



AeroVironment, Inc. Statement on Department of Justice Civil Investigation

MONROVIA, Calif., Jun 25, 2010 (BUSINESS WIRE) -- AeroVironment, Inc. (AV) (NASDAQ: AVAV) noted in its Annual Report on Form 10-K filed on June 25, 2010 that it is currently cooperating with an investigation by the Civil Fraud Section of the United States Department of Justice with respect to certain of its billing practices.

The investigation is focused on three matters:

- the appropriateness of certain expenses included in AV's fiscal year 2006 Incurred Indirect Cost Claim (reconciliation of projected rates to actual rates);
- billing labor rates associated with time and materials government contracts; and
- billing rates for Small Unmanned Aircraft Systems maintenance and repair contracts

Based on AV's current understanding of the matters identified, the company believes that the outcome of the investigation will not have a material impact on its business. In addition, the commencement of this investigation has had no apparent impact on the company's ability to receive government contracts. In fact, AV has received orders from the government in excess of \$50 million since February 2010.

AV notes that it believes the majority of the issues identified in the notice have been previously addressed during Defense Contract Audit Agency (DCAA) audit processes, and that AeroVironment was notified by the DCAA in February 2010 that the DCAA deemed its accounting system to be adequate for accumulating and billing costs under government contracts. In addition, time and materials government contracts have accounted for less than 1% of the company's revenue over the last 6 years.

AeroVironment is voluntarily cooperating with a request for information received in connection with this investigation. No claim has been filed against AeroVironment to date.

As previously disclosed, the resignation of Mr. Stephen Wright as Chief Financial Officer of AeroVironment, Inc. in March 2010 was motivated by personal reasons and was unrelated to the commencement of the investigation by the Department of Justice or any other AeroVironment operational matters.

About AeroVironment, Inc. (AV)

AV is a technology company that designs, develops, produces and supports an advanced portfolio of Unmanned Aircraft Systems (UAS) and efficient electric energy systems. Agencies of the U.S. Department of Defense and allied military services use the company's battery-powered, [hand-launched UAS](#) to provide situational awareness to tactical operating units through real-time, airborne reconnaissance, surveillance and target acquisition. AV's clean transportation solutions include [electric vehicle \(EV\) home charging, public charging and fast charging systems](#) for consumers, automakers, utilities and government agencies, [power cycling and test systems](#) for EV developers and [industrial electric vehicle charging systems](#) for commercial fleets. 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; the results of the pending government investigation of our billing practices; 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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