

NORTHROP GRUMMAN CORP /DE/

Form 424B3

November 05, 2002

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**FILED
PURSUANT TO
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REGISTRATION
NO. 333-83672**

November 4, 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 December 11, 2002 at 9:00 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 WHITE proxy card today or by voting by telephone or over the internet as described on the WHITE proxy card.

Sincerely yours,

Kent Kresa
Chairman and Chief Executive Officer

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November 4, 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 December 11, 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 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

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**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 9:00 a.m. Los Angeles time on December 11, 2002.

Holders of Northrop Grumman common stock at the close of business on November 4, 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

November 4, 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 WHITE 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 WHITE 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.

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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 December 11, 2002.

TRW shareholders of record at the close of business on November 4, 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

November 4, 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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**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 15 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. See ADDITIONAL INFORMATION on page 126.

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 November 5, 2002.

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This document has been issued in connection with the merger described herein. Notwithstanding its delivery to Northrop Grumman stockholders and TRW shareholders resident in Greece, this document does not constitute a public offer of securities in Greece and has not been approved by the Greek Capital Markets Commission.

This document does not constitute an offer of securities in the Federal Republic of Germany. It is intended solely as a source of information for the Northrop Grumman stockholders or TRW shareholders to which it has been addressed and for the purposes described herein.

The approval of the Securities Commission of Malaysia has been obtained pursuant to the provisions of Section 32 of the Malaysian Securities Commission Act of 1993. The Malaysian Securities Commission's approval shall not be taken to indicate that the Malaysian Securities Commission recommends the merger described herein.

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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 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 9:00 a.m. Los Angeles time on December 11, 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 December 11, 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.

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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 Georgeson Shareholder Communications Inc., TRW's proxy solicitor and information agent for the merger, at:

Georgeson 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. has established a recorded message line and will make available 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.

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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 15, and the attached exhibits and annexes. See "ADDITIONAL INFORMATION" on page 126.

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 100.

Information About the Companies

Northrop Grumman (Page 27)

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 October 31, 2002 (\$103.13) and the number of shares of Northrop Grumman common stock outstanding on that date (113,137,615), Northrop Grumman's market capitalization was approximately \$11.67 billion.

TRW (Page 28)

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

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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 operated an Aeronautical Systems business until October 1, 2002, when TRW sold that business to Goodrich Corporation, as described in the section entitled "Sale of Aeronautical Systems Business" on page 12. 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 October 31, 2002, (\$53.30), and the number of shares of TRW common stock outstanding on that date (129,541,599), TRW's market capitalization was approximately \$6.9 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 31 and 33)

Time, Date and Place

The special meeting of Northrop Grumman stockholders (which is referred to as the "Northrop Meeting") will be held at 9:00 a.m., Los Angeles time, on December 11, 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 December 11, 2002 at:

TRW Inc.
1900 Richmond Road
Cleveland, Ohio 44124

Matter to be Considered at the Northrop Meeting (Page 31)

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 33)

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

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Record Dates, Shares Entitled to Vote and Votes Required

Northrop Grumman (Pages 31 and 32)

Northrop Grumman stockholders are entitled to cast one vote for each share of Northrop Grumman common stock held at the close of business on November 4, 2002, the record date for the Northrop Meeting. On that date, 113,139,115 shares of Northrop Grumman common stock were outstanding and entitled to vote, of which a total of 659,461 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 (Pages 33 and 35)

TRW shareholders are entitled to cast one vote for each share of TRW common stock held at the close of business on November 4, 2002, the record date for the TRW Meeting. On that date, 129,542,099 shares of TRW common stock were outstanding and entitled to vote, of which a total of 290,270 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 31)

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 WHITE 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 WHITE 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 33)

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

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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 34.

Quorum at the Special Meetings (Pages 32 and 35)

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 32 and 35)

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 37)

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 42)

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.

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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 88)

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