of air vehicles capable of indoor and outdoor operations. Employing biological mimicry at an extremely small scale this unconventional aircraft is designed to provide new military reconnaissance capabilities in urban environments. AV's NAV is designed to weigh no more than 10 grams and have the ability to carry a payload of up to 2 grams. AV's NAV team also developed the Black Widow and Wasp MAVs for DARPA.

"Our Raven and Wasp III UAS began as early development programs similar to the NAV program, and now help protect the lives and enhance the operational effectiveness of warfighters and first responders," said John Grabowsky, AV executive vice president and general manager of unmanned aircraft systems. "The NAV program represents the early development of a revolutionary new class of UAS that could eventually provide valuable new capabilities to our customers," Grabowsky added.

U.S. armed forces use AV's hand-launched UAS extensively for missions such as base security, route reconnaissance, mission planning, battle damage assessment and force protection. The United States Army reported that its Ravens were flown for approximately 150,000 combat hours in 2007. AV has delivered over 9,000 small unmanned aircraft to date, including Raven, Wasp and Puma.

About AeroVironment, Inc. (AV)

Building on a history of technological innovation, AV designs, develops, produces, and supports an advanced portfolio of Unmanned Aircraft Systems (UAS) and efficient electric energy systems. The company's small UAS are used extensively by agencies of the U.S. Department of Defense and increasingly by allied military services to provide situational awareness to tactical operating units through real-time, airborne reconnaissance, surveillance, and target acquisition. AV's PosiCharge® fast charge systems eliminate battery changing for electric industrial vehicles in factories, airports, and distribution centers. More information about AV is available at www.avinc.com.

Safe Harbor Statement

Certain statements in this press release may constitute "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995. These statements are made on the basis of current expectations, forecasts and assumptions that involve risks and uncertainties, including, but not limited to, economic, competitive, governmental and technological factors outside of our control, that may cause our business, strategy or actual results to differ materially from those expressed or implied. Factors that could cause actual results to differ materially from the forward-looking statements include, but are not limited to, our ability to perform under existing contracts and obtain additional contracts; changes in the regulatory environment; the activities of competitors; failure of the markets in which we operate to grow; failure to expand into new markets; failure to develop new products or integrate new technology with current products; and general economic and business conditions in the United States and elsewhere in the world. For a further list and description of such risks and uncertainties, see the reports we file with the Securities and Exchange Commission. We do not intend, and undertake no obligation, to update any forward-looking statements, whether as a result of new information, future events or otherwise.

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