

NORTHROP GRUMMAN CORP /DE/  
Form S-4/A  
September 13, 2002

As filed with the Securities and Exchange Commission on September 13, 2002

Registration No. 333-83672

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**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**AMENDMENT NO. 6 TO  
FORM S-4  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933**

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**Northrop Grumman Corporation**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**3812**  
(Primary Standard Industrial  
Classification Code Number)

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**95-4840775**  
(I.R.S. Employee  
Identification Number)

**1840 Century Park East  
Los Angeles, California 90067  
(310) 553-6262**  
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**John H. Mullan**  
Corporate Vice President and Secretary  
**1840 Century Park East  
Los Angeles, California 90067  
(310) 553-6262**  
(Name, address, including zip code, and telephone number, including area code, of agent for service)

---

*Copies To:*

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**Approximate date of commencement of proposed sale of the securities to the public:** As soon as practicable after this registration statement becomes effective and upon completion of the transactions described in the enclosed prospectus.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

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If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

**The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

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[ ], 2002

To Northrop Grumman Corporation's stockholders:

Accompanying this letter are proxy materials concerning Northrop Grumman's proposed acquisition of TRW Inc. In order to complete this transaction, Northrop Grumman stockholders must approve the issuance of the shares of Northrop Grumman common stock pursuant to the merger. A special meeting of Northrop Grumman stockholders will be held on [ ], 2002 at [ ] a.m. Los Angeles time at the Fairmont Miramar Hotel, 101 Wilshire Boulevard, Santa Monica, California, to vote on the issuance of Northrop Grumman common stock pursuant to the merger.

**Northrop Grumman's board of directors (with one director absent) has unanimously approved the proposed merger and recommends that Northrop Grumman stockholders vote FOR the issuance of the shares of Northrop Grumman common stock pursuant to the merger, as described in the accompanying proxy materials.**

This proposal, as well as information regarding the merger and the Northrop Grumman special meeting, is described in greater detail in the materials accompanying this letter. Your vote is important. Please review the enclosed materials and be sure to vote at Northrop Grumman's special meeting by completing and returning the enclosed BLUE proxy card today or by voting by telephone or over the internet as described on the BLUE proxy card.

Sincerely yours,

Kent Kresa  
Chairman and Chief Executive Officer

[ ], 2002

Dear TRW Shareholder:

The board of directors of TRW Inc. (with one director absent) has unanimously agreed to merge with Northrop Grumman Corporation. After undertaking a comprehensive strategic review with the objective of enhancing shareholder value, the board has determined that the merger is in the best interests of TRW shareholders. The merger of these two strong companies will create the second largest defense company in the world with expanded opportunities to serve customers.

The merger cannot be completed unless TRW shareholders holding two-thirds of the outstanding shares of TRW common stock vote to adopt the merger agreement. A special meeting of shareholders has been scheduled for [ ], 2002 at 8:30 a.m., Cleveland time, to be held at TRW's corporate headquarters located at 1900 Richmond Road, Cleveland, Ohio.

The accompanying notice of meeting and joint proxy statement/prospectus explain the merger and provide specific information concerning the special meeting. Please read these materials carefully.

Your vote is very important, regardless of the number of shares you own. To be certain that your shares are voted at the special meeting, please mark, sign, date and return promptly the enclosed proxy card or vote by telephone or over the internet, whether or not you plan to attend the special meeting in person. If you do not vote, it will have the same effect as voting against the merger.

TRW's board strongly supports the merger and is enthusiastic in recommending that you vote in favor of the adoption of the merger agreement.

On behalf of your Board of Directors,

Philip A. Odeen  
Chairman

Kenneth W. Freeman  
Lead Director

**The information in this joint proxy statement/prospectus is not complete and may be changed. Northrop Grumman may not distribute and issue the shares of Northrop Grumman common stock being registered pursuant to this registration statement until the registration statement filed with the Securities and Exchange Commission is effective. This joint proxy statement/prospectus is not an offer to distribute these securities and Northrop Grumman is not soliciting offers to receive these securities in any state where such offer or distribution is not permitted.**

**1840 Century Park East  
Los Angeles, California 90067  
(310) 553-6262**

**1900 Richmond Road  
Cleveland, Ohio 44124  
(216) 291-7000**

### **JOINT PROXY STATEMENT/PROSPECTUS**

Northrop Grumman Corporation, TRW Inc. and Richmond Acquisition Corp. have entered into an agreement and plan of merger (referred to in this joint proxy statement/prospectus as the merger agreement ) providing for Northrop Grumman's acquisition of TRW through a merger of Richmond Acquisition Corp., a wholly-owned subsidiary of Northrop Grumman, with and into TRW. In the merger, each share of common stock of TRW will be converted into the right to receive a number of shares of Northrop Grumman common stock equal to the exchange ratio.

The exchange ratio will be determined by dividing \$60.00 by the average of the closing sale prices for a share of Northrop Grumman common stock on the New York Stock Exchange (trading symbol: NOC) for the five consecutive trading days ending on (and including) the second trading day before the closing date of the merger. However, in no event will the exchange ratio be greater than 0.5357 (\$60.00/\$112.00) or less than 0.4348 (\$60.00/\$138.00).

The merger requires the approval by Northrop Grumman stockholders of the issuance of the shares of Northrop Grumman common stock pursuant to the merger and the adoption of the merger agreement by TRW shareholders.

**The board of directors of Northrop Grumman and the board of directors of TRW (each with one director absent) have unanimously approved the merger agreement.**

**The board of directors of Northrop Grumman (with one director absent) unanimously recommends that Northrop Grumman stockholders vote FOR the issuance of the shares of Northrop Grumman common stock pursuant to the merger.**

**The board of directors of TRW (with one director absent) unanimously recommends that the TRW shareholders vote FOR the adoption of the merger agreement.**

The vote of Northrop Grumman stockholders and TRW shareholders is very important. Whether or not you plan to attend a meeting, please take the time to vote by completing and mailing the enclosed proxy card or cast your vote by telephone or over the internet.

**Northrop Grumman stockholders and TRW shareholders should carefully read the section entitled RISK FACTORS beginning on page 14 for a discussion of specific risks that should be considered in determining how to vote on the matters described herein.**

This joint proxy statement/prospectus incorporates by reference important business and financial information about Northrop Grumman and TRW from documents filed with the SEC which are available without charge from the SEC's website at [www.sec.gov](http://www.sec.gov). See ADDITIONAL INFORMATION on page 125.

Northrop Grumman stockholders may request copies of these documents without charge from Northrop Grumman's information agent, D. F. King & Co., Inc., at 77 Water Street, New York, New York 10005, or by calling toll-free at (800) 549-6746. TRW shareholders may request copies of these documents without charge by writing to Financial Services, TRW Inc., 1900 Richmond Road, Cleveland, Ohio 44124-3760, or by calling the TRW Literature number at (216) 291-7755.

**Neither the Securities and Exchange Commission nor any state securities regulator has approved or disapproved the securities to be issued pursuant to the merger or determined if this joint proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.**

This joint proxy statement/prospectus is first being mailed to Northrop Grumman stockholders and TRW shareholders on or about 2002.

**NOTICE OF SPECIAL MEETING  
OF  
NORTHROP GRUMMAN STOCKHOLDERS  
AND  
PROXY STATEMENT**

To Northrop Grumman Corporation's stockholders:

A special meeting of Northrop Grumman stockholders will be held at the Fairmont Miramar Hotel, 101 Wilshire Boulevard, Santa Monica, California 90401 at [ ] a.m. Los Angeles time on [ ], 2002.

Holders of Northrop Grumman common stock at the close of business on [ ], 2002 are entitled to notice of and to attend and vote at the special meeting. The sole item on the agenda is a proposal to authorize the issuance of shares of Northrop Grumman common stock pursuant to the Agreement and Plan of Merger, dated as of June 30, 2002, by and among Northrop Grumman, TRW Inc. and Richmond Acquisition Corp., a wholly owned subsidiary of Northrop Grumman. The Northrop Grumman stock would be issued in connection with the merger of Richmond Acquisition Corp., with and into TRW Inc., as described in greater detail in the accompanying materials.

By order of the Board of Directors,

John H. Mullan  
*Corporate Vice President and Secretary*

1840 Century Park East  
Los Angeles, California 90067

[ ], 2002

**IMPORTANT**

**Your vote is important. To assure your votes are counted at the Northrop Grumman special meeting, please mark, sign, date and return the enclosed BLUE proxy card in the enclosed return envelope today. No postage is required if mailed in the United States.**

**You may also vote by telephone or over the internet. For instructions on telephone or internet voting please see the instructions on the enclosed BLUE proxy card or the voting instruction form received from any broker, trustee, bank or other nominee who may hold your Northrop Grumman shares on your behalf.**

**If your Northrop Grumman shares are not registered in your own name and you would like to attend the meeting, please bring evidence of your Northrop Grumman share ownership with you to the meeting. You should be able to obtain evidence of your Northrop Grumman share ownership from the broker, trustee, bank or other nominee who holds your Northrop Grumman shares on your behalf.**

**NOTICE OF SPECIAL MEETING OF TRW INC. SHAREHOLDERS AND PROXY STATEMENT**

To TRW Inc. s shareholders:

A special meeting of TRW shareholders will be held at TRW s executive offices located at 1900 Richmond Road, Cleveland, Ohio, at 8:30 a.m. Cleveland time on [ ], 2002.

TRW shareholders of record at the close of business on [ ], 2002 will be entitled to attend and vote at the special meeting. At the special meeting, shareholders will vote on a proposal to adopt the Agreement and Plan of Merger, dated as of June 30, 2002, by and among Northrop Grumman, TRW and Richmond Acquisition Corp., a wholly-owned subsidiary of Northrop Grumman.

Sincerely,  
William B. Lawrence  
*Secretary*

1900 Richmond Road  
Cleveland, Ohio 44124

[ ], 2002

**IMPORTANT**

**Your vote is important. To assure your votes are counted at the TRW special meeting, please mark, sign, date and return the enclosed YELLOW proxy card in the enclosed return envelope today. No postage is required if mailed in the United States.**

**You may also vote by telephone or over the internet. For instructions on telephone or internet voting please see the instructions on the enclosed YELLOW proxy card or the voting instruction form received from any broker, trustee, bank or other nominee who may hold your TRW shares on your behalf.**

**If your TRW shares are not registered in your own name and you would like to attend the meeting, please bring evidence of your TRW share ownership with you to the meeting. You should be able to obtain evidence of your TRW share ownership from the broker, trustee, bank or other nominee who holds your TRW shares on your behalf.**

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**QUESTIONS AND ANSWERS ABOUT THE MERGER**

**Q: What will happen if the merger is completed?**

A: TRW will be acquired by Northrop Grumman through the merger of a wholly-owned subsidiary of Northrop Grumman with and into TRW. After the merger, TRW will continue as a wholly-owned subsidiary of Northrop Grumman.

**Q: What will TRW shareholders receive in the merger?**

A: In the merger, each share of common stock of TRW will be converted into the right to receive a number of shares of Northrop Grumman common stock equal to the exchange ratio described below.

**Q: How is the exchange ratio calculated?**

A: The exchange ratio is calculated by dividing \$60.00 by the average closing sales prices for a share of Northrop Grumman common stock on the New York Stock Exchange during the five consecutive trading days ending on (and including) the second trading day before the closing date of the merger. However, the five-day average closing sale price used in calculating the exchange ratio will not be less than \$112.00 or greater than \$138.00, even if the actual average sale price is lower than \$112.00 or higher than \$138.00. Therefore, the exchange ratio will not be greater than 0.5357 (\$60.00/\$112.00) or less than 0.4348 (\$60.00/\$138.00), even if the actual average sale price per share of Northrop Grumman common stock used to calculate the exchange ratio is less than \$112.00 or greater than \$138.00.

**Q: When will the merger be completed?**

A: The companies believe that the merger can be completed in the fourth quarter of 2002. However, the merger cannot be completed without first receiving the approvals of the Northrop Grumman stockholders and the TRW shareholders described in this joint proxy statement/prospectus, and the merger also must be approved by United States and European antitrust regulatory authorities, among other things. As a result, the merger could be delayed for some time, and if the companies do not receive the necessary stockholder, shareholder and governmental approvals, the companies would not be able to complete the merger.

**Q: When and where are the special meetings?**

A: The Northrop Meeting will be held at the Fairmont Miramar Hotel, 101 Wilshire Boulevard, Santa Monica, California 90401 at [\_\_\_\_\_] a.m. Los Angeles time on [\_\_\_\_], 2002.

The TRW Meeting will be held at TRW's executive offices at 1900 Richmond Road, Cleveland, Ohio 44124 at 8:30 a.m. Cleveland time on [\_\_\_\_], 2002.

**Q: What stockholder approvals are required for the merger?**

A: Assuming a quorum is present at the Northrop Meeting, the holders of a majority of the votes cast at the Northrop Meeting must affirmatively vote to approve the issuance of the shares of Northrop Grumman common stock pursuant to the merger.

The holders of at least two-thirds of the outstanding shares of TRW common stock must affirmatively vote to adopt the merger agreement.

**Q: How does my board of directors recommend I vote?**

A: The board of directors of Northrop Grumman (with one director absent) unanimously recommends that Northrop Grumman stockholders vote FOR the issuance of shares of Northrop Grumman common stock pursuant to the merger.

The board of directors of TRW (with one director absent) unanimously recommends that TRW shareholders vote FOR the adoption of the merger agreement.

**Q: Whom should I contact if I have questions?**

A: Northrop Grumman stockholders should contact D.F. King & Co., Inc., Northrop Grumman's proxy solicitor and information agent for the merger, at:

D.F. King & Co., Inc.  
77 Water Street  
New York, New York 10005  
Toll-free at (800) 549-6746

TRW shareholders should contact Geogeson Shareholder Communications Inc., TRW's proxy solicitor and information agent for the merger, at:

Geogeson Shareholder Communications, Inc.  
17 State Street, 10th Floor  
New York, New York 10004  
Toll-free at (866) 649-8030

**Q: How can I get more information regarding the exchange ratio?**

A: D.F. King & Co., Inc. will provide a recorded message and live operators who will provide sample calculations of the exchange ratio from the date this joint proxy statement/prospectus is first mailed to Northrop Grumman stockholders and TRW shareholders until the final exchange ratio for the merger is determined. The sample exchange ratio calculations will be updated daily, and will be determined by dividing \$60.00 by the average closing sales prices for a share of Northrop Grumman common stock for the five consecutive trading days ending on (and including) the second trading day before the date that a Northrop Grumman stockholder or TRW shareholder calls in for the sample exchange ratio calculation. However, in no event will the sample exchange ratio be greater than 0.5357 or less than 0.4348, as described on the previous page in the question and answer section entitled "How is the exchange ratio calculated?"

It is important to note that these sample calculations will be based on closing sale prices that will vary from day-to-day, and therefore the final exchange ratio may be significantly different than the sample exchange ratio provided over the D.F. King information line for any specific day.

Northrop Grumman stockholders and TRW shareholders can access these sample exchange ratio calculations (and information regarding the final exchange ratio for the merger, once it has been determined) by calling D.F. King's 24 hour recorded message line toll-free at (800) 549-6650 or by calling D.F. King's information line toll-free at (800) 549-6746.

## SUMMARY

This summary does not contain all of the information that may be important to Northrop Grumman stockholders and TRW shareholders and is qualified in its entirety by reference to the information contained elsewhere in, or incorporated by reference into, this joint proxy statement/prospectus. Stockholders are urged to read the entire joint proxy statement/prospectus, including the information set forth in the section entitled "RISK FACTORS" beginning on page 14, and the attached exhibits and annexes. See "ADDITIONAL INFORMATION" on page 125.

### Overview of the Merger

Northrop Grumman, TRW and a wholly-owned subsidiary of Northrop Grumman known as Richmond Acquisition Corp. have entered into a merger agreement providing for Northrop Grumman's acquisition of TRW through a merger of Richmond Acquisition Corp. with and into TRW. In the merger, each share of common stock of TRW will be converted into the right to receive a number of shares of Northrop Grumman common stock equal to the exchange ratio.

The exchange ratio will be determined by dividing \$60.00 by the average of the closing sales prices for a share of Northrop Grumman common stock on the New York Stock Exchange during the five consecutive trading days ending on (and including) the second trading day before the closing date of the merger. However, in no event will the exchange ratio be greater than 0.5357 (\$60.00/\$112.00) or less than 0.4348 (\$60.00/\$138.00).

Promptly following completion of the merger, Northrop Grumman intends to divest TRW's Automotive business either by selling that business to a third party or parties or by spinning it off to Northrop Grumman's stockholders (including the former TRW shareholders who are Northrop Grumman stockholders as of the record date for the spin off), as described in greater detail in the section entitled "NORTHROP GRUMMAN AFTER THE MERGER Proposed Sale or Spin Off of TRW's Automotive Business" beginning on page 99.

### Information About the Companies

#### *Northrop Grumman (Page 26)*

Northrop Grumman provides technologically advanced, innovative products, services and solutions in defense and commercial electronics, information technology, systems integration and nuclear and non-nuclear shipbuilding and systems. Northrop Grumman's principal executive offices are located at 1840 Century Park East, Los Angeles, California 90067, and its telephone number is (310) 553-6262. As a prime contractor, principal subcontractor, partner or preferred supplier, Northrop Grumman participates in many high-priority defense and commercial technology programs in the United States and abroad. While Northrop Grumman conducts most of its business with the United States government, principally the Department of Defense, domestic and international commercial sales represent a significant portion of its business.

Based on the closing price of Northrop Grumman common stock on the New York Stock Exchange on September 6, 2002 (\$123.08) and the number of shares of Northrop Grumman common stock outstanding on that date (113,048,906), Northrop Grumman's market capitalization was approximately \$13.91 billion.

#### *TRW (Page 27)*

TRW is a United States-based international company that provides advanced technology products and services. TRW's principal executive offices are located at 1900 Richmond Road, Cleveland, Ohio 44124, and its telephone number is (216) 291-7000. The principal businesses of TRW and its subsidiaries are the design, manufacture and sale of products and the performance of systems engineering, research and technical services for

industry and the United States government in the automotive, information systems, defense and aerospace markets. TRW currently operates its business in the following operating segments:

Automotive;

Systems; and

Space & Electronics.

TRW also operates an Aeronautical Systems business. However, TRW has entered into an agreement to sell that business to Goodrich Corporation, as described in the section entitled "Sale of Aeronautical Systems Business" below, and therefore TRW will no longer operate that business upon the closing of that sale. The Aeronautical Systems business is reported as discontinued operations in TRW's financial statements.

Based on the closing price of TRW common stock on the New York Stock Exchange on September 6, 2002, (\$57.90), and the number of shares of TRW common stock outstanding on that date (128,978,288), TRW's market capitalization was approximately \$7.47 billion.

*Richmond Acquisition Corp.*

Richmond Acquisition Corp. is a newly-formed Ohio corporation that is wholly-owned by Northrop Grumman. Its principal executive offices are located at 1840 Century Park East, Los Angeles, California 90067, and its telephone number is (310) 553-6262. Richmond Acquisition Corp. was incorporated on June 27, 2002 in preparation for the merger described in this joint proxy statement/prospectus and has not conducted any business activities to date.

**The Special Meetings** (Pages 30 and 32)

*Time, Date and Place*

The special meeting of Northrop Grumman stockholders (which is referred to as the "Northrop Meeting") will be held at \_\_\_\_\_ a.m., Los Angeles time, on \_\_\_\_\_, 2002 at:

The Fairmont Miramar Hotel  
101 Wilshire Boulevard  
Santa Monica, California 90401

The special meeting of TRW shareholders (which is referred to as the "TRW Meeting") will be held at 8:30 a.m., Cleveland time, on \_\_\_\_\_, 2002 at:

TRW Inc.  
1900 Richmond Road  
Cleveland, Ohio 44124

*Matter to be Considered at the Northrop Meeting (Page 30)*

At the Northrop Meeting, Northrop Grumman stockholders will consider and vote upon a proposal to authorize the issuance of the shares of Northrop Grumman common stock pursuant to the merger (including shares to be issued upon exercise of TRW options deemed assumed by Northrop Grumman, or issued upon conversion of TRW restricted stock or restricted stock units, pursuant to the merger agreement).

*Matter to be Considered at the TRW Meeting (Page 32)*

At the TRW Meeting, TRW shareholders will consider and vote upon the adoption of the merger agreement.

*Record Dates, Shares Entitled to Vote and Votes Required*

*Northrop Grumman (Page 30 and 31)*

Northrop Grumman stockholders are entitled to cast one vote for each share of Northrop Grumman common stock held at the close of business on \_\_\_\_\_, 2002, the record date for the Northrop Meeting. On that date, \_\_\_\_\_ shares of Northrop Grumman common stock were outstanding and entitled to vote, of which a total of \_\_\_\_\_ shares were held by Northrop Grumman's directors and executive officers.

Assuming a quorum is present, the affirmative vote of a majority of the votes cast at the Northrop Meeting is required to approve the issuance of the shares of Northrop Grumman common stock pursuant to the merger.

*TRW (Page 32 and 34)*

TRW shareholders are entitled to cast one vote for each share of TRW common stock held at the close of business on \_\_\_\_\_, 2002, the record date for the TRW Meeting. On that date, \_\_\_\_\_ shares of TRW common stock were outstanding and entitled to vote, of which a total of \_\_\_\_\_ shares were held by TRW's directors and executive officers.

The holders of two-thirds of the outstanding shares of TRW common stock must affirmatively vote to adopt the merger agreement.

*Changing a Vote After a Proxy Card Has Been Sent*

*Northrop Grumman Stockholders (Page 30)*

Northrop Grumman stockholders may revoke their proxies at any time before they are voted by delivering a written notice of revocation to Northrop Grumman's Corporate Secretary, by signing and delivering another BLUE proxy card with a later date or by submitting a telephone or internet proxy at a date after the date of the previously submitted proxy and before the vote at the meeting. A Northrop Grumman stockholder attending the Northrop Meeting in person may revoke any previously submitted proxy card by giving notice of revocation to an inspector of election at the meeting or by voting at the Northrop Meeting. If any other matters are properly brought before the Northrop Meeting, the enclosed BLUE proxy card gives discretionary authority to the persons named on the card to vote the shares of Northrop Grumman common stock represented by the card in their discretion. Each Northrop Grumman stockholder whose shares are held in the name of a bank, broker or other nominee holder must follow the directions received from his or her bank, broker or other nominee holder in order to direct the vote of his or her Northrop Grumman shares.

*TRW Shareholders (Page 32)*

TRW shareholders may revoke their proxies at any time before they are voted by delivering a written notice of revocation to TRW's Corporate Secretary, by signing and delivering another YELLOW proxy card with a later date or by submitting a telephone or internet proxy at a date after the date of the previously submitted proxy and before the vote at the meeting. A TRW shareholder attending the TRW Meeting in person may revoke any previously submitted proxy by giving notice of revocation to an inspector of election at the meeting or by voting at the TRW Meeting. If any other matters are properly brought before the TRW Meeting, the enclosed YELLOW proxy card gives discretionary authority to the persons named on the card to vote the shares of TRW common stock represented by the card in their discretion. Each TRW shareholder whose shares are held in the name of a bank, broker or other nominee holder must follow the directions received from his or her bank, broker or other nominee holder in order to direct the vote of his or her TRW shares.

Certain TRW shares are held for the benefit of plan participants of The TRW Employee Stock Ownership and Savings Plan, the TRW Canada Stock Savings Plan, and the TRW UK Share Purchase Plan. These plans

contain pass-through voting provisions for the participants of the Plans, with TRW shares that are allocated to a participant's account voted in accordance with the instructions of the participant by the trustees of the respective plan responsible for voting. Information relating to voting by participants in these stock-based TRW employee benefit plans is set forth in the section entitled "THE TRW MEETING TRW Employee Plan Voting" beginning on page 33.

*Quorum at the Special Meetings (Pages 31 and 34)*

A quorum must be present in order to transact business at each of the special meetings. If a Northrop Grumman stockholder or a TRW shareholder submits a properly executed proxy card, telephonic proxy or internet proxy, even if that person abstains from voting, his or her shares will be counted for purposes of calculating whether a quorum is present at the Northrop Meeting and the TRW Meeting, as applicable.

A quorum at the Northrop Meeting requires a majority of the outstanding shares of Northrop Grumman common stock entitled to vote to be present or represented by proxy at the special meeting.

A quorum at the TRW Meeting requires thirty-five percent of the voting power of TRW's outstanding stock to be present in person or represented by proxy at the TRW Meeting. However, since the merger agreement must be adopted by the holders of at least two-thirds of the outstanding shares of TRW common stock, the presence of a quorum alone might not mean that sufficient TRW shares are present in person or by proxy to adopt the merger agreement.

*Effect of Abstentions and Broker Non-Votes (Pages 31 and 34)*

Both abstentions and broker non-votes will be counted in determining whether a quorum is present at the Northrop Meeting and the TRW Meeting.

Abstentions and broker non-votes will have no effect on the outcome of the Northrop Grumman proposal, assuming a quorum is present.

Since the vote at the TRW Meeting required to adopt the merger agreement is based upon a percentage of the total outstanding voting power of TRW rather than upon the percentage of the votes cast at the TRW Meeting, abstentions and broker non-votes will have the same effect as a vote against the adoption of the merger agreement.

**It is very important that ALL Northrop Grumman stockholders and ALL TRW shareholders vote their shares, so please complete and return the enclosed proxy card today!**

**Board Recommendations**

*Northrop Grumman's Board Recommendation (Page 36)*

Northrop Grumman's board of directors (with one director absent) has unanimously determined that the terms of the merger are fair to and in the best interests of Northrop Grumman stockholders, has unanimously approved the merger agreement and unanimously recommends that Northrop Grumman stockholders vote FOR the issuance of the shares of Northrop Grumman common stock pursuant to the merger (including shares to be issued upon exercise of TRW options deemed assumed by Northrop Grumman, or issued upon conversion of TRW restricted stock or restricted stock units, pursuant to the merger agreement).

*TRW's Board Recommendation (Page 41)*

TRW's board of directors (with one director absent) has unanimously determined that the terms of the merger are fair to and in the best interests of TRW shareholders, has unanimously approved the merger agreement and unanimously recommends that TRW shareholders vote FOR the adoption of the merger agreement.



## The Merger

The rights and obligations of the parties to the merger agreement are governed by the specific terms and conditions of the merger agreement and not by any summary or other information in this joint proxy statement/prospectus. Therefore, the information in this joint proxy statement/prospectus regarding the merger agreement and the merger is qualified in its entirety by reference to the merger agreement itself, a copy of which is attached as Annex A to this joint proxy statement/prospectus.

### *TRW Common Stock (Page 87)*

For each share of TRW common stock, TRW shareholders will receive a number of shares of Northrop Grumman common stock equal to \$60.00 divided by the average of the closing sale prices for a share of Northrop Grumman common stock on the New York Stock Exchange for the five consecutive trading days ending on (and including) the second trading day before the closing date of the merger. However, in no event will the exchange ratio be greater than 0.5357 (\$60.00/\$112.00) or less than 0.4348 (\$60.00/\$138.00). If the actual average Northrop Grumman common stock sale price is less than \$112.00, TRW shareholders should expect to receive less than \$60.00 in value of Northrop Grumman common stock per share of TRW common stock, and if the actual average Northrop Grumman common stock sale price is more than \$138.00, TRW shareholders should expect to receive more than \$60.00 in value of Northrop Grumman common stock per share of TRW common stock. While the exchange ratio is designed to provide TRW shareholders with Northrop Grumman common stock with a value of \$60.00 for each TRW common share if the average Northrop Grumman common stock price over the relevant period is between \$112.00 to \$138.00, the exchange ratio merely determines the number of shares of Northrop Grumman common stock that a TRW shareholder will receive per share of TRW common stock. See RISK FACTORS The Value of Northrop Grumman Common Stock Exchanged for TRW Common Stock Could Be Different Than \$60.00 Per Share on page 14. As described in the section entitled Comparison of Rights of Holders of Northrop Grumman Common Stock and TRW Common Stock Rights Plan on page 122, each share of Northrop Grumman common stock issued pursuant to the merger will be issued together with an associated preferred share purchase right.

If the shares of Northrop Grumman common stock proposed to be issued pursuant to the merger were issued on September 10, 2002, then approximately 69.87 million shares of Northrop Grumman common stock would be issued (including shares to be issued upon exercise of TRW options assumed by Northrop Grumman, or issued upon conversion of TRW restricted stock or restricted stock units, pursuant to the merger agreement), based on the exchange ratio calculated using the average closing sales prices of Northrop Grumman common stock for the five trading days starting August 30, 2002 and ending September 6, 2002 of 0.4936. However, because this number is based on trading prices of Northrop Grumman common stock that continue to change, more or fewer shares of Northrop Grumman common stock ultimately may be issued pursuant to the merger. For example, if the five-day average closing sales price of Northrop Grumman common stock used to calculate the final exchange ratio was \$112.00 or less (and therefore the maximum exchange ratio of 0.5357 would result), the number of shares of Northrop Grumman common stock issued in connection with the merger (including shares to be issued upon exercise of TRW options assumed by Northrop Grumman, or issued upon conversion of TRW restricted stock or restricted stock units, pursuant to the merger) would be approximately 75.83 million, assuming the number of TRW shares, options, shares of restricted stock and restricted stock units was the same as the number of such securities outstanding as of September 6, 2002.

### *TRW Employee and Director Stock Options (Page 88)*

Each holder of options to acquire TRW common stock will be entitled to elect, prior to the effective time of the merger, to have such options redeemed by TRW for cash, unless either TRW or Northrop Grumman reasonably determines that there is an undue risk that such an election could be deemed to be a tender offer for TRW common stock by TRW. Any TRW options outstanding at the effective time of the merger will be deemed

assumed by Northrop Grumman and will be subject to the same terms and conditions as in effect prior to the merger, except that any unvested TRW options will become vested at the effective time of the merger and the assumed options will be exercisable for shares of Northrop Grumman common stock, with the number of shares and exercise price determined pursuant to the merger agreement.

Other TRW equity-based awards will be cancelled in connection with the merger, and the holders of such awards will receive either lump sum cash payments, shares of Northern Grumman common stock based on the exchange ratio, or have their awards assumed by Northrop Grumman. TRW strategic incentive program grants will be cancelled in exchange for lump sum cash payments calculated on the assumption that maximum performance goals are reached. However, grants under the 2001-2002 strategic incentive program will be cancelled in exchange for lump sum payments equal to one-half of the maximum value of such grants.

*Opinions of Financial Advisers*

*Northrop Grumman (Page 45)*

In connection with Northrop Grumman's consideration of the merger, Northrop Grumman received financial advice from Salomon Smith Barney and Stephens Financial Group. Each of Salomon Smith Barney and Stephens Financial Group has provided separately its opinion to Northrop Grumman's board of directors, each dated June 30, 2002, that as of that date and subject to the qualifications and limitations and based on the considerations in each respective opinion, the exchange ratio to be used in the merger was fair, from a financial point of view to Northrop Grumman.

The opinions of Salomon Smith Barney and Stephens Financial Group are attached as Annexes B and C, respectively, to this joint proxy statement/prospectus.

*TRW (Page 65)*

TRW's board of directors considered the opinion of each of Goldman, Sachs & Co. and Credit Suisse First Boston Corporation, each dated June 30, 2002, to the effect that, as of that date, and based on and subject to the assumptions, qualifications and limitations described in their respective opinions, the exchange ratio pursuant to the merger agreement was fair from a financial point of view to the holders of TRW common stock other than Northrop Grumman and its affiliates. The opinions of Goldman Sachs and Credit Suisse First Boston are attached as Annexes D and E, respectively, to this joint proxy statement/prospectus.

*Redemption of TRW Preferred Stock (Page 88)*

Pursuant to the merger agreement, each outstanding share of TRW Cumulative Serial Preference Stock II, \$4.40 Convertible Series 1 and each outstanding share of TRW Cumulative Serial Preference Stock II, \$4.50 Convertible Series 3, was redeemed for cash by TRW on August 30, 2002, which was prior to the record date for the TRW Meeting. Therefore, the former holders of such securities are not entitled to notice of, or to vote at, the TRW Meeting, and the approval of such former TRW shareholders is not required to adopt the merger agreement.

*Conditions to the Merger (Page 93)*

The completion of the merger is subject to the satisfaction or valid waiver of the following conditions, among others:

Northrop Grumman stockholders must approve the issuance of the shares of Northrop Grumman common stock pursuant to the merger (including shares to be issued upon exercise of TRW options)

deemed assumed by Northrop Grumman, or issued upon conversion of TRW restricted stock or restricted stock units, pursuant to the merger agreement);

TRW shareholders must adopt the merger agreement;

the waiting periods under the HSR Act must have expired or terminated;

the European Commission must have approved the merger;

there must be no law or court order prohibiting the merger;

Northrop Grumman and TRW each must have performed in all material respects their respective covenants and obligations to be performed at or prior to the effective time of the merger pursuant to the merger agreement; and

the representations and warranties of the respective parties made in the merger agreement must be true and correct.

These conditions and other conditions to the merger are more fully described in the section entitled *THE MERGER AGREEMENT* Conditions to the Completion of the Merger on page 93.

*Termination of the Merger Agreement (Page 95)*

Pursuant to the merger agreement, Northrop Grumman and TRW may agree to terminate the merger agreement at any time before the merger is completed.

Either Northrop Grumman or TRW may terminate the merger agreement if:

the merger is not consummated by December 31, 2002 (or by March 31, 2003, if the only conditions to the merger that have not been satisfied relate to antitrust or governmental approvals or other legal prohibitions of the merger);

the Northrop Grumman stockholders do not approve the issuance of the Northrop Grumman common stock pursuant to the merger at the Northrop Meeting;

the TRW shareholders do not adopt the merger agreement at the TRW Meeting;

any law or regulation or legal action prohibits the merger; or

there is a breach of a representation, warranty or covenant in the merger agreement by the other party, as described in greater detail in *THE MERGER AGREEMENT* Termination of the Merger Agreement on page 95.

Northrop Grumman may terminate the merger agreement if:

TRW's board of directors changes its recommendation to the TRW shareholders regarding adoption of the merger agreement (whether or not permitted by the merger agreement);

TRW fails to call the TRW Meeting; or

TRW's board of directors recommends a proposal other than the merger to the TRW shareholders.

TRW may terminate the merger agreement if:

Northrop Grumman's board of directors changes its recommendation to Northrop Grumman stockholders regarding the issuance of Northrop Grumman common stock pursuant to the merger (whether or not permitted by the merger agreement);

Northrop Grumman fails to call the Northrop Meeting; or

TRW's board of directors has first complied with certain provisions of the non-solicitation covenant in the merger agreement, as described in *THE MERGER AGREEMENT Termination of the Merger Agreement* on page 95.

*Termination Fee and Expense Reimbursement*

*Termination Fee (Page 96)*

TRW must pay Northrop Grumman a termination fee of \$275 million if the merger agreement is terminated by Northrop Grumman under certain circumstances described in the section entitled *THE MERGER AGREEMENT Termination Fee* on page 96.

*Expense Reimbursement (Page 97)*

Northrop Grumman must reimburse TRW for up to \$50 million of documented expenses if the merger agreement is terminated by TRW because Northrop Grumman's board of directors changes its recommendation to the TRW stockholders or Northrop Grumman fails to call the Northrop Meeting. See *THE MERGER AGREEMENT Expense Reimbursement* on page 97.

*No Solicitation (Page 97)*

The merger agreement contains non-solicitation provisions which prohibit TRW from soliciting or engaging in discussions or negotiations regarding a competing proposal to the merger. There are exceptions to these prohibitions if TRW receives a proposal for a transaction from a third party under circumstances set forth in the merger agreement.

*Certain Federal Income Tax Consequences of the Merger (Page 81)*

Consummation of the merger is conditioned upon the receipt by Northrop Grumman and TRW of tax opinions to the effect that, for federal income tax purposes:

the merger will constitute a reorganization within the meaning of Section 368(a) of the Internal Revenue Code; and

each of Northrop Grumman, Richmond Acquisition Corp., and TRW will be a party to the reorganization within the meaning of Section 368(b) of the Internal Revenue Code.

TRW shareholders will therefore not recognize any gain or loss for United States federal income tax purposes on the exchange of their shares of TRW common stock for shares of Northrop Grumman common stock in the merger, except for any gain or loss attributable to cash received instead of fractional shares of Northrop Grumman common stock. The tax consequences to TRW shareholders of the merger will depend on each shareholder's particular circumstances. TRW shareholders should consult their tax advisers for a full understanding of the tax consequences of the merger to them.

**Interests of TRW Directors and Executive Officers in the Merger (Page 76)**

In considering the recommendation of TRW's board of directors with respect to the merger, TRW shareholders should be aware that certain directors and executive officers of TRW may have interests in the merger that are different from, or are in addition to, the interests of TRW shareholders generally, including those listed below:

All but one of TRW's executive officers is party to an employment continuation agreement with TRW that provides for certain benefits upon termination of employment under certain circumstances

following the closing of the merger. TRW estimates that the value of cash severance potentially payable to the executive officers as a group, not including payments with respect to employee benefits, incentive pay for the portion of the year worked prior to termination, or any excise tax gross up, would aggregate approximately \$20.8 million. An aggregate additional payment of approximately \$22.3 million (as of August 31, 2002) would be payable under the agreements as part of any severance for the amounts previously earned and credited to these executive officers' accounts under TRW's nonqualified defined contribution plans, unless deferred;

TRW has entered into retention and severance agreements with its executive officers, other than the two executive officers in its Automotive business described in the next paragraph, as a result of its plan to spin off the Automotive business and the other elements of TRW's value enhancement plan. A maximum aggregate amount of approximately \$15.3 million would be payable to the executives under these agreements. These amounts would offset and reduce amounts payable under the employment continuation agreements described above if a change in control occurs within twelve months of the date the officer becomes entitled to the retention and severance payment.

Northrop Grumman has entered into agreements with two of TRW's executive officers in its Automotive business to incentivize the executives to remain employed by TRW's Automotive business and to use their best efforts to accomplish a sale or spin off of the Automotive business after the merger. The agreements provide for aggregate cash payments of \$2.6 million within fifteen days following the six month anniversary of the sale or spin off date if certain conditions are satisfied;

Upon consummation of the merger, TRW's current executive officers and all employees that served as executive officers at any time since January 1, 2001 would receive an aggregate cash payment with respect to 611,000 shares of TRW common stock pursuant to outstanding performance units under TRW's strategic incentive program;

Unvested stock options, restricted stock and restricted stock units will become vested. As of September 6, 2002 the current directors and executive officers of TRW and all other persons who served as a director or an executive officer of TRW since January 1, 2001 held: options to purchase 3,342,614 shares of TRW common stock, with a weighted average exercise price of \$46.07 per share, of which 2,652,110 options had vested; 35,605 unvested restricted stock units; and 91,600 unvested shares of restricted stock;

TRW has entered into split-dollar life insurance agreements with certain key executive officers. TRW will be required to fund a trust with approximately \$9.8 million to pay future premiums on the policies with respect to each officer party to such an agreement who has been an executive officer of TRW at any time since January 1, 2001; and

Under the terms of TRW's Deferred Compensation Plan for Non-Employee Directors, the balance of a director's account will be immediately distributed upon a change in control if the director has specifically stipulated on his or her election form for such distribution. As of August 31, 2002, TRW's aggregate liability under this plan to all the current directors with respect to the elective deferral portion of director compensation was an aggregate of approximately \$1.8 million.

#### **Dividend Policies** (Page 25)

##### *Northrop Grumman*

The holders of Northrop Grumman common stock receive dividends if and when declared by Northrop Grumman's board of directors out of legally available funds. Northrop Grumman has paid a cash dividend of \$0.40 per share of common stock in each fiscal quarter beginning with (and including) the fiscal quarter ended March 31, 1993 through (and including) the fiscal quarter ending September 30, 2002.

After the merger, Northrop Grumman expects to continue paying quarterly cash dividends on a basis consistent with Northrop Grumman's past practice. However, the declaration and payment of dividends will depend upon business conditions, operating results, capital and reserve requirements, covenants in its debt instruments and Northrop Grumman's board of directors' consideration of other relevant factors. Northrop Grumman can give TRW shareholders no assurance that Northrop Grumman will continue to pay dividends on its common stock in the future.

*TRW*

The holders of TRW common stock receive dividends if and when declared by TRW's board of directors out of legally available funds. For the past three fiscal quarters, including the fiscal quarter ending September 30, 2002, TRW has paid a cash dividend of \$0.175 per share of TRW common stock.

Should the merger be consummated, TRW will be a wholly-owned subsidiary of Northrop Grumman and will cease to be a public company. From and after the merger, TRW will not declare or pay dividends on TRW's shares, other than any dividends declared prior to the effective time of the merger with a payment date after the effective time of the merger or any dividends or distributions which may be made to Northrop Grumman after the merger as the parent corporation and sole shareholder of TRW.

Pursuant to the merger agreement, until the effective time of the merger, TRW is permitted to pay regular quarterly cash dividends not in excess of \$0.175 per share on its common stock and dividends on its preferred stock in accordance with the terms of such preferred stock.

**Material Differences in Rights of Stockholders/Shareholders** *(Page 117)*

The governing documents of Northrop Grumman and TRW vary, and therefore TRW shareholders will have different rights once they become Northrop Grumman stockholders. Similarly, the laws of Ohio, TRW's state of incorporation, differ from those of Delaware, Northrop Grumman's state of incorporation. These differences are described in greater detail under "COMPARISON OF RIGHTS OF HOLDERS OF NORTHROP GRUMMAN COMMON STOCK AND TRW COMMON STOCK" beginning on page 117.

**Sale of Aeronautical Systems Business** *(Page 16)*

On June 18, 2002, TRW entered into a definitive agreement with Goodrich Corporation for the sale of TRW's Aeronautical Systems business for a gross purchase price of \$1.5 billion in cash, subject to adjustment. This business includes aircraft engine and flight controls, cargo handling systems, power generation and management, missile actuation, nacelle actuation, hoists and winches, flexible shafts and couplings, and comprehensive aftermarket support and services, including asset management and service-level guarantees for a number of commercial airlines. This sale is subject to the satisfaction of certain conditions, including the receipt of certain United States and European governmental approvals, which may not be satisfied. As of September 12, 2002, required United States and European antitrust approvals have been obtained, but the approvals of the Ministry of Defense and Treasury Department of France are still pending. Northrop Grumman intends to complete the sale of TRW's Aeronautical Systems business pursuant to the Goodrich agreement following completion of the merger (if it has not already been completed). TRW currently expects this sale to close by the end of the third quarter or early in the fourth quarter of 2002.

**Dissenters' Rights** *(Page 83)*

If the merger is consummated, TRW shareholders will have certain rights under the Ohio Revised Code to dissent and demand dissenters' rights and to receive payment of the fair cash value of their TRW shares. TRW shareholders who perfect dissenters' rights by complying with the procedures set forth in Sections 1701.84 and

1701.85 of the Ohio Revised Code will have the fair cash value of their TRW shares determined by an Ohio trial court and will be entitled to receive a payment equal to the fair cash value of those shares from the corporation surviving the merger. In addition, any dissenting TRW shareholders would be entitled to receive payment of a fair rate of interest, at a rate determined by the trial court, on the amount determined to be the fair cash value of their TRW shares. In determining the fair cash value of TRW shares, the court is required to take into account all relevant factors, excluding any appreciation or depreciation in market value resulting from the merger. Accordingly, the court's determination could be based upon considerations other than, or in addition to, the market value of TRW common stock, including, among other things, asset values and earning capacity. The shares of TRW common stock held by any person who wants to dissent but fails to perfect or who effectively withdraws or loses the right to dissent under Section 1701.85 of the Ohio Revised Code will be converted into, as of the effective time of the merger, the right to receive the merger consideration. Copies of Sections 1701.84 and 1701.85 of the Ohio Revised Code are attached as Annex H to this joint proxy statement/prospectus.

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## RISK FACTORS

Northrop Grumman stockholders and TRW shareholders should read carefully this joint proxy statement/prospectus and the other documents attached to or incorporated by reference into this joint proxy statement/prospectus. Northrop Grumman stockholders and TRW shareholders should, in particular, read and consider the following risk factors, as well as the other risks associated with each of the businesses of Northrop Grumman and TRW, because these risks also will affect the combined businesses should the merger be completed. These other risks associated with the businesses of Northrop Grumman and TRW can be found in Northrop Grumman's and TRW's respective Annual Reports on Form 10-K for the year ended December 31, 2001 and Northrop Grumman's and TRW's documents filed subsequent thereto with the SEC and incorporated by reference into this document. Additional risks and uncertainties not presently known to Northrop Grumman or TRW also may adversely affect the merger and Northrop Grumman following the merger.

### **Successful Integration of the Companies' Businesses is Not Assured**

Integrating and coordinating the operations and personnel of Northrop Grumman and TRW will involve complex technological, operational and personnel-related challenges. This process will be time-consuming and expensive and may disrupt the business of either or both companies. In addition, ongoing elements of integration of Northrop Grumman's recent past acquisition of Newport News Shipbuilding may require significant management time and attention. While the integration of Newport News is expected to be substantially complete by the time of the merger, the integration of these companies, and the ultimate integration of TRW's businesses and operations, may not timely or ever result in the full benefits expected by Northrop Grumman. The difficulties, costs and delays that could be encountered may include:

- unanticipated issues in integrating information, communications and other systems;
- negative impacts on employee morale and performance as a result of job changes and reassignments;
- difficulties attracting and retaining key personnel;
- loss of customers;
- unanticipated incompatibility of systems, procedures and operating methods;
- unanticipated costs of terminating or relocating facilities and operations; and
- the effect of complying with any government imposed organizational conflict-of-interest rules.

### **The Value of Northrop Grumman Common Stock Exchanged for TRW Common Stock Could Be Different Than \$60.00 Per Share**

In the merger, Northrop Grumman will issue to TRW shareholders a number of shares of Northrop Grumman common stock designed to have a value of \$60.00 for each outstanding share of TRW common stock. However, the exchange ratio only determines the fraction of a share of Northrop common stock into which each share of TRW common stock will be exchanged. The value of that fraction of a share upon delivery may be worth more or less than the product of the exchange ratio multiplied by the average trading price used in calculating the exchange ratio, and therefore may be worth more or less than \$60.00 in value when ultimately delivered, whether or not the average Northrop Grumman common stock price is between \$112.00 and \$138.00 when the exchange ratio is calculated. TRW shareholders should expect to receive less than \$60.00 in value per TRW share if the market price of the Northrop Grumman common stock is less than \$112.00 at the time the exchange ratio is calculated and remains below \$112.00 when the Northrop Grumman common stock is delivered. Conversely, TRW shareholders should expect to receive more than \$60.00 in value per TRW share if the market price of the Northrop Grumman common stock is more than \$138.00 at the time the exchange ratio is calculated and remains above \$138.00 when the Northrop Grumman common stock is delivered. In addition, no adjustment will be made to reflect the trading price of Northrop Grumman common stock on the trading day before the closing date of the merger, and TRW shareholders may receive more or less than the amount they would receive if the closing occurred on the day the exchange ratio was calculated.



**Resales of Northrop Grumman Common Stock Following the Merger May Cause the Market Price to Fall**

As of September 6, 2002, Northrop Grumman had 113,048,906 shares of common stock outstanding, 7,796,310 shares of common stock issuable upon conversion of outstanding equity security units, 3,188,967 shares of common stock issuable upon conversion of outstanding shares of Series B Convertible Preferred Stock and 7,715,045 shares of common stock subject to outstanding options to purchase Northrop Grumman common stock. Northrop Grumman expects that it will issue a maximum of 75,828,184 shares of Northrop Grumman common stock in connection with the merger (including shares to be issued upon exercise of TRW options assumed by Northrop Grumman, or issued upon conversion of TRW restricted stock or restricted stock units, pursuant to the merger agreement), based on the maximum possible exchange ratio and the number of outstanding shares of TRW common stock, TRW options and shares of restricted stock and restricted stock units as of September 6, 2002. The issuance of these new Northrop Grumman shares, and the sale of additional shares of Northrop Grumman common stock that may become eligible for sale in the public market from time to time upon exercise of options or other rights, will increase the total number of shares of Northrop Grumman common stock outstanding. This increase could be very substantial and could have the effect of depressing the market price for Northrop Grumman common stock.

**The Trading Prices of Northrop Grumman Common Stock and TRW Common Stock May be Affected by Different Factors**

Upon completion of the merger, holders of TRW common stock will become holders of Northrop Grumman common stock. Northrop Grumman's business differs from that of TRW, and Northrop Grumman's results of operations, as well as the trading price of Northrop Grumman common stock, may be affected by factors different from those affecting TRW's results of operations and the trading price of TRW common stock as a separate company. Therefore, events or circumstances which might not have caused TRW's shares to decline in value might result in a decline in the value of Northrop Grumman common stock, and events or circumstances that might have caused an increase in the value of TRW common stock might not result in an increase in the value of Northrop Grumman common stock.

**Northrop Grumman Will Have More Indebtedness After the Merger**

Northrop Grumman's indebtedness as of June 30, 2002 was approximately \$4.9 billion. Northrop Grumman's pro forma indebtedness as of December 31, 2001, after giving effect to the merger (as described in the Unaudited Pro Forma Condensed Combined Financial Information beginning on page 103) was approximately \$9.72 billion. As a result of the increase in debt, demands on the cash resources of Northrop Grumman will increase after the merger, which could have important effects on an investment in Northrop Grumman common stock. For example, the increased levels of indebtedness could, among other things:

- reduce funds available for investment in research and development and capital expenditures;
- adversely affect the cost and availability of funds from commercial lenders, debt financing transactions and other sources; and
- create competitive disadvantages compared to other companies with lower debt levels.

Northrop Grumman expects that a significant portion of the debt assumed in connection with the merger will be reduced or transferred in connection with a sale or spin off of the TRW Automotive business. However, no final decisions have been made as to how much debt would be transferred, and there can be no assurance that a sale, spin off or other transfer of the TRW Automotive business will occur. The unaudited pro forma financial information beginning on page 103 assumes no debt reduction in the case of a sale of TRW's Automotive business and the transfer to or assumption of approximately \$2.8 billion of debt by TRW Automotive Inc. in the case of a spin off of TRW's Automotive business.

**The Purchase Price Allocations of the Newport News Acquisition May Have a Material Effect on the Pro Forma Financial Information**

The final adjustment of the purchase price of Northrop Grumman's recent Newport News acquisition has not been determined as of September 13, 2002. There can be no assurance that such adjustments will not have a material impact on the pro forma financial statements. See UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION beginning on page 103.

**Risks from the Pending Sale of the Aeronautical Systems Business**

The proposed sale of TRW's Aeronautical Systems business to Goodrich Corporation is subject to the satisfaction of certain conditions, including the receipt of certain United States and European governmental approvals, which may not be satisfied. As of September 12, 2002, required United States and European antitrust approvals have been obtained, but the approvals of the Ministry of Defense and Treasury Department of France are still pending. In addition, the agreement governing this proposed sale provides for a purchase price adjustment which may result in TRW realizing less than the \$1.5 billion gross purchase price specified in the agreement. TRW has indicated that the proceeds from the sale of the Aeronautical Systems business would be used to pay off indebtedness of TRW or for other cash needs. Northrop Grumman currently anticipates applying the proceeds from the sale to reduce indebtedness to the extent the sale closes after consummation of the merger. Although neither TRW nor Northrop Grumman is aware of any reason that the sale will not close as anticipated, it is possible that the transaction will not close or that the proceeds generated from the sale will be less than currently anticipated as a result of purchase price adjustments. If the transaction does not close, or if the purchase price adjustment reduces the proceeds realized from the sale, TRW and Northrop Grumman (following consummation of the merger), will not fully realize the anticipated benefits of a reduction of indebtedness.

**Risks Associated With the Proposed Sale or Spin Off of TRW's Automotive Business**

As described in greater detail in the section entitled "NORTHROP GRUMMAN AFTER THE MERGER Proposed Sale or Spin Off of TRW's Automotive Business" on page 99, Northrop Grumman currently intends to sell TRW's Automotive business to a third party or parties or to spin off the business to Northrop Grumman's stockholders (including any former TRW shareholders who hold Northrop Grumman common stock as of the record date for the spin off) after the merger. However, there can be no assurance as to the value that may be realized from a sale of the Automotive business or as to the market value of its stock in the event of a spin off. There is also no assurance that the various conditions to such a sale or spin off can be satisfied, including receiving required governmental and other approvals, or what the economic proceeds or benefits from the separation of the Automotive business will be.

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**FORWARD-LOOKING STATEMENTS MAY PROVE INACCURATE**

Certain statements and assumptions in this joint proxy statement/prospectus and in the documents attached or incorporated by reference contain or are based on forward-looking information and involve risks and uncertainties. Northrop Grumman and TRW believe that such statements are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking information includes, among other things, statements as to the impact of the proposed merger on revenues and earnings, and other statements with respect to the financial condition, results of operations, business strategies, operating efficiencies or synergies, competitive positions, growth opportunities, plans and objectives of management, and other matters. Such statements are subject to numerous assumptions and uncertainties, many of which are outside of Northrop Grumman's and TRW's control. These include completion of the merger, governmental regulatory processes, Northrop Grumman's ability to successfully integrate the operations of TRW, achieve a successful disposition or other resolution with respect to TRW's Automotive business, assumptions with respect to future revenues, expected program performance and cash flows, the outcome of contingencies including, among others, the timing and amounts of tax payments, litigation matters, environmental claims and remediation efforts, divestitures of businesses, and anticipated costs of capital investments. Northrop Grumman's and TRW's respective operations are subject to various additional risks and uncertainties resulting from their positions as suppliers, either directly or as subcontractors or team members, to the United States government and its agencies, as well as to foreign governments and agencies.

Actual outcomes are dependent upon many factors. Important factors that could cause actual results to differ materially from those suggested by the forward-looking statements include, among others:

Northrop Grumman's and TRW's dependence on sales to the United States government;

Northrop Grumman's and TRW's successful performance of internal plans;

customers' budgetary restraints;

customer changes in short-range and long-range plans;

domestic and international competition in both the defense and commercial areas;

product performance and customer expectations;

continued development and acceptance of new products;

performance issues with key suppliers and subcontractors;

government import and export policies;

acquisition or termination of government contracts, which may include termination for the convenience of the government;

the outcome of political and legal processes;

legal, financial and governmental risks related to international transactions and global needs for military and commercial aircraft, electronic systems and support, information technologies, naval vessels, space systems and related products and technologies; and

other economic, political and technological risks and uncertainties and other risk factors set out in Northrop Grumman's and TRW's filings from time to time with the SEC, including, without limitation, Northrop Grumman's and TRW's respective reports on Form 10-K and Form 10-Q.

Words such as anticipates, believes, estimates, expects, hopes, targets or similar expressions are intended to identify forward-looking statements which speak only as of the date of this joint proxy statement/prospectus, and in the case of documents incorporated by reference, as of the date of those documents. Neither Northrop Grumman nor TRW undertakes any obligation to update or release any revisions to any forward-looking statements or to report any events or circumstances after the date of this joint proxy statement/prospectus or to reflect the occurrence of unanticipated events, except as required by law.

**SELECTED HISTORICAL AND UNAUDITED PRO FORMA CONDENSED COMBINED  
FINANCIAL DATA**

The pro forma financial data presented below are derived from the historical consolidated financial statements of Northrop Grumman, Litton, Newport News and TRW, and have been adjusted to give effect to Northrop Grumman's acquisitions of Litton, Newport News and TRW. The pro forma statements contained herein use the purchase method of accounting, with Northrop Grumman treated as the acquirer and assuming that the Litton, Newport News and TRW acquisitions had been completed on January 1, 2001 (for statement of operations purposes) and on December 31, 2001 (for balance sheet purposes).

The pro forma amounts presented give effect to (a) the sale by TRW of its Aeronautical Systems business for a gross purchase price of \$1.5 billion in cash and (b) the assumed divestiture of TRW's Automotive business upon the completion of the merger. The pro forma financial statements also assume a sale of TRW's Automotive business would generate cash proceeds of \$5.0 billion.

If the Automotive business divestiture is accomplished as a spin off rather than a sale, the pro forma effect of the divestiture will differ from that presented below in the following respects:

cash proceeds from the sale would be eliminated;

a portion of TRW's existing indebtedness, currently estimated as approximately \$2.8 billion, will be replaced by indebtedness of TRW Automotive Inc. and eliminated as indebtedness of TRW; and

interest costs associated with such replaced indebtedness will be eliminated.

Northrop Grumman stockholders and TRW shareholders should read the following summary information together with the unaudited pro forma financial statements and notes beginning on page 103.

**SELECTED HISTORICAL AND PRO FORMA FINANCIAL DATA OF NORTHROP GRUMMAN**

The following is a summary of selected consolidated financial data for Northrop Grumman for each of the years in the five-year period ended December 31, 2001 and for the six months ended June 30, 2001 and 2002. The information with respect to the years ended December 31, 1997 through December 31, 2001 is derived from the audited financial statements of Northrop Grumman contained in its Annual Report on Form 10-K for the years ended December 31, 2001, 2000 and 1999. The information with respect to the six months ended June 30, 2001 and June 30, 2002 is derived from the unaudited consolidated financial statements of Northrop Grumman contained in the Quarterly Report on Form 10-Q for the period ended June 30, 2002. This summary should be read together with the financial statements which are incorporated by reference in this joint proxy statement/prospectus and the accompanying notes and management's discussion and analysis of operations and financial conditions of Northrop Grumman contained in such reports, as well as the Unaudited Pro Forma Condensed Combined Financial Information beginning on page 103.

|  | <b>Northrop Grumman/<br/>TRW<br/>Pro Forma<br/>(\$ in millions)</b> | <b>Northrop Grumman<br/>Historical Data<br/>(\$ in millions)</b> |   | <b>Northrop Grumman Historical Data<br/>Year ended December 31,<br/>(\$ in millions)</b> |             |             |             |             |
|--|---|--|---|--|-------------|-------------|-------------|-------------|
|  | <b>Six Months Ended<br/>June 30,<br/>2002</b>                       | <b>Six<br/>Months<br/>Ended<br/>June 30,<br/>2002</b>            | <b>Six<br/>Months<br/>Ended<br/>June 30,<br/>2001</b> | <b>2001</b>  | <b>2000</b> | <b>1999</b> | <b>1998</b> | <b>1997</b> |
| <b>Operating Data</b>                                  |   |  |   |  |             |             |             |             |
| Net sales  | \$ 11,181   | \$ 8,482   | \$ 5,649  | \$ 13,558  | \$ 7,618    | \$ 7,616    | \$ 7,367    | \$ 7,798    |
| Income from continuing operations, net of tax          | 305   | 331  | 217   | 427  | 625         | 474         | 193         | 318         |
| Basic earnings per share, from continuing operations   | 1.62  | 2.85   | 2.72  | 4.84   | 8.86        | 6.84        | 2.82        | 4.76        |
| Diluted earnings per share, from continuing operations | 1.60  | 2.80   | 2.69  | 4.80   | 8.82        | 6.80        | 2.78        | 4.67        |
| Cash dividends per common share                        | 0.80  | 0.80   | 0.80  | 1.60   | 1.60        | 1.60        | 1.60        | 1.60        |
| <b>Balance Sheet Data</b>                              |   |  |   |  |             |             |             |             |
| Total assets   | \$ 36,568   | \$ 21,384  | \$ 17,331   | \$ 20,886  | \$ 9,622    | \$ 9,285    | \$ 9,536    | \$ 9,677    |
| Total long term obligations                            | 13,800  | 8,229  | 8,016   | 8,013  | 3,015       | 3,564       | 4,319       | 4,339       |
| Redeemable preferred stock                             | 350   | 350  | 350   | 350  | 0           | 0           | 0           | 0           |

Effective January 1, 2002, Northrop Grumman adopted Statement of Financial Accounting Standards (SFAS) 142 *Goodwill and Other Intangible Assets*, which changes the accounting from an amortization method to an impairment-only approach. In accordance with this statement, amortization of goodwill, including goodwill recorded in past business combinations, ceased December 31, 2001. The table below reconciles the selected historical and pro forma financial data of Northrop Grumman to the adjusted income from continuing operations and earnings per share for the three-year period ended December 31, 2001 and for the six months ended June 30, 2002 and 2001, reflecting the adoption of SFAS 142.

|  | Northrop<br>Grumman/<br>TRW<br>Pro Forma<br>(\$ in millions) | Northrop Grumman<br>Historical Data<br>(\$ in millions) |   | Northrop Grumman Historical Data<br>Year ended December 31,<br>(\$ in millions) |         |         |         |         |
|--|--|---|---|---|---------|---------|---------|---------|
|  | Six Months<br>Ended<br>June 30, 2002                         | Six Months<br>Ended<br>June<br>30,<br>2002              | Six Months<br>Ended<br>June 30,<br>2001 | 2001  | 2000    | 1999    | 1998*   | 1997*   |
|  |  |   |   |   |         |         |         |         |
| <b>Income from continuing operations, net of tax</b>         |  |   |   |   |         |         |         |         |
| As reported  | \$ 305   | \$ 331  | \$ 217                                  | \$ 427  | \$ 625  | \$ 474  | \$ 193  | \$ 318  |
| Add back goodwill amortization, net of tax                   |  |   | 90                                      | 218   | 75      | 73      |         |         |
| Income from continuing operations, net of tax adjusted       | \$ 305   | \$ 331  | \$ 307                                  | \$ 645  | \$ 700  | \$ 547  | \$ 193  | \$ 318  |
| <b>Basic earnings per share from continuing operations</b>   |  |   |   |   |         |         |         |         |
| As reported  | \$ 1.62  | \$ 2.85   | \$ 2.72                                 | \$ 4.84   | \$ 8.86 | \$ 6.84 | \$ 2.82 | \$ 4.76 |
| Add back goodwill amortization, net of tax                   |  |   | 1.16                                    | 2.58  | 1.06    | 1.06    |         |         |
| Adjusted   | \$ 1.62  | \$ 2.85   | \$ 3.88                                 | \$ 7.42   | \$ 9.92 | \$ 7.90 | \$ 2.82 | \$ 4.76 |
| <b>Diluted earnings per share from continuing operations</b> |  |   |   |   |         |         |         |         |
| As reported  | \$ 1.60  | \$ 2.80   | \$ 2.69                                 | \$ 4.80   | \$ 8.82 | \$ 6.80 | \$ 2.78 | \$ 4.67 |
| Add back goodwill amortization, net of tax                   |  |   | 1.15                                    | 2.55  | 1.06    | 1.05    |         |         |
| Adjusted   | \$ 1.60  | \$ 2.80   | \$ 3.84                                 | \$ 7.35   | \$ 9.88 | \$ 7.85 | \$ 2.78 | \$ 4.67 |

(\*) Historical operating data not adjusted for the effect of SFAS 142

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**SELECTED HISTORICAL FINANCIAL DATA OF TRW**

The following is a summary of selected consolidated financial data of TRW for each of the years in the five-year period ended December 31, 2001 and for the six months ended June 30, 2001 and June 30, 2002. The information with respect to the years ended December 31, 1999, 2000 and 2001 is derived from the audited consolidated financial statements of TRW contained in its Form 8-K filed on September 3, 2002 (which contains restated financial information of TRW for those years to give effect to the pending sale of TRW's Aeronautical Systems business and the reporting of that business as a discontinued operation). The information with respect to the years ended December 31, 1997 and 1998 is derived from the audited consolidated financial statements of TRW contained in its Annual Report on Form 10-K for the fiscal years ended December 31, 1998 and 1999. The information with respect to the six months ended June 30, 2001 and June 30, 2002 is derived from the unaudited consolidated financial statements of TRW contained in its Quarterly Report on Form 10-Q for the six-month period ended June 30, 2002. This summary should be read together with the financial statements which are incorporated by reference in this joint proxy statement/prospectus and the accompanying notes and management's discussion and analysis of financial condition and the results of operations of TRW contained in such reports, as well as the Unaudited Pro Forma Condensed Combined Financial Information beginning on page 103.

|  | TRW  |   |  |           |           |           |           |
|--|--|---|--|-----------|-----------|-----------|-----------|
|  | Six<br>Months<br>Ended<br>June 30,<br>2002<br>(\$ in millions) | Six Months<br>Ended<br>June 30,<br>2001<br>(\$ in millions) | TRW<br>Year ended December 31,<br>(\$ in millions) |           |           |           |           |
|  |  |   | 2001   | 2000      | 1999      | 1998      | 1997      |
| <b>Operating Data</b>  |  |   |  |           |           |           |           |
| Net sales  | \$ 8,119   | \$ 7,908  | \$ 15,282  | \$ 16,126 | \$ 16,068 | \$ 11,886 | \$ 10,831 |
| Income (loss) from continuing operations before extraordinary items, net of tax          | 202  | 20  | 18   | 381       | 417       | 477       | (49)      |
| Gain (loss) from discontinued operations, net of tax                                     | (672)  | 38  | 50   | 57        | 52        | 0         | 0         |
| Basic earnings (loss) per share, from continuing operations before extraordinary items   | 1.59   | 0.17  | 0.14   | 3.08      | 3.44      | 3.93      | (0.40)    |
| Diluted earnings (loss) per share, from continuing operations before extraordinary items | 1.59   | 0.17  | 0.14   | 3.05      | 3.38      | 3.83      | (0.40)    |
| Dividends declared per common share  | 0.175  | 0.35  | 1.05   | 1.36      | 1.32      | 1.28      | 1.24      |
| <b>Balance Sheet Data</b>  |  |   |  |           |           |           |           |
| Total assets   | \$ 14,639  | \$ 15,795   | \$ 14,444  | \$ 16,467 | \$ 18,266 | \$ 7,340  | \$ 6,410  |
| Total long term obligations  | 7,455  | 7,655   | 7,392  | 7,825     | 8,543     | 2,442     | 2,067     |

Effective January 1, 2002, TRW adopted Statement of Financial Accounting Standards (SFAS) 142 *Goodwill and Other Intangible Assets*, which changes the accounting from an amortization method to an impairment-only approach. In accordance with this statement, amortization of goodwill, including goodwill recorded in past business combinations, ceased December 31, 2001. The table below reconciles the selected historical financial data of TRW to the adjusted income (loss) from continuing operations before extraordinary items, gain (loss) from discontinued operations, and earnings (loss) per share for the three-year period ended December 31, 2001 and for the six months ended June 30, 2002 and 2001, reflecting the adoption of SFAS 142.

|  | TRW                            |                                | TRW                                      |         |         |         |           |
|--|--------------------------------|--------------------------------|--|---------|---------|---------|-----------|
|  | Six Months Ended June 30, 2002 | Six Months Ended June 30, 2001 | Year Ended December 31, (\$ in millions) |         |         |         |           |
|  | (\$ in millions)               | (\$ in millions)               | 2001                                     | 2000    | 1999    | 1998*   | 1997*     |
| <b>Income (loss) from continuing operations before extraordinary items, net of tax</b>         |                                |                                |  |         |         |         |           |
| As reported  | \$ 202                         | \$ 20                          | \$ 18                                    | \$ 381  | \$ 417  | \$ 477  | \$ (49)   |
| Add back goodwill amortization, net of tax   |                                | 35                             | 71                                       | 79      | 65      |         |           |
| Income (loss) from continuing operations before extraordinary items, net of tax adjusted       | \$ 202                         | \$ 55                          | \$ 89                                    | \$ 460  | \$ 482  | \$ 477  | \$ (49)   |
| <b>Gain (loss) from discontinued operations, net of tax</b>                                    |                                |                                |  |         |         |         |           |
| As reported  | \$ (672)                       | \$ 38                          | \$ 50                                    | \$ 57   | \$ 52   | \$      | \$        |
| Add back goodwill amortization, net of tax   |                                | 9                              | 19                                       | 17      | 12      |         |           |
| Gain (loss) from discontinued operations, net of tax adjusted                                  | \$ (672)                       | \$ 47                          | \$ 69                                    | \$ 74   | \$ 64   | \$      | \$        |
| <b>Basic earnings (loss) per share from continuing operations before extraordinary items</b>   |                                |                                |  |         |         |         |           |
| As reported  | \$ 1.59                        | \$ 0.17                        | \$ 0.14                                  | \$ 3.08 | \$ 3.44 | \$ 3.93 | \$ (0.40) |
| Add back goodwill amortization, net of tax   |                                | 0.28                           | 0.57                                     | 0.65    | 0.54    |         |           |
| Adjusted   | \$ 1.59                        | \$ 0.45                        | \$ 0.71                                  | \$ 3.73 | \$ 3.98 | \$ 3.93 | \$ (0.40) |
| <b>Diluted earnings (loss) per share from continuing operations before extraordinary items</b> |                                |                                |  |         |         |         |           |
| As reported  | \$ 1.59                        | \$ 0.17                        | \$ 0.14                                  | \$ 3.05 | \$ 3.38 | \$ 3.83 | \$ (0.40) |
| Add back goodwill amortization, net of tax   |                                | 0.28                           | 0.57                                     | 0.63    | 0.52    |         |           |
| Adjusted   | \$ 1.59                        | \$ 0.45                        | \$ 0.71                                  | \$ 3.68 | \$ 3.90 | \$ 3.83 | \$ (0.40) |

(\*) Historical operating data not adjusted for the effect of SFAS 142



### COMPARATIVE PER SHARE INFORMATION

The following table summarizes unaudited per share information for Northrop Grumman and TRW separately on a historical basis, pro forma combined basis for Northrop Grumman and equivalent pro forma combined basis for TRW. The following information should be read in conjunction with the audited consolidated financial statements of Northrop Grumman and TRW, and the Unaudited Pro Forma Condensed Combined Financial Statements beginning on page 103. The pro forma information is presented for illustrative purposes only and is not necessarily indicative of the actual operating results or financial position that would have resulted if Northrop Grumman's acquisition of TRW and the Litton and Newport News acquisitions had been completed as of the beginning of the period presented, nor is it necessarily indicative of the future operating results or financial position of the combined companies. The historical book value per share is computed by dividing total stockholders' equity by the number of common shares outstanding at the end of the period. The pro forma per share earnings from continuing operations are computed by dividing the pro forma income from continuing operations available to holders of common stock by the pro forma weighted average number of shares outstanding. The pro forma combined book value per share is computed by dividing total pro forma stockholders' equity by the pro forma number of common shares outstanding at the end of the period. TRW equivalent pro forma combined per share amounts are calculated by multiplying Northrop Grumman pro forma combined per share amounts by 0.5357, the percentage of a share of Northrop Grumman common stock that would be exchanged for each share of TRW common stock pursuant to the merger, based upon a Northrop Grumman common stock price of \$112.00 per share, which represents the bottom end of the collar for the merger exchange ratio. The historical per share information of Northrop Grumman and TRW was derived from Northrop Grumman's and TRW's respective historical annual financial statements.

|   | <b>Six Months<br/>June 30,<br/>2002</b> | <b>Year Ended<br/>December 31,<br/>2001</b> |
|---|---|---|
| <b>Northrop Grumman Historical</b>                              |   |   |
| Historical per common share:                                    |   |   |
| Income per basic share  | \$ 2.85                                 | \$ 4.84                                     |
| Income per diluted share  | 2.80                                    | 4.80  |
| Dividends declared Common                                       | 0.80                                    | 1.60  |
| Dividends declared Mandatorily Redeemable Preferred             | 3.50                                    | 5.19  |
| Book value per share  | 70.98                                   | 68.08                                       |
| <b>TRW Historical</b>   |   |   |
| Historical per common share:                                    |   |   |
| Income from continuing operations per basic share               | \$ 1.59                                 | \$ 0.14                                     |
| Income from continuing operations per diluted share             | 1.59                                    | 0.14  |
| Dividends declared Common                                       | 0.175                                   | 1.05  |
| Dividends declared Preference Stock II Series 1                 | 1.10                                    | 4.40  |
| Dividends declared Preference Stock II Series 3                 | 1.125                                   | 4.50  |
| Book value per share  | 15.53                                   | 17.25                                       |
| <b>Unaudited Pro Forma Combined</b>                             |   |   |
| Unaudited pro forma per share of Northrop Grumman common stock: |   |   |
| Income from continuing operations per basic share               | \$ 1.62                                 | \$ 2.12                                     |
| Income from continuing operations per diluted share             | 1.60                                    | 2.11  |
| Dividends declared Common                                       | 0.80                                    | 1.60  |
| Dividends declared Mandatorily Redeemable Preferred             | 3.50                                    | 7.00  |
| Dividends declared Preference Stock II Series 1                 |   |   |
| Dividends declared Preference Stock II Series 3                 |   |   |
| Book value per share  | 86.65                                   | N/A   |
| <b>Unaudited Pro Forma TRW Equivalents</b>                      |   |   |
| Unaudited pro forma per share of TRW common stock:              |   |   |
| Income from continuing operations per basic share               | \$ 0.87                                 | \$ 1.14                                     |
| Income from continuing operations per diluted share             | 0.86                                    | 1.13  |
| Dividends declared Common                                       | 0.43                                    | 0.86  |
| Dividends declared Mandatorily Redeemable Preferred             |   |   |
| Dividends declared Preference Stock II Series 1                 |   |   |
| Dividends declared Preference Stock II Series 3                 |   |   |
| Book value per share  | 46.42                                   | N/A   |

## COMPARATIVE MARKET DATA

Northrop Grumman common stock trades on the New York Stock Exchange and on the Pacific Exchange under the symbol NOC and TRW common stock trades on the New York Stock Exchange, the Pacific Exchange, the Chicago Stock Exchange, the Philadelphia Stock Exchange, the London Stock Exchange and the Frankfurt Stock Exchange under the symbol TRW. The following table presents trading information for Northrop Grumman and TRW common stock on February 21, 2002, March 1, 2002, June 28, 2002 and September 12, 2002. February 21, 2002 was the last trading day before the public announcement of Northrop Grumman's proposal for a business combination of Northrop Grumman and TRW, March 1, 2002 was the last trading day before the date of the commencement of Northrop Grumman's offer to exchange all outstanding shares of TRW common stock, June 28, 2002 was the last trading day before the merger agreement was announced and September 12, 2002 was the last trading day before the date of this joint proxy statement/prospectus. Northrop Grumman stockholders and TRW shareholders should read the information presented below in conjunction with COMPARATIVE PER SHARE MARKET PRICE AND DIVIDEND INFORMATION on the following page.

|                    | Northrop Grumman<br>Common Stock |           |           | TRW<br>Common Stock |          |          |
|--------------------|----------------------------------|-----------|-----------|---------------------|----------|----------|
|                    | High                             | Low       | Closing   | High                | Low      | Closing  |
| February 21, 2002  | \$ 118.89                        | \$ 114.81 | \$ 117.80 | \$ 40.05            | \$ 38.91 | \$ 39.80 |
| March 1, 2002      | 108.00                           | 106.80    | 107.75    | 50.61               | 50.00    | 50.05    |
| June 28, 2002      | 128.82                           | 125.00    | 125.00    | 56.98               | 56.21    | 56.98    |
| September 12, 2002 | 128.80                           | 126.55    | 126.80    | 59.19               | 58.50    | 58.50    |

For illustrative purposes, the following table provides TRW equivalent per share information on each of the relevant dates assuming the highest (\$60.00/\$112.00) and the lowest (\$60.00/\$138.00) possible exchange ratios. TRW equivalent per share amounts are calculated by multiplying Northrop Grumman per share amounts by the exchange ratio.

| Date               | Northrop Grumman<br>Common Stock |           |           | TRW Equivalent per share at<br>Highest Exchange Ratio |          |          | TRW Equivalent per share at<br>Lowest Exchange Ratio |          |          |
|--------------------|----------------------------------|-----------|-----------|---|----------|----------|--|----------|----------|
|                    | High                             | Low       | Close     | High  | Low      | Close    | High   | Low      | Close    |
| February 21, 2002  | \$ 118.89                        | \$ 114.81 | \$ 117.80 | \$ 63.69  | \$ 61.51 | \$ 63.11 | \$ 51.69   | \$ 49.92 | \$ 51.22 |
| March 1, 2002      | 108.00                           | 106.80    | 107.75    | 57.86   | 57.21    | 57.72    | 46.96  | 46.43    | 46.85    |
| June 28, 2002      | 128.82                           | 125.00    | 125.00    | 69.01   | 66.96    | 66.96    | 56.01  | 54.35    | 54.35    |
| September 12, 2002 | 128.80                           | 126.55    | 126.80    | 69.00   | 67.79    | 67.93    | 56.00  | 55.02    | 55.13    |

**COMPARATIVE PER SHARE MARKET PRICE AND DIVIDEND INFORMATION**

The following table sets forth, for the calendar quarters indicated, the high and low closing sales prices per share reported by the New York Stock Exchange for such securities and the dividends declared on Northrop Grumman common stock and on TRW common stock for the periods indicated.

|                            | Northrop Grumman<br>Common Stock |          |           | TRW<br>Common Stock |          |           |
|----------------------------|----------------------------------|----------|-----------|---------------------|----------|-----------|
|                            | High                             | Low      | Dividends | High                | Low      | Dividends |
| <b>1999</b>                |                                  |          |           |                     |          |           |
| March 31, 1999             | \$ 73.25                         | \$ 57.00 | \$ 0.40   | \$ 58.63            | \$ 44.75 | \$        |
| June 30, 1999              | 73.31                            | 57.75    | 0.40      | 54.94               | 41.94    | 0.33      |
| September 30, 1999         | 75.69                            | 59.94    | 0.40      | 57.19               | 48.06    | 0.33      |
| December 31, 1999          | 62.31                            | 49.00    | 0.40      | 54.00               | 41.50    | 0.66      |
| <b>2000</b>                |                                  |          |           |                     |          |           |
| March 31, 2000             | 55.19                            | 43.56    | 0.40      | 64.13               | 39.81    |           |
| June 30, 2000              | 80.25                            | 52.44    | 0.40      | 59.94               | 43.19    | 0.33      |
| September 30, 2000         | 91.81                            | 65.63    | 0.40      | 52.09               | 40.25    | 0.33      |
| December 31, 2000          | 92.50                            | 74.13    | 0.40      | 42.00               | 29.88    | 0.70      |
| <b>2001</b>                |                                  |          |           |                     |          |           |
| March 31, 2001             | 97.54                            | 79.81    | 0.40      | 40.34               | 33.86    |           |
| June 30, 2001              | 95.37                            | 77.60    | 0.40      | 44.95               | 33.48    | 0.35      |
| September 30, 2001         | 102.97                           | 77.00    | 0.40      | 44.35               | 28.01    | 0.35      |
| December 31, 2001          | 108.97                           | 89.02    | 0.40      | 40.51               | 30.01    | 0.35      |
| <b>2002</b>                |                                  |          |           |                     |          |           |
| March 31, 2002             | 117.80                           | 96.00    | 0.40      | 51.61               | 34.82    |           |
| June 30, 2002              | 132.50                           | 112.24   | 0.40      | 56.98               | 51.14    | 0.175     |
| Through September 12, 2002 | 126.80                           | 95.99    | 0.40      | 58.54               | 48.50    | 0.175     |

On June 28, 2002, the last full trading day prior to the announcement of the merger, the last sale price per share of Northrop Grumman common stock reported by the New York Stock Exchange was \$125.00 and the last sale price per share of TRW common stock was \$56.98. On September 12, 2002, the last full trading day prior to the date of this joint proxy statement/prospectus, the last sale price per share of Northrop Grumman common stock reported by the New York Stock Exchange was \$126.80 and the last sale price per share of TRW common stock was \$58.50.

Stockholders should obtain current market quotations for Northrop Grumman and TRW common stock before making any decision regarding the merger or the other matters described in this joint proxy statement/prospectus.

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## INFORMATION ABOUT NORTHROP GRUMMAN AND TRW

### Northrop Grumman

Northrop Grumman provides technologically advanced, innovative products, services and solutions in defense and commercial electronics, military aircraft, information technology, systems integration and nuclear and non-nuclear shipbuilding and systems. As a prime contractor, principal subcontractor, partner, or preferred supplier, Northrop Grumman participates in many high-priority defense and commercial technology programs in the United States and abroad. While Northrop Grumman is subject to the usual vagaries of the marketplace, it is also affected by the unique characteristics of the defense industry and by certain elements peculiar to its own business mix. It is common in the defense industry for work on major programs to be shared among a number of companies. A company competing to be a prime contractor may, upon ultimate award of the contract, turn out to be a subcontractor. For example, it is not uncommon to compete with customers and, simultaneously on other contracts, to be either a supplier to or a customer of such competitor. The nature of major defense programs, conducted under binding contracts, allows companies that perform well to benefit from a level of program continuity unknown in many industries. While Northrop Grumman conducts most of its business with the United States government, principally the Department of Defense, domestic and international commercial sales still represent a significant portion of Northrop Grumman's business.

Northrop Grumman is aligned into six business sectors as follows:

*Electronic Systems.* This sector includes the design, development, manufacture and integration of a wide variety of defense electronics and systems, airspace management systems, precision weapons, marine systems, logistics systems, space systems, and automation and information systems. Significant programs include fire control radars for the F-16 and F-22 fighter aircraft and the Longbow Apache helicopter, the AWACS airborne early warning radar, the Joint STARS air-to-ground surveillance radar sensor, the Longbow Hellfire missile and the BAT brilliant anti-armor submunition. This sector also provides tactical military radars and country-wide air defense systems, plus airborne electronic countermeasures systems intended to jam enemy aircraft and weapons systems. The sector includes the advanced electronics businesses, which design, develop and manufacture inertial navigation, guidance and control, IFF (identification friend or foe), and marine electronic systems, and provide electronic warfare systems and integrated avionics systems and shipboard information and communication systems. The United States government is a significant customer.

*Information Technology.* This sector includes the design, development, operation and support of computer systems for scientific and management information. Information Technology has extensive expertise in command, control, communications, computers, intelligence, surveillance and reconnaissance (C4ISR). It is a key management support element for major weapons systems, such as the United States Navy's AEGIS class destroyer, and also provides mission planning for the United States Navy, Air Force and Special Operations Command. Information Technology provides base operations support for NASA's Kennedy Space Center, Cape Canaveral Air Station and Patrick Air Force Base, among others. In addition, Information Technology provides information technology services to commercial customers and to the other Northrop Grumman sectors. Information Technology includes the information systems businesses, which design, develop, integrate and support computer-based information systems and provide information technology and services, primarily for government customers.

*Integrated Systems.* This sector includes the design, development and production of airborne early warning, electronic warfare and surveillance and battlefield management systems. Integrated Systems is the prime contractor for the Joint STARS advanced airborne targeting and battle management system, the United States Air Force's B-2 Spirit stealth bomber, unmanned vehicles including the Global Hawk, and the EA-6B Prowler electronic countermeasures aircraft, and is upgrading the E-2C Hawkeye early warning aircraft. Integrated Systems also has a principal role in producing the United States Navy's F/A18 Hornet strike fighter and in the development and future production of the F-35 Joint Strike Fighter.

*Ship Systems.* This sector is engaged in building large multimission non-nuclear surface ships for the United States Navy as well as for other government and commercial customers worldwide and is a provider of overhaul, repair, modernization, ship design and engineering services. The United States government is a significant customer.

*Newport News.* Newport News is the largest non-government-owned shipyard in the United States, as measured by each of revenues, size of facilities and number of employees. Its primary business is the design, construction, repair, maintenance, overhaul, life-cycle support and refueling of nuclear-powered aircraft carriers and the design, life-cycle support and construction of nuclear powered submarines for the United States Navy.

*Component Technologies.* This sector includes international suppliers of complex backplanes, connectors, laser crystals, solder materials, specialty products and other electronic components used primarily in the telecommunications, industrial and computer markets.

The principal executive offices of Northrop Grumman are located at 1840 Century Park East, Los Angeles, California 90067, and its telephone number is (310) 553-6262.

Additional information concerning Northrop Grumman is included in the reports Northrop Grumman periodically files with the SEC. See ADDITIONAL INFORMATION beginning on page 125.

## **TRW**

TRW is a United States-based international company that provides advanced technology products and services. The principal businesses of TRW and its subsidiaries are the design, manufacture and sale of products and the performance of systems engineering, research and technical services for industry and the United States government in the Automotive, Information Systems and Defense markets. TRW currently operates its business in the following operating segments:

*Automotive.* TRW's Automotive segment designs, manufactures and sells a broad range of steering, suspension, braking, engine, safety, electronic, engineered fastening and other components and systems for passenger cars, light trucks and commercial vehicles. The principal products are:

- inflatable restraint, seat belt and steering wheel systems;
- braking systems and related products;
- steering and suspension systems and components;
- chassis modules and integrated vehicle control systems;
- vehicle dynamic control systems and electronics;
- access, security and safety electronics systems;
- display and heating, ventilating and air conditioning electronics;
- engineered and plastic fasteners and precision plastic moldings and assemblies;
- engine components and systems;
- commercial steering systems and components; and
- aftermarket operations, including parts, service and technical and diagnostic support.

TRW sells its automotive products primarily to automotive original equipment manufacturers in North and South America, Europe and the Asia Pacific region. In addition, TRW sells some of its automotive components for use as aftermarket and service parts to automotive original equipment manufacturers and

others for resale through their own independent distribution networks. TRW's commercial steering systems and components are sold to heavy-duty vehicle manufacturers in North and South America, Europe and the Asia Pacific region.

*Systems.* TRW's Systems segment offers its customers systems engineering, systems integration, software development, modeling and simulation, testing and evaluation, training and information technology for high technology systems, products and services in the fields of:

- strategic missiles;
- intelligence management and processing;
- command, control and communications;
- missile and air defense;
- airborne reconnaissance;
- homeland security;
- public safety and transportation;
- logistics and training;
- health and human services;
- integrated supply chain;
- tax systems; and
- air traffic control.

The programs and services offered by TRW's Systems segment are sold to the United States government and its agencies, state and local government agencies, foreign governments and commercial customers. TRW's Systems segment also performs diverse testing and general research projects related to many of its products and services under both private and United States government contracts.

*Space & Electronics.* TRW's Space & Electronics segment focuses on the design and manufacture of:

- spacecraft systems and subsystems;
- electronic systems, including communication systems for space and defense;
- commercial telecommunications products;
- gallium arsenide and indium phosphide advanced semiconductors for satellite and telecommunications applications;
- digital broadband space payloads;
- space science instruments;
- advanced avionics systems;
- high energy laser systems; and
- spacecraft products, including solar arrays and reflectors.

TRW's Space & Electronics segment also offers systems engineering and advanced technology research and development services to its customers. TRW's Space & Electronics segment sells its products and services primarily to the United States government for both military and civilian applications, as well as to international and commercial customers.

*Discontinued Operation.* TRW also operates an Aeronautical Systems business, which designs and manufactures high integrity systems and equipment, and provides services, in the following product areas:

equipment services, including spares and maintenance, repair and overhaul;

flight controls;

engine controls;

cargo systems;

power generation and management;

missile actuation; and

hoists and winches.

TRW sells its aeronautical systems and services to the world's major airlines and aircraft producers, as well as to the United States government and international governments and agencies.

TRW has entered into an agreement to sell the Aeronautical Systems business to Goodrich Corporation, as described on page 11 in the Summary section under the heading "Sale of Aeronautical Systems Business," and TRW will no longer operate this business upon the closing of that sale. This business is reported as discontinued operations in TRW's financial statements.

The principal executive offices of TRW are located at 1900 Richmond Road, Cleveland, Ohio 44124 and its telephone number is (216) 291-7000.

Additional information concerning TRW is included in the reports TRW periodically files with the SEC. See "ADDITIONAL INFORMATION" beginning on page 125.

## THE NORTHROP MEETING

### General Information

This joint proxy statement/prospectus is being delivered to Northrop Grumman stockholders in connection with the solicitation of the enclosed BLUE proxy by the board of directors of Northrop Grumman for use at the Northrop Meeting.

### Matter to be Considered at the Northrop Meeting

At the Northrop Meeting, Northrop Grumman stockholders will be asked to consider and vote on a proposal to approve the issuance of the shares of Northrop Grumman common stock pursuant to the merger (including shares to be issued upon exercise of TRW options deemed assumed by Northrop Grumman, or issued upon conversion of TRW restricted stock or restricted stock units, pursuant to the merger agreement).

### Record Date; Stockholders Entitled to Vote

Only Northrop Grumman stockholders of record at the close of business on \_\_\_\_\_, 2002, the record date for the Northrop Meeting, are entitled to notice of, and to vote at, the Northrop Meeting. As of the close of business on the record date, there were \_\_\_\_\_ shares of Northrop Grumman common stock outstanding and entitled to vote. Each Northrop Grumman stockholder is entitled to one vote per share of Northrop Grumman common stock held as of the record date.

### Voting and Revocation of Proxies

Northrop Grumman stockholders are requested to complete, date and sign the enclosed BLUE proxy card and promptly return it in the accompanying envelope or otherwise mail it to Northrop Grumman. All properly completed proxies received by Northrop Grumman before the Northrop Meeting that are not validly revoked will be voted at the Northrop Meeting in accordance with the instructions indicated on the proxies or, if no instructions are given, proxies will be voted to approve the issuance of the shares of Northrop Grumman common stock pursuant to the merger. Northrop Grumman stockholders also may vote by telephone or over the internet by calling the toll-free telephone number or following the instructions for internet voting on the BLUE proxy card or in the voting instruction form received from the bank, trustee, broker or other nominee holder of Northrop Grumman shares. Northrop Grumman stockholders may vote in person at the Northrop Meeting by delivering a completed BLUE proxy card at the meeting or by using written ballots which will be available to any Northrop Grumman stockholder who desires to vote in person at the Northrop Meeting.

Northrop Grumman stockholders who are beneficial owners of shares held in \_\_\_\_\_ street name by a broker, trustee, bank or other nominee holder on behalf of such stockholder may vote in person at the meeting by obtaining a legal proxy from the nominee holding the Northrop Grumman shares. In addition, such Northrop Grumman stockholders may vote by proxy by completing and signing a voting instruction card provided to them by the nominee holding the Northrop Grumman shares.

Any proxy given by a Northrop Grumman stockholder may be revoked at any time before it is voted at the Northrop Meeting by doing any of the following:

- delivering a written notice bearing a date later than the date of the first proxy to Northrop Grumman's Corporate Secretary stating that the first proxy is revoked;
- signing and delivering a BLUE proxy card relating to the same shares and bearing a later date than the date of the previous proxy;
- voting by telephone or over the internet at a later date than the date of the previous proxy; or
- attending the Northrop Meeting and voting in person.



However, any Northrop Grumman stockholder who beneficially owns Northrop Grumman shares through a broker, trustee, bank or other nominee holder will need to check with the broker, trustee, bank or other nominee holder who holds the shares on the stockholder's behalf to determine how to change a vote.

The matter to be considered at the Northrop Meeting is of great importance to Northrop Grumman stockholders. Accordingly, Northrop Grumman stockholders should read and carefully consider the information presented in this joint proxy statement/prospectus and to either complete, date, sign and promptly return the enclosed BLUE proxy card in the enclosed postage-paid envelope or to vote by telephone or over the internet, as described on the BLUE proxy card.

**Proxy Solicitation**

In addition to this mailing, Northrop Gr