

NORTHROP GRUMMAN CORP /DE/

Form S-4/A

July 17, 2002

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As filed with the Securities and Exchange Commission on July 17, 2002

Registration No. 333-83672

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## SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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### AMENDMENT NO. 4 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)

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

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**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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**Four Times Square**  
**New York, New York 10036**  
**(212) 735-3000**

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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. "

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. "

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### CALCULATION OF REGISTRATION FEE

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Title of Each Class of Securities to be Registered(1)	Amount to be Registered(2)	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price(3)	Amount of Registration Fee
Common Stock, par value \$1.00 per share (together with the associated rights)	76,382,974	N/A	\$ 7,575,357,857.76	\$ 696,932.92

- (1) This Registration Statement relates to shares of common stock of Northrop Grumman Corporation to be issued in exchange for all of the issued and outstanding shares of common stock, par value \$0.625 per share, of TRW Inc., an Ohio corporation, in connection with the merger of Richmond Acquisition Corp., a wholly-owned subsidiary of Northrop Grumman, with and into TRW.
- (2) This amount is based upon the maximum number of shares of Northrop Grumman common stock (together with the associated rights to purchase Series A junior participating preferred stock) issuable upon consummation of the merger for shares of TRW common stock and upon exercise of TRW options or in exchange for other TRW securities assumed by Northrop Grumman pursuant to the merger.
- (3) Computed solely for purposes of calculating the registration fee. The registration fee has been computed pursuant to Rule 457(f)(1) under the Securities Act of 1933, as amended, based on the average of the high and low prices for shares of TRW common stock as reported on the New York Stock Exchange on July 15, 2002 (\$53.13) and the maximum number of such TRW shares (142,581,552) that may be exchanged for the securities being registered minus the maximum cash consideration payable for such TRW shares.

**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. local 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 consider this matter and make 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 the internet.

Sincerely yours,

Kent Kresa  
Chairman and Chief Executive Officer

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[ ], 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 enable the creation of 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 Inc. 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, Lyndhurst, 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  
TRW Chairman

Kenneth W. Freeman  
Lead Director

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**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 day 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 (with one director absent) has unanimously approved the merger agreement and the board of directors of TRW (with one director absent) has 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 the internet.

**Northrop Grumman stockholders and TRW shareholders should carefully read the section entitled RISK FACTORS beginning on page 12 for a discussion of specific risks that should be considered in determining how to vote on the matters described herein.**

**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.

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 103.

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, Lyndhurst, Ohio 44124-3760, or by calling the TRW Literature number at (216) 291-7755.

All written requests must be received by the information agents no later than [ ], 2002 to ensure adequate time for delivery before the special meetings.

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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 [ ] a.m. local time on [ ], 2002.

Holders of Northrop Grumman common stock at the close of business on [ ], 2002 are entitled to vote at the 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 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. 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.**

**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 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, Lyndhurst, Ohio, at 8:30 a.m. local time on [ ], 2002.

TRW shareholders of record at the close of business on [ ], 2002 will be entitled to 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  
Lyndhurst, 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. 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.**

**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 that holds 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 for determining the number of shares of Northrop Grumman common stock that will be issued in exchange for each share of TRW common stock 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 prior to the date the merger is completed. 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. local time on [\_\_\_\_], 2002.

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

**Q: What stockholder or shareholder 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 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

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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 12, and the attached exhibits and annexes. See "ADDITIONAL INFORMATION" on page 103.

**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 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 day 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), 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 78.

**Information About the Companies**

*Northrop Grumman (Page 23)*

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 July 12, 2002 (\$111.01) and the number of shares of Northrop Grumman common stock outstanding on that date (112,958,926), Northrop Grumman's market capitalization was approximately \$12.54 billion.

*TRW (Page 24).*

TRW is a U.S.-based international company that provides advanced technology products and services. TRW's principal executive offices are located at 1900 Richmond Road, Lyndhurst, 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

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

- Automotive;
- Systems;
- Space & Electronics; and
- Aeronautical Systems.

However, TRW has entered into an agreement to sell its Aeronautical Systems business to Goodrich Corporation, as described below in the section entitled "Sale of Aeronautical Business," and therefore TRW will no longer operate that segment of its business upon the closing of that sale.

Based on the closing price of TRW common stock on the New York Stock Exchange on July 12, 2002, (\$54.25), and the number of shares of TRW common stock outstanding on that date (128,263,552), TRW's market capitalization was approximately \$6.96 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 27 and 29*)

*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., local 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., local time, on [ ], 2002 at:

TRW Inc.  
1900 Richmond Road  
Lyndhurst, Ohio 44124

*Matter to be Considered at the Northrop Meeting (Page 27)*

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 29)*

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 (Page 27)*

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.

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 29)*

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 29)*

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 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 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 29)*

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 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 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 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 30.

### *Quorum at the Special Meetings (Pages 28 and 31)*

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 shares are present in person or by proxy to adopt the merger agreement.

### *Effect of Abstentions and Broker Non-Votes (Pages 28 and 31)*

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 practical effect as a vote against the adoption of the merger agreement.

Information relating to voting by participants in TRW's stock-based employee benefit plans is set forth under the caption "THE TRW MEETING TRW Employee Plan Voting" beginning on page 30.

**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 32)*

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 approved the merger agreement and 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 33)*

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 66)*

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 immediately prior to (and including) the second trading day before the closing date of the merger. However, in no event will the exchange ratio be more than 0.5357 (\$60.00/\$112.00) or less than 0.4348 (\$60.00/\$138.00). If the actual average sale price is less than \$112.00, TRW shareholders will receive less than \$60.00 in value of Northrop Grumman common stock per share of TRW common stock, and if the actual average sale price is more than \$138.00, TRW shareholders will receive more than \$60.00 in value of Northrop Grumman common stock 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 12. As described in the section entitled **Comparison of Rights of Holders of Northrop Grumman Common Stock and TRW Common Stock Rights Plan**, 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 July 17, 2002, then approximately 76,382,974 shares would be issued, based on an exchange ratio calculated using the average closing sales prices of Northrop Grumman common stock between July 10, 2002 and July 16, 2002. 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 in the merger.

#### *TRW Employee and Director Stock Options (Page 67)*

Each holder of options to acquire TRW common stock will be entitled to elect to have such options redeemed by TRW for cash prior to the effective time of the merger, 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 payments equal to one-half of the maximum value.

#### *Opinions of Financial Advisers*

##### *Northrop Grumman (Page 40)*

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

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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 45)*

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 67)*

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

### *Conditions to the Merger (Page 72)*

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 must each 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 72.

### *Termination of the Merger Agreement (Page 74)*

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 on the merger);

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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 or restricts the consummation of 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 74.

Northrop Grumman may terminate the merger agreement if:

TRW's board of directors has changed 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 its 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 74.

### *Termination Fee and Expense Reimbursement*

#### *Termination Fee (Page 75)*

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 75.

#### *Expense Reimbursement (Page 76)*

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 its stockholders or Northrop Grumman fails to call the Northrop Meeting. See THE MERGER AGREEMENT Expense Reimbursement.

#### *No Solicitation (Page 76)*

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 59)*

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, (a) the merger will constitute a reorganization

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within the meaning of Section 368(a) of the Internal Revenue Code and (b) 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. Assuming that the merger qualifies as a reorganization, TRW shareholders will 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.

### **Dividend Policies**

#### *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 ended June 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, with the last quarter ended June 30, 2002, TRW has paid a cash dividend of \$0.175 per share of 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.

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 and dividends on its preferred stock in accordance with the terms of such preferred stock.

### **Material Differences in Rights of Stockholders/Shareholders**

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 more detail under "COMPARISON OF RIGHTS OF HOLDERS OF NORTHROP GRUMMAN COMMON STOCK AND TRW COMMON STOCK" beginning on page 95.

### **Sale of Aeronautical Systems Business**

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

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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 receipt of customary United States and European regulatory approvals. 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 the sale to close in the fourth quarter of 2002.

**Dissenters' Rights** (Page 62)

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 the 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. A copy of Sections 1701.84 and 1701.85 of the Ohio Revised Code is 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 will also 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 result in the full benefits expected by Northrop Grumman. The difficulties, costs and delays that could be encountered may include:

- unanticipated issues in integrating the 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, because of the manner in which the exchange ratio is calculated, the number of shares of Northrop Grumman common stock actually received per share of TRW common stock will have a value of \$60.00 per share only if the average closing sales prices of the Northrop Grumman common stock for the five consecutive trading days ending immediately prior to (and including) the second trading day before the closing date of the merger is between \$112.00 and \$138.00. TRW shareholders will 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. Conversely, TRW shareholders will 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. 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 July 12, 2002, Northrop Grumman had 112,958,926 shares of common stock outstanding and 5,774,482 shares of common stock subject to outstanding options to purchase Northrop Grumman common

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stock. Northrop Grumman expects that it will issue a maximum of 76,382,974 shares of Northrop Grumman common stock in connection with the merger. 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 \$[ ] billion. Northrop Grumman's pro forma indebtedness as of December 31, 2001, after giving effect to the merger (as described in Northrop Grumman Selected Historical and Unaudited Pro Forma Condensed Combined Financial Data ) was approximately \$[ ] 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 pro forma financial information beginning on page 82 assumes a debt reduction of \$[ ] billion in the case of a sale of TRW's Automotive business and the transfer to or assumption of \$[ ] 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 July 15, 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 82.

### **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 United States and European governmental approvals,

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which may not be satisfied. 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, and Northrop Grumman currently anticipates applying the proceeds in the same manner 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 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 "THE MERGER Plans for TRW After the Merger," 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 the former TRW shareholders) 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 transaction 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, the timing and amounts of tax payments, litigation, environmental remediation, 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;

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 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.

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**SELECTED HISTORICAL AND UNAUDITED PRO FORMA CONDENSED COMBINED  
FINANCIAL DATA OF NORTHROP GRUMMAN**

The following table sets forth selected historical consolidated financial data for Northrop Grumman Systems Corporation (formerly Northrop Grumman Corporation and referred to as Northrop Systems ) for each of the years in the four-year period ended December 31, 2000 and for Northrop Grumman for the period ended December 31, 2001, and selected unaudited pro forma condensed combined financial data of Northrop Grumman, Newport News Shipbuilding (which was acquired by Northrop Grumman in January 2002), and TRW as of June 30, 2002 and for the six months ended June 30, 2002 and the year ended December 31, 2001. Historical consolidated financial data for the years ended December 31, 2000, 1999, 1998 and 1997 have been derived from, and are qualified by reference to, the audited consolidated financial statements and notes thereto filed by Northrop Systems with the SEC. Historical consolidated financial data for the year ended December 31, 2001 have been derived from, and are qualified by reference to, the audited consolidated financial statements and notes thereto filed by Northrop Grumman with the SEC. The selected historical financial data for each of the years in the four-year period ending December 31, 2000 do not give effect to the Newport News acquisitions. The historical operating data for the period ended December 31, 2001 includes nine months of operating results of Litton Industries, Inc. subsequent to its acquisition on April 3, 2001 and one month of Newport News operating results subsequent to the acquisition on November 29, 2001.

Northrop Grumman stockholders and TRW shareholders should read this summary together with the financial statements referred to below and those 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 Systems, Northrop Grumman, Litton, Newport News and TRW contained in such reports.

The Unaudited Pro Forma Condensed Combined Financial Data is based upon the historical financial statements of Northrop Grumman, Newport News and TRW adjusted to give effect to the Newport News and TRW acquisitions. The pro forma amounts have been developed from (a) the audited consolidated financial statements of Northrop Grumman contained in its Annual Report on Form 10-K for the fiscal year ended December 31, 2001, which is incorporated by reference in this joint proxy statement/prospectus, (b) the unaudited consolidated financial statements contained in Litton's Quarterly Report on Form 10-Q for the period ended January 31, 2001, (c) the unaudited consolidated financial statements of Newport News contained in its Quarterly Report on Form 10-Q for the period ended September 16, 2001 and (d) the audited consolidated financial statements of TRW contained in its Annual Report on Form 10-K for the year ended December 31, 2001, which is incorporated by reference in this joint proxy statement/prospectus. In the event that the merger is completed, Northrop Grumman has indicated that it would sell or spin off the Automotive operations of TRW. There currently is no agreement for the sale of the Automotive business and there can be no assurance that a sale or spin off will be consummated or with respect to the terms of such sale or spin off. Such a transaction would materially change the pro forma information provided herein.

The final determination and allocation of the purchase price paid for the Newport News and TRW acquisitions may differ from the amounts assumed in this Unaudited Pro Forma Condensed Combined Financial Data.

The acquisition of Litton, which is valued at approximately \$5.2 billion, including the assumption of Litton's net debt of \$1.3 billion, is accounted for using the purchase method of accounting. Under the purchase method of accounting, the purchase price is allocated to the underlying tangible and intangible assets acquired and liabilities assumed based on their respective fair market values, with the excess recorded as goodwill. The Unaudited Pro Forma Condensed Combined Financial Data reflects preliminary estimates of the fair market value of the Litton assets acquired and liabilities assumed and the related allocations of purchase price, and preliminary estimates of adjustments necessary to conform Litton data to Northrop Grumman's accounting policies. Northrop Grumman is currently reviewing the preliminary estimates of the fair market value of the Litton assets acquired and liabilities assumed, including valuations associated with certain contracts and restructuring activities and preliminary valuation study results for workers' compensation accruals and retiree

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benefits assets and liabilities. The final determination of the fair market value of the Litton assets acquired and liabilities assumed and the final allocation of the Litton purchase price may differ from the amounts assumed in the Unaudited Pro Forma Condensed Combined Financial Data. Adjustments to the purchase price allocations were finalized by June 30, 2002, and will be reflected in Northrop Grumman's Quarterly Report on Form 10-Q for the period ended June 30, 2002 and in subsequent filings. There can be no assurance that such adjustments will not be material.

The acquisition of Newport News by Northrop Grumman in January 2002, which is valued at approximately \$2.6 billion, including the assumption of Newport News' net debt of \$400 million, is accounted for using the purchase method of accounting. Northrop Grumman is in the early stages of the fair market value and accounting conformance evaluation process with respect to the Newport News acquisition. The Unaudited Pro Forma Condensed Combined Financial Data reflects preliminary estimates of the fair market value of the Newport News assets acquired and liabilities assumed and the related allocations of purchase price and preliminary estimates of adjustments to conform Newport News to Northrop Grumman's accounting policies. Adjustments to the Newport News purchase price allocation are expected to be finalized by June 30, 2002, and will be reflected in future filings. There can be no assurance that such adjustments will not be material.

As of the date of this joint proxy statement/prospectus, Northrop Grumman has not performed the valuation studies necessary to estimate the fair market value of TRW assets to be acquired and liabilities to be assumed and the related allocations of purchase price, nor has it identified the adjustments necessary, if any, to conform TRW data to Northrop Grumman's accounting policies. Accordingly, Northrop Grumman has used the historical book values of the assets and liabilities of TRW and has used the historical revenue recognition policies of TRW to prepare the Unaudited Pro Forma Condensed Combined Financial Data, with the excess of the purchase price over the historical net assets of TRW recorded as goodwill and other purchased intangibles. Once Northrop Grumman has completed the valuation studies necessary to finalize the required TRW purchase price allocations and identified any necessary conforming changes, such pro forma financial data will be subject to adjustment. There can be no assurance that such adjustments will not be material.

The Unaudited Pro Forma Condensed Combined Financial Data is provided for illustrative purposes only and does not purport to represent what the actual consolidated results of operations or the consolidated financial position of Northrop Grumman would have been had Northrop Grumman's acquisition of TRW and the Litton and Newport News acquisitions occurred on the dates assumed, nor is it necessarily indicative of future consolidated results of operations or financial position.

The Unaudited Pro Forma Condensed Combined Financial Data does not include the realization of cost savings from operating efficiencies, synergies or other restructurings resulting from the Litton, Newport News and TRW acquisitions.

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The Unaudited Pro Forma Condensed Combined Financial Data should be read in conjunction with the separate historical consolidated financial statements and accompanying notes of Northrop Grumman and TRW that are incorporated by reference in this joint proxy statement/prospectus and the Unaudited Pro Forma Condensed Combined Financial Statements beginning on page 82.

Northrop Grumman/ TRW Pro Forma Six Months Ended June 30, 2002 (\$ in millions)	Northrop Grumman Historical Data (\$ in millions)		Northrop Grumman Historical Data Year Ended December 31, (\$ in millions)				
	Six Months Ended June 30, 2002	Six Months Ended June 30, 2001	2001	2000	1999	1998	1997

**Operating Data**

Net sales

Income from continuing operations, net of tax

Basic earnings per share, from continuing operations

Diluted earnings per share, from continuing operations

Cash dividends per common share

**Balance Sheet Data**

Total assets

Total long term obligations

Redeemable preferred stock

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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, 2002 and June 30, 2001. This information is derived from the audited consolidated financial statements of TRW contained in its Annual Report on Form 10-K for the fiscal year ended December 31, 2001. This summary should be read together with the financial statements which are incorporated by reference in this joint proxy statement/prospectus and their accompanying notes and management's discussion and analysis of operations and financial conditions of TRW contained in such reports.

	TRW (\$ in millions)		TRW Year ended December 31 (\$ in millions)				
	Six Month Ended June 30, 2002	Six Months Ended June 30, 2001	2001	2000	1999	1998	1997
<b>Operating Data</b>							
Net sales							
Income (loss) from continuing operations, net of tax							
Gain (loss) from discontinued operations, net of tax							
Basic earnings (loss) per share, from continuing operations							
Diluted earnings (loss) per share, from continuing operations							
Cash dividends per common share							
<b>Balance Sheet Data</b>							
Total assets							
Total long term obligations							

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The following table summarizes unaudited per share information for Northrop Grumman and TRW 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 82. The pro forma information is presented for illustrative purposes only and is not necessarily indicative of the operating results or financial position that would have occurred 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 [ ], 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 \$[ ] per share, which represents the five-day average of the closing sales prices for a share of Northrop Grumman common stock on the New York Stock Exchange from [ ], 2002 through [ ], 2002. The historical per share information of TRW was derived from TRW's historical annual financial statements.

	<u>Six Months Ended June 30, 2002</u>	<u>Year Ended December 31, 2001</u>
<b>Northrop Grumman Historical</b>		
Historical per common share:		
Income per basic share		
Income per diluted share		
Dividends declared - Common		
Dividends declared - Preferred		
Book value per share		
<b>TRW Historical</b>		
Historical per common share:		
Income from continuing operations per basic share		
Income from continuing operations per diluted share		
Dividends declared - Common		
Dividends declared - Preferred		
Book value per share		
<b>Unaudited Pro Forma Combined</b>		
Unaudited pro forma per share of Northrop Grumman common shares:		
Income per basic share		
Income per diluted share		
Dividends declared - Common		
Dividends declared - Preferred		
Book value per share		
<b>Unaudited Pro Forma TRW Equivalents</b>		
Unaudited pro forma per share of TRW common shares:		
Income from continuing operations per basic share		
Income from continuing operations per diluted share		
Dividends declared - Common		
Dividends declared - Preferred		
Book value per share		

**Table of Contents****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 July 16, 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 July 16, 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 Common Stock			TRW 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
July 16, 2002	111.20	106.70	108.50	54.15	52.95	53.20

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 Common Stock			TRW Equivalent per share at Highest Exchange Ratio			TRW Equivalent per share at 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
July 16, 2002	111.20	106.70	108.50	59.57	57.16	58.13	48.35	46.39	47.17

**Table of Contents****COMPARATIVE PER SHARE MARKET PRICE AND DIVIDEND INFORMATION**

Northrop Grumman common stock is listed on the New York Stock Exchange and the Pacific Exchange under the symbol NOC. TRW common stock is listed 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 table below sets forth, for the calendar quarters indicated, the high and low sales prices per share reported on 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 Common Stock			TRW Common Stock		
	High	Low	Dividends	High	Low	Dividends
<b>1999</b>						
March 31, 1999	\$ 73.25	\$ 57.00	\$ 0.40	\$ 58.63	\$ 44.75	\$ 0.33
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	53.94	41.50	0.33
<b>2000</b>						
March 31, 2000	55.19	43.56	0.40	64.13	39.81	0.33
June 30, 2000	80.25	52.44	0.40	59.94	43.19	0.33
September 30, 2000	91.81	65.63	0.40	52.13	40.31	0.33
December 31, 2000	92.50	74.13	0.40	42.00	29.88	0.35
<b>2001</b>						
March 31, 2001	97.54	79.81	0.40	40.34	33.86	0.35
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	0.18
<b>2002</b>						
March 31, 2002	117.80	96.00	0.40	51.61	34.82	0.18
June 30, 2002	135.00	111.30	0.40	57.05	50.81	0.18
July 16, 2002	124.35	104.99		57.90	52.16	

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 on the New York Stock Exchange was \$125.00 and the last sale price per share of TRW common stock was \$56.98. On July 16, 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 on the New York Stock Exchange was \$108.50 and the last sale price per share of TRW common stock was \$53.20.

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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**Table of Contents****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 this 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. 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 U.S. Navy's AEGIS class destroyer, and also provides mission planning for the U.S. 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 U.S. 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 U.S. Navy's F/A18 Hornet strike fighter and in the development and future production of the F-35 Joint Strike Fighter.

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*Ship Systems.* This sector is engaged in the building of large multimission non-nuclear surface ships for the U.S. 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 U.S. 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 Northrop Grumman reports periodically filed by Northrop Grumman with the SEC and incorporated by reference in this joint proxy statement/prospectus. See **ADDITIONAL INFORMATION** beginning on page 103.

## **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, Defense and Aerospace markets. TRW currently operates its business in the following four 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

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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.

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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.

*Aeronautical Systems.* TRW's Aeronautical Systems segment 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 above in the Summary section under the heading "Sale of Aeronautical Business," and TRW will no longer operate that segment of its business upon the closing of that sale.

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 TRW reports periodically filed by TRW with the SEC and incorporated by reference in this joint proxy statement/prospectus. See "ADDITIONAL INFORMATION" beginning on page 103.

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### **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 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 calling the toll-free telephone number on the BLUE proxy card or vote over the internet by following the instructions on the proxy card. Northrop Grumman stockholders may vote in person at the Northrop Meeting by delivering a completed BLUE proxy card at the meeting or by using the written ballots which will be provided to any Northrop Grumman stockholder who desires to vote in person at the Northrop Meeting.

Northrop Grumman stockholders that are beneficial owners of shares held in street name through a broker, trustee, bank or other nominee that holds shares of Northrop Grumman common stock 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, Northrop Grumman stockholders may vote by proxy by completing and signing the 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.

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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 that holds the shares on his or her 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 are urged to 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.

### **Proxy Solicitation**

In addition to this mailing, Northrop Grumman directors, officers, employees and representatives may solicit proxies personally, electronically or by telephone. Northrop Grumman also has retained D.F. King & Co., Inc. as its proxy solicitor and information agent in connection with the Northrop Meeting, for which D.F. King will receive a fee of approximately \$20,000.00 plus out-of-pocket expenses.

Northrop Grumman has requested banks, brokerage houses and other custodians, nominees and fiduciaries to forward Northrop Grumman's proxy solicitation materials to the beneficial owners of the Northrop Grumman shares such nominee holders hold of record. Northrop Grumman will reimburse these nominee holders for customary clerical and mailing expenses incurred in forwarding the proxy solicitation materials to their customers.

### **Stockholder Vote Required to Approve the Issuance of Stock**

The approval of the issuance of the shares of Northrop Grumman common stock pursuant to the merger requires the affirmative vote of a majority of the votes cast at the Northrop Meeting in person or by proxy, assuming a quorum is present.

A quorum at the Northrop Meeting requires the presence in person or by proxy of Northrop Grumman stockholders entitled to cast at least a majority of the votes that all Northrop Grumman stockholders are entitled to cast at the Northrop Meeting. Both abstentions and broker non-votes will be counted for purposes of determining the presence of a quorum.

Brokers who hold shares of Northrop Grumman common stock for the accounts of their clients may vote such shares either as directed by their clients or in their own discretion, if permitted by the stock exchange or other organization of which the broker is a member. Members of the New York Stock Exchange are permitted to vote their clients' proxies in their own discretion as to routine matters, such as the election of directors, if the clients have not furnished voting instructions within ten days of the meeting. Certain non-routine matters, such as the proposal to be brought before the Northrop Meeting, are considered non-discretionary matters and brokers who have received no instructions from their clients do not have discretion to vote on those items. When a broker is not authorized to vote a client's shares on a proposal at a meeting and does not receive instructions on how to vote from the client, the missing votes are referred to as broker non-votes.

Since the required vote of the Northrop Grumman stockholders with respect to the proposed issuance of Northrop Grumman common stock is based upon a percentage of the votes cast at the Northrop Meeting, rather than upon a percentage of the total number of outstanding shares of Northrop Grumman common stock, abstentions and broker non-votes will have no effect on the outcome of this proposal, assuming a quorum is present.

Representatives of Northrop Grumman's principal accountants, Deloitte & Touche LLP are not expected to be present at the Northrop Meeting.

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**THE TRW MEETING**

**General Information**

This joint proxy statement/prospectus is being delivered to TRW shareholders in connection with the solicitation of the enclosed YELLOW proxy by TRW's board of directors for use at the TRW Meeting.

**Matter to be Considered at the TRW Meeting**

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

**Record Date; Shareholders Entitled to Vote**

Only TRW shareholders of record at the close of business on [ ], 2002, the record date for the TRW Meeting, are entitled to notice of, and to vote at, the TRW Meeting. As of the close of business on the record date, there were [ ] shares of TRW common stock outstanding and entitled to vote. Each TRW shareholder is entitled to one vote for each share of TRW common stock held as of the record date.

**Voting and Revocation of Proxies**

TRW shareholders are requested to complete, date and sign the enclosed YELLOW proxy and promptly return it to Corporate Election Services in the accompanying envelope or otherwise mail it to Corporate Election Services, P.O. Box 1150, Pittsburgh, Pennsylvania 15230. All properly completed proxies received by TRW before the TRW Meeting that are not validly revoked will be voted at the TRW Meeting in accordance with the instructions indicated on the proxies or, if no instructions are given, to adopt the merger agreement. TRW shareholders also may vote by calling the toll-free telephone number on the YELLOW proxy card or over the internet by following the instructions on the proxy card. In addition, TRW shareholders may vote in person at the TRW Meeting by delivering a completed YELLOW proxy card at the meeting. TRW will pass out written ballots to any shareholder who desires to vote in person at the TRW Meeting.

TRW shareholders that are beneficial owners of shares held in street name through a broker, trustee, bank or other nominee that holds the shares on behalf of such shareholder may vote in person at the meeting by obtaining a legal proxy from the nominee holding the TRW shares. In addition to voting in person, TRW shareholders may vote by proxy by completing and signing the voting instruction card provided to them by the nominee holding the TRW shares.

Any proxy given by a TRW shareholder may be revoked at any time before it is exercised at the TRW Meeting by doing any of the following:

- delivering a written notice bearing a date later than the date of the first proxy to the Secretary of TRW, stating that the first proxy is revoked;
- signing and delivering a YELLOW proxy relating to the same shares and bearing a later date than the date of the previous proxy;
- submitting a telephone or internet proxy at a later date than the date of the previous proxy; or
- attending the TRW Meeting and voting in person.

However, any TRW shareholder who beneficially owns TRW shares through a broker, trustee, bank or other nominee holder will need to check with the broker, trustee, bank or other nominee that holds the shares on his or her behalf to determine how to change a vote.

Additional information for voting by participants in TRW's stock-based employee plans is set forth below under the heading TRW Employee Plan Voting.

The matter to be considered at the TRW Meeting is of great importance to TRW shareholders. Accordingly, TRW shareholders are urged to read and carefully consider the information presented in this joint proxy statement/prospectus and to either complete, date, sign and promptly return the enclosed YELLOW proxy card in the enclosed postage-paid envelope or to vote by telephone or over the internet.

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**TRW shareholders should not send in their TRW stock certificates with their proxy cards.** Instead, TRW shareholders should send in their stock certificates with their completed letters of transmittal, which will be distributed in a separate mailing should the merger be completed. For more information regarding the procedures for completing the letters of transmittal and exchanging TRW stock certificates for Northrop Grumman stock certificates, please see the section entitled "THE MERGER AGREEMENT - Procedures for Exchanging TRW Common Stock" on page 67.

**TRW Employee Plan Voting**

Certain TRW shares are held for the benefit of plan participants of The TRW Employee Stock Ownership and Savings Plan (the "US Plan"), the TRW Canada Stock Savings Plan (the "Canada Plan"), and the TRW UK Share Purchase Plan (the "UK Plan" and together with the US Plan and the Canada Plan, the "Plans"). The 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 (the "Trustees").

**Participants in the Plans can only vote TRW shares held in the Plans on their behalf by instructing the relevant trustee on a trustee's voting instruction card provided to participants for that purpose.**

*US Plan*

With respect to TRW shares held in the US Plan, TRW shares allocated to a participant who signs a voting instruction card but does not indicate or give instructions how such shares are to be voted, will be voted by the Trustees of such Plan in accordance with the Trustees' fiduciary judgment. In the event the Trustees of the US Plan determine, in the exercise of their fiduciary responsibilities under ERISA, they cannot follow a participant's instructions, or a participant does not return or properly complete the voting instruction card, the Trustees will vote the shares allocated to such participant's account in accordance with their fiduciary judgment.

**In order to permit sufficient time to tabulate voting instruction cards, a participant's instructions must be received no later than [ ], 2002.**

*Canada Plan*

With respect to TRW shares held in the Canada Plan, shares allocated to a participant who signs a voting instruction card but does not indicate or give instructions how such shares are to be voted will not be voted by the Trustee of the Canada Plan. In the event a participant does not return or sign a voting instruction card, the shares allocated to such participant's account will not be voted at the TRW Meeting.

**In order to permit sufficient time to tabulate voting instruction cards, a participant's instructions must be received no later than [ ], 2002.**

*UK Plan*

With respect to TRW shares held in the UK Plan, shares allocated to a participant who signs a voting instruction card but does not indicate or give instructions how such shares are to be voted will not be voted by the Trustee of the UK Plan. In the event a participant does not return or sign a voting instruction card, the shares allocated to such participant's account will not be voted at the TRW Meeting.

**In order to permit sufficient time to tabulate voting instruction cards, a participant's instructions must be received no later than [ ], 2002.**

**Proxy Solicitation**

In addition to this mailing, directors and employees of TRW may solicit proxies personally, electronically or by telephone, none of whom will receive additional compensation for such solicitation.



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TRW has requested banks, brokerage houses and other custodians, nominees and fiduciaries to forward TRW's proxy solicitation materials to the beneficial owners of the TRW shares they hold of record. TRW will reimburse these record holders for customary clerical and mailing expenses incurred in forwarding these materials to their customers.

TRW has retained Georgeson Shareholder Communications, Inc. for proxy solicitation and information agent services in connection with the TRW Meeting. Georgeson will receive a fee of approximately \$75,000.00 for its services and reimbursement of out-of-pocket expenses in connection therewith. TRW has agreed to indemnify Georgeson against certain liabilities arising out of or in connection with the engagement. Georgeson will solicit proxies from individuals, brokers, banks, bank nominees and other institutional holders.

### **TRW Shareholder Vote Required to Adopt the Merger Agreement**

Adoption of the merger agreement requires the affirmative vote of the holders of two-thirds of the total outstanding shares of TRW common stock.

A quorum at the TRW Meeting requires the presence in person or by proxy of TRW shareholders holding at least 35% of the voting power of TRW at the TRW Meeting. Both abstentions and broker non-votes will be counted for purposes of determining the presence of a quorum.

Brokers who hold shares of TRW common stock for the accounts of their clients may vote such shares either as directed by their clients or in their own discretion, if permitted by the stock exchange or other organization of which they are members. Members of the New York Stock Exchange are permitted to vote their clients' proxies in their own discretion as to routine matters, such as the election of directors, if the clients have not furnished voting instructions within ten days of the meeting. Certain non-routine matters, such as the proposals to be brought before the TRW Meeting are considered non-discretionary and brokers who have received no instructions from their clients do not have discretion to vote on those items. When a broker is not authorized to vote a client's shares on a proposal at a meeting and does not receive instructions on how to vote from their client, the missing votes are referred to as broker non-votes.

Since the required vote with respect to the proposed adoption of the merger agreement is based upon a percentage of the total voting power entitled to vote on the proposal rather than upon a percentage of the TRW shares actually present or voted in person or by proxy at the TRW Meeting, abstentions and broker non-votes will have the same effect as a vote against adoption of the merger agreement.

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**THE MERGER**

**General**

Northrop Grumman and TRW have entered into a merger agreement, which provides for the merger of Richmond Acquisition Corp., an Ohio corporation and wholly-owned subsidiary of Northrop Grumman, with and into TRW, with TRW surviving the merger as a wholly-owned subsidiary of Northrop Grumman. 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 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).

**Northrop Grumman's Reasons for the Merger; Recommendation of Northrop Grumman's Board of Directors**

Northrop Grumman's board of directors (with one director absent) has unanimously determined that the merger agreement is fair to and in the best interests of Northrop Grumman's stockholders. Northrop Grumman's board of directors believes that the merger represents an opportunity to enhance value for Northrop Grumman stockholders. The decision of Northrop Grumman's board of directors to enter into the merger agreement and to recommend that Northrop Grumman stockholders approve the issuance of the shares of Northrop Grumman common stock to be issued 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) was the result of careful consideration by the board of directors of numerous factors, including, without limitation, the following:

*Access to New Product Areas.* TRW's proprietary technology and products will provide Northrop Grumman with technology and products to complement Northrop Grumman's existing technology and products.

*Increased Diversification into New Markets.* The combination of Northrop Grumman and TRW provides the affiliated entities with the opportunity for diversification into new markets and access to new customer elements of the United States Department of Defense and other federal agencies.

*Increased Market Presence and Opportunities.* The combination of Northrop Grumman and TRW provides the affiliated entities with increased market presence and opportunities for growth that could allow them to better respond to: the needs of customers, the increased competitiveness of the marketplace and opportunities that changes in the market for their respective products might bring.

*Product Mix.* The complementary nature of Northrop Grumman's and TRW's products and services will benefit clients of both companies.

*Operating Efficiencies.* The combination of Northrop Grumman and TRW provides the opportunity for potential economies of scale and cost savings.

**Northrop Grumman's board of directors (with one director absent) has unanimously approved the merger agreement and believes that the exchange ratio is fair, from a financial point of view, to Northrop Grumman stockholders.**

**Accordingly, Northrop Grumman's board of directors recommends that Northrop Grumman stockholders vote **FOR** the issuance of the shares of Northrop Grumman common stock pursuant to the merger.**

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**TRW's Reasons for the Merger; Recommendation of TRW's Board of Directors**

TRW's board of directors (with one director absent) has unanimously determined that the merger agreement with Northrop Grumman is fair to and in the best interests of TRW shareholders. TRW's board of directors believes that the merger represents an opportunity to enhance value for TRW shareholders. The decision of TRW's board of directors to approve and enter into the merger agreement and to recommend that TRW shareholders adopt the merger agreement was the result of careful consideration of numerous factors by the board of directors, including, without limitation, the following:

The value to TRW shareholders of the Northrop Grumman offer, including the fairness to shareholders of the financial terms of the offer;

A comparison of the financial terms and the other terms and conditions of the proposed merger agreement with Northrop Grumman and the proposals provided by the other bidders as well as TRW's value enhancement plan;

The effect of the merger on employees of TRW; and

The operational synergies and other business benefits offered by a transaction with Northrop Grumman.

The deliberations of the TRW board included consideration of the following factors which are generally positive:

*Exchange Ratio Premium.* The midpoint of the exchange ratio collar (\$60.00/\$125.00) represents a premium over selected historical exchange ratios of TRW common stock to Northrop Grumman common stock. The implied exchange ratio premium of the Northrop Grumman offer at the midpoint of the exchange ratio collar is 23.1% with respect to the implied historical exchange ratio as of February 15, 2001, the last trading day immediately preceding the announcement of the resignation of TRW's former chief executive officer, 42.1% with respect to the implied historical exchange ratio as of February 21, 2002, the last trading day immediately preceding the announcement of Northrop Grumman's initial unsolicited proposal, and 14.1% with respect to the average implied exchange ratio for the twelve-month period ended February 21, 2002.

*Collar.* The exchange ratio pursuant to the merger agreement is subject to a collar, which provides that if the average reported closing price per 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 prior to the closing of the merger is at least \$112.00 per share but not more than \$138.00 per share, the exchange ratio will be calculated to provide \$60.00 in value of Northrop Grumman common stock for each share of TRW common stock. In the event that the average reported closing price per share of Northrop Grumman common stock is less than \$112.00 or more than \$138.00, TRW shareholders will receive 0.5357 or 0.4348 of a share of Northrop Grumman common stock, respectively. TRW shareholders may benefit from this collar because:

TRW shareholders will receive \$60.00 in value of Northrop Grumman common stock if the average closing price of a share of Northrop Grumman common stock remains between \$112.00 and \$138.00 during the relevant pricing period, which would not have been the case had the exchange ratio been fixed at the lowest ratio provided by the collar; and

TRW shareholders benefit from any increase in the average closing price of a share of Northrop Grumman common stock above \$138.00 during the relevant pricing period, which would not have been the case had the consideration been based on a fixed value.

*Fairness Opinions.* The opinion of each of Goldman Sachs and Credit Suisse First Boston delivered to the TRW board on 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 is fair from a financial point of view to the holders of TRW

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common stock other than Northrop Grumman and its affiliates. Copies of the written opinions of Goldman Sachs and Credit Suisse First Boston, each dated June 30, 2002, which set forth the procedures followed, assumptions made, matters considered and the limitations on the reviews undertaken by each of Goldman Sachs and Credit Suisse First Boston in connection with their respective opinions, are attached as Annexes D and E, respectively, to this joint proxy statement/prospectus and are incorporated herein by reference. TRW shareholders are urged to read the Goldman Sachs and Credit Suisse First Boston opinions in their entirety.

*Independence Risks.* The strategic and operational risks associated with TRW remaining independent pursuant to TRW's value enhancement plan and the range of values TRW shareholders might receive if the value enhancement plan were implemented include:

risks associated with the separation of TRW's operations, including the risks relating to the costs incurred in connection with the spin off of TRW's Automotive business, the risk that the spin off could be taxable if certain events occurred and the risks relating to the fluctuation of the stock price of the shares of the Automotive business distributed in the spin off;

risks associated with increased competition in the Space, Defense, Information Systems and Automotive industries; and

risks associated with recruiting a chief executive officer to replace TRW's former chief executive officer, whose unexpected resignation was announced on February 19, 2002.

*Strategic Alternatives.* The consideration, with TRW management and Goldman Sachs and Credit Suisse First Boston, of strategic alternatives, including remaining a stand-alone business and separating its business units.

*Process.* The results of the thorough process for seeking business combination proposals conducted by TRW and its independent financial advisers, pursuant to which interested parties signed confidentiality agreements, met with TRW management and reviewed confidential information about TRW and its business, and TRW received proposals for business combinations from certain interested parties.

*Proposals.* The overall assessment of each of the proposals submitted by interested parties to TRW as part of its formal solicitation process, taking into account the value and risks associated with each of the proposals.

*Due Diligence.* The TRW board's review of public disclosures by and about the business, financial condition and current business strategy of Northrop Grumman, the due diligence review by TRW management and TRW's financial, legal and accounting advisers of Northrop Grumman and its businesses and Northrop Grumman's historical stock price performance.

*Opportunities for Shareholders.* The fact that, after giving effect to the sale of TRW's Aeronautical Systems business, the merger will present an opportunity for TRW shareholders to participate in a company that is the nation's second largest defense contractor and, as shareholders of the combined business, to benefit from the following:

Any future growth of a combined business that has expertise as a prime or platform contractor in ships, carriers and submarines, piloted and unpiloted aircraft, and satellite systems supporting national security; and

The greater opportunity to participate, as a larger, more capable company following the merger, in the expected increased expenditures for United States defense procurement and research, development, test and evaluation, the budget for which is projected to increase at a 7.2% compound annual growth rate through 2006.

*Northrop Grumman's Experience.* Northrop Grumman's experience in delivering stockholder value, integrating businesses and successfully executing strategies.

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*Terms and Conditions.* The structure of the transaction and the terms and conditions of the proposed combination of Northrop Grumman and TRW, including:

the terms of the merger agreement, including the fact that the merger is intended to qualify as a reorganization under Section 368(a) of the Internal Revenue Code and is therefore not expected to be taxable to the shareholders of TRW (other than with respect to cash received in lieu of fractional shares);

the ability of TRW, prior to the consummation of the merger, to consider and negotiate unsolicited third party business combination proposals, subject to certain conditions;

the right of TRW's board, prior to the consummation of the merger, to terminate the merger agreement and accept a superior proposal, subject to the satisfaction of certain conditions and the payment of a termination fee to Northrop Grumman;

the ability of TRW, prior to the consummation of the merger, to take further steps to effect the separation of TRW's Automotive business; and

the ability to consummate the merger within a reasonable period of time, including the likelihood of receiving necessary regulatory approvals in light of the commitments made by Northrop Grumman pursuant to the terms of the merger agreement in seeking such approvals and TRW management's assessment of the regulatory environment in the United States, Europe and the rest of the world.

The TRW board also identified and considered the following potentially negative factors in its deliberations:

*Collar.* The collar may negatively affect TRW shareholders in the following manner:

TRW shareholders will only receive \$60.00 in value of Northrop Grumman common stock if the average closing price of a share of Northrop Grumman common stock is between \$112.00 and \$138.00 during the relevant pricing period, which would not have been the case had the exchange ratio been fixed at the highest ratio provided by the collar; and

TRW shareholders will be adversely affected by any decrease in the average closing price of a share of Northrop Grumman common stock below \$112.00 during the relevant pricing period, which would not have been the case had the consideration been based on a fixed value not subject to a collar.

*Disruptions.* The possible disruption to TRW's businesses that may result from the announcement of the transaction and the resulting distraction of management attention from the day-to-day operations of TRW's businesses.

*Integration Risks.* The difficulty inherent in integrating two businesses and the risk that the cost efficiencies, synergies and other benefits expected to be obtained in the transaction might not be fully realized.

*Operating Restrictions.* The restrictions contained in the merger agreement on the operation of TRW's businesses during the period between the signing of the agreement and the completion of the merger.

*Termination Fee.* The \$275 million termination fee to be paid to Northrop Grumman if the merger agreement is terminated under circumstances specified in the merger agreement. See THE MERGER AGREEMENT Termination Fee on page 75.

*Consummation Risk.* The possibility that the merger might not be completed and the effect of the resulting public announcement of termination of the merger agreement on:

the market price of TRW's common stock;

TRW's operating results, particularly in light of the costs incurred in connection with the transaction, including the potential requirement to make a termination payment; and

TRW's ability to attract and retain key personnel, including a chief executive officer.

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*Regulatory.* The possibility of significant costs, delays and non-consummation of the merger resulting from seeking regulatory approvals necessary for the consummation of the merger.

In its consideration of the proposed merger, TRW's board of directors also reviewed information relating to the two companies and the proposed merger, including:

Historical information concerning Northrop Grumman's and TRW's respective businesses, financial performance and condition, operations, technology, management and competitive position;

TRW's management's views as to the financial condition, results of operations and businesses of Northrop Grumman and TRW before and after giving effect to the merger;

Current financial market conditions and historical market prices, volatility and trading information with respect to Northrop Grumman common stock and TRW common stock; and

Discussions with TRW's senior management and financial advisers as to the result of their due diligence review of Northrop Grumman.

Although the foregoing discussion sets forth all of the material factors considered by TRW's board of directors in reaching its recommendation, it may not include all of the factors considered by the board, and each director may have considered different factors. In view of the variety of factors and the amount of information considered, the board of directors did not find it practicable to, and did not, make specific assessments of, quantify or otherwise assign relative weights to the specific factors considered in reaching its determination. The determination was made after consideration of all of the factors as a whole and at numerous meetings.

**TRW's board of directors (with one director absent) has unanimously determined that the merger agreement with Northrop Grumman is fair to and in the best interests of TRW's shareholders and believes that the merger represents an opportunity to enhance value for TRW's shareholders.**

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

In considering the recommendation of the TRW board of directors with respect to the merger agreement, you should be aware that certain directors and officers of TRW have arrangements that cause them to have interests in the transaction that are different from, or are in addition to, the interests of TRW shareholders generally. See **THE MERGER** Interests of Certain Persons in the Merger.

### **Background of the Merger**

From time to time, Northrop Grumman and TRW have had informal discussions regarding possible business combination transactions, including in-depth discussions between August and December 1998. No agreement, however, was reached during that time period. Between 1999 and 2001, there were limited contacts between Northrop Grumman and TRW, but no substantive discussions occurred.

In early October 2001, Mr. Kent Kresa, the Chief Executive Officer of Northrop Grumman, had one brief meeting and one telephone conversation with Mr. David M. Cote, then the Chairman, President and Chief Executive Officer of TRW, regarding possible discussions for a combination of the two companies. No discussions were pursued at that time.

On February 19, 2002, Northrop Grumman learned that Mr. Cote had resigned. Northrop Grumman determined that TRW's board of directors and shareholders might view favorably a merger or other combination of Northrop Grumman and TRW in view of the leadership issues arising from Mr. Cote's resignation.

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On February 21, 2002, Northrop Grumman made a proposal to provide all of TRW's shareholders with \$47.00 in Northrop Grumman common stock for each share of TRW common stock, to be received in a tax-free merger transaction. On February 22, 2002, Northrop Grumman publicly disclosed the proposal.

On February 22, 2002, TRW's board of directors met with TRW's management and TRW's financial adviser, Goldman Sachs and TRW's legal adviser, Skadden, Arps, Slate, Meagher & Flom LLP, to discuss Northrop Grumman's proposal.

On February 28, 2002, TRW's board of directors met with TRW's management and TRW's financial advisers, Goldman Sachs and Credit Suisse First Boston, and TRW's legal adviser to further assess Northrop Grumman's proposal. The board reviewed, among other things, Northrop Grumman's proposal, strategic alternatives and business opportunities available to TRW with its management and its financial and legal advisers.

On March 3, 2002, TRW's board of directors met again to consider further and to discuss the response to Northrop Grumman's proposal. At the meeting, TRW's board reviewed the strategic alternatives and business opportunities considered at the February 28, 2002 meeting. After careful consideration, including consultation with financial and legal advisers, the board unanimously concluded that Northrop Grumman's \$47.00 per share proposal was financially inadequate.

On March 4, 2002, Northrop Grumman commenced an offer to exchange all of the outstanding shares of TRW common stock for \$47.00 in value of Northrop Grumman common stock per share of TRW common stock, based on a formula and subject to a collar. Northrop Grumman also offered to exchange Northrop Grumman common stock for shares of TRW convertible preferred stock based on a specified exchange ratio.

On March 4, 2002, Northrop Grumman also sent a letter to TRW requesting that TRW call a special meeting of TRW shareholders pursuant to Ohio's control share acquisition law. Under the Ohio control share acquisition law, Northrop Grumman was prohibited from acquiring 20% or more of TRW's outstanding capital stock pursuant to the exchange offer without first obtaining the prior approval of TRW's shareholders at a special meeting called for that purpose. A special meeting of TRW shareholders pursuant to the Ohio control share acquisition law was called by TRW in response to Northrop Grumman's request and subsequently was held on May 3, 2002, as described below.

On March 4, 2002, Northrop Grumman filed a lawsuit in the United States District Court for the Northern District of Ohio against TRW, the Attorney General of Ohio, and the Director of Ohio's Department of Commerce. The lawsuit, which was filed contemporaneously with Northrop Grumman's commencement of the exchange offer, challenged the constitutionality of Ohio's anti-takeover statutes. On the same date, TRW filed a lawsuit in the United States District Court for the Southern District of Ohio against Northrop Grumman, the Attorney General of Ohio, the Director of Ohio's Department of Commerce and the Commissioner of Ohio's Division of Securities. The lawsuit filed by TRW sought a judgment that Ohio's anti-takeover statutes are constitutional.

On March 8, 2002, TRW's board of directors met with TRW's management and TRW's legal and financial advisers to discuss, among other matters, Northrop Grumman's offer and Northrop Grumman's preliminary proxy statement to solicit shareholder approval of Northrop Grumman's acquisition of TRW's outstanding capital stock in accordance with Ohio law.

On March 11, 2002, Northrop Grumman filed notification with the U.S. Department of Justice and the Federal Trade Commission of its intention to acquire TRW, in compliance with the Premerger Notification requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976. TRW filed its required forms with the United States Department of Justice and the Federal Trade Commission on March 26, 2002. On April 10, 2002, Northrop Grumman and TRW each received a request for additional information from the United States Department of Justice.

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On March 12, 2002, TRW's board of directors held a special meeting to review Northrop Grumman's offer with management and TRW's legal and financial advisers. After discussion with TRW's management and its legal and financial advisers, TRW's board of directors unanimously rejected Northrop Grumman's offer. Based on the assessment of TRW's management, after consultation with TRW's financial advisers, that TRW's businesses in the aggregate had greater value than the offer, TRW's board directed management as part of its value enhancement plan to accelerate its plan to reduce TRW's indebtedness and then separate the Automotive business from TRW's other businesses. Accordingly, on March 13, 2002, TRW's board of directors issued a press release announcing the TRW board's unanimous rejection of Northrop Grumman's offer to exchange and filed a statement with the SEC recommending that TRW shareholders reject Northrop Grumman's offer to exchange. The same press release also announced TRW's value enhancement plan.

On March 18, 2002, Northrop Grumman filed a preliminary proxy statement in connection with TRW's annual shareholder meeting. The Northrop Grumman proxy statement (as filed in definitive form on April 1, 2002) stated that Northrop Grumman intended to propose three shareholder resolutions at TRW's annual shareholder meeting. The first resolution related to the provision by TRW to Northrop Grumman of non-public information relating to TRW, the second resolution related to a request that TRW establish a committee of independent directors to evaluate Northrop Grumman's offer, and the third resolution related to the TRW shareholders' ability to decide for themselves whether to exchange their TRW shares in Northrop Grumman's offer.

On March 22, 2002, TRW's board of directors met with TRW's management and TRW's legal and financial advisers to discuss, among other matters, the Northrop Grumman shareholder proposals. After discussion with TRW's management and its legal and financial advisers, the board of directors unanimously determined that Northrop Grumman's three shareholder proposals were not consistent with the board of directors' objective of enhancing shareholder value and were not in the best interests of TRW's shareholders.

On March 29, 2002, Northrop Grumman announced that it was extending its exchange offer until midnight on April 12, 2002.

On April 2, 2002, TRW began mailing to its shareholders a supplement to its proxy statement for its annual meeting of shareholders setting forth the recommendation of TRW's board of directors that TRW's shareholders vote against Northrop Grumman's three shareholder proposals and the reasons for such recommendation.

On April 5, 2002, TRW's board of directors held a special meeting at which it discussed, among other matters, pro forma financial information for TRW's proxy materials.

On April 15, 2002, Northrop Grumman amended its offer to exchange by (a) increasing its offer to exchange from \$47.00 to \$53.00 in value of Northrop Grumman common stock per share of TRW common stock, based on a formula and subject to a collar, (b) extending the offer to exchange from April 12, 2002 to May 3, 2002 and (c) adding a new condition to the offer to exchange requiring completion of a due diligence investigation by Northrop Grumman of non-public information of TRW.

On April 15, 2002, TRW's board of directors held a special meeting at which the board, among other matters, began to review the terms of Northrop Grumman's revised offer with management and TRW's legal and financial advisers.

On April 16, 2002, TRW's board of directors held another special meeting to review Northrop Grumman's revised offer with management and TRW's legal and financial advisers. At the meeting, TRW's board of directors again considered TRW's strategic alternatives. After discussion with TRW's management and its legal and financial advisers, TRW's board of directors unanimously determined that Northrop Grumman's revised offer was inadequate.



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On April 17, 2002, TRW issued a press release announcing the board's rejection of Northrop Grumman's revised offer. TRW's board of directors authorized management and its advisers to initiate a process to explore all strategic alternatives to create shareholder value at levels above Northrop Grumman's revised offer. In addition, TRW's board of directors authorized management to make certain confidential information relating to TRW available to third parties, including Northrop Grumman, upon the execution by such third parties of a confidentiality agreement satisfactory to TRW.

At TRW's annual shareholders meeting on April 24, 2002, TRW's shareholders did not approve Northrop Grumman's proposals that TRW establish a committee of independent directors to evaluate Northrop Grumman's revised offer or Northrop Grumman's proposal that TRW take all actions within its authority to let shareholders decide for themselves whether to exchange their TRW stock for Northrop Grumman common stock. At this meeting, TRW's shareholders did approve Northrop Grumman's non-binding proposal to have TRW provide Northrop Grumman with non-public information about TRW.

Beginning in late April 2002, TRW and its financial and legal advisers initiated a formal process to provide information to and discuss proposals from parties interested in acquiring TRW. Between April 22 and May 5, 2002, TRW entered into confidentiality agreements with potential bidders, including Northrop Grumman. Pursuant to these agreements, TRW made available confidential, non-public information to potential bidders, and TRW's management presented information on TRW's businesses to assist potential bidders in their due diligence.

On April 24, 2002, TRW's board of directors held a previously scheduled board meeting. At this meeting, TRW management provided the directors with an update of the status of negotiations with Northrop Grumman regarding a confidentiality agreement.

On May 3, 2002, TRW held the special meeting of its shareholders pursuant to the Ohio control share acquisition law to consider Northrop Grumman's proposal that the TRW shareholders authorize Northrop Grumman's acquisition of TRW shares pursuant to the offer to exchange. TRW's shareholders did not approve Northrop Grumman's proposal.

During May 2002, Northrop Grumman extended its exchange offer several times with the last extension in May expiring at midnight on June 14, 2002. Beginning on May 5, 2002, Northrop Grumman commenced its due diligence review of TRW.

On June 3, 2002, TRW's board of directors met with TRW's management and its legal and financial advisers to further discuss TRW's strategic alternatives and its value enhancement plan. After discussion, TRW's board of directors instructed management to continue to pursue TRW's value enhancement plan and to explore strategic alternatives; in particular, the board of directors authorized management to sell TRW's Aeronautical Systems business and to continue its efforts to effect the separation of TRW's Automotive business, including the filing of a registration statement with the SEC.

On June 10, 2002, Goldman Sachs and Credit Suisse First Boston, financial advisers to TRW, sent a form of merger agreement and a letter setting forth certain procedures for the submission of a formal bid by potential bidders, including Northrop Grumman, to acquire TRW and requesting that formal bids be submitted on or before June 24, 2002.

Between June 13, 2002 and June 24, 2002, TRW and Northrop Grumman had discussions regarding several proposals made by Northrop Grumman to TRW regarding potential acquisition structures and terms. In addition, TRW also had conversations with other interested third parties regarding potential proposals during June 2002. However, TRW was not prepared to enter into negotiations with respect to any of the proposals at that time.

On June 14, 2002, Northrop Grumman extended its exchange offer until midnight on June 21, 2002.

On June 18, 2002, TRW announced that it had reached a definitive agreement under which Goodrich Corporation would acquire TRW's Aeronautical Systems business for gross proceeds of \$1.5 billion in cash.

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On June 24, 2002, Northrop Grumman sent a new acquisition proposal to TRW to acquire TRW, including proposed revisions to the form of merger agreement sent by TRW on June 10, 2002. TRW also received bids from other interested parties for business combinations either involving TRW as a whole, or TRW following a separation of TRW's Automotive business.

On June 24, 2002, Northrop Grumman extended its exchange offer until midnight on June 28, 2002.

On June 25, 2002, TRW's board of directors met and reviewed with TRW's management and legal and financial advisers the process for soliciting proposals and each of the proposals TRW had received. At the meeting, TRW's board of directors also reviewed the status of TRW's value enhancement initiatives. After careful analysis and discussions, TRW's board of directors determined to continue discussions with each of the interested parties to determine if the price and other terms of the proposals could be improved.

Between June 24, 2002 and June 27, 2002, there were a number of communications between representatives of Northrop Grumman and TRW concerning Northrop Grumman's acquisition proposals. From June 25th to June 27, 2002, TRW's management and legal and financial advisers also had further discussions with each of the other interested parties, and certain of the parties improved the terms and conditions of their proposals.

On June 27, 2002, TRW's board of directors met again to discuss the current terms and conditions of the proposals from each of the interested parties. After a discussion regarding the interim developments, the board determined to pursue discussions with only Northrop Grumman.

On June 28, 2002, Northrop Grumman's exchange offer expired in accordance with its terms.

Between June 28, 2002 and June 30, 2002, Northrop Grumman and TRW conducted meetings in New York, New York during which the parties negotiated the terms of the definitive merger agreement. During this period, TRW and its legal, financial and accounting advisers updated TRW's due diligence review of Northrop Grumman, reviewed confidential, non-public information regarding Northrop Grumman and had discussions with Northrop Grumman's management regarding Northrop Grumman's businesses.

On June 30, 2002, TRW's board of directors met again with TRW's management and legal and financial advisers and discussed the terms and conditions of the proposed merger agreement with Northrop Grumman. At the meeting, each of Goldman Sachs and Credit Suisse First Boston rendered its opinion to the board of directors of TRW 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. Such opinions are attached hereto as Annexes D and E, respectively. Following a careful consideration of the proposed merger agreement, and after discussion with its financial and legal advisers, TRW's board of directors (with one director absent) agreed unanimously that the terms and provisions of the merger agreement negotiated with Northrop Grumman were in the best interests of TRW's shareholders and approved the merger agreement. In addition, on June 30, 2002, Northrop Grumman's board of directors (with one director absent) unanimously approved the merger agreement. Thereafter, the merger agreement was executed by Northrop Grumman, TRW and Richmond Acquisition Corp.

On July 1, 2002, Northrop Grumman and TRW issued a joint press release announcing the merger agreement.

### **Opinions of Financial Advisers**

#### **Northrop Grumman's Advisers**

In connection with Northrop Grumman's consideration of the proposed acquisition of TRW, 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

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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 and are incorporated herein by this reference.

*Opinion of Salomon Smith Barney*

Salomon Smith Barney was retained to act as a financial adviser to Northrop Grumman in connection with the proposed acquisition of TRW. Pursuant to Salomon Smith Barney's engagement letter with Northrop Grumman, Salomon Smith Barney rendered an oral opinion to Northrop Grumman's board of directors on June 30, 2002, subsequently confirmed in writing, to the effect that, based upon and subject to the assumptions, considerations and limitations set forth in its opinion, its work described in the opinion, its experience as investment bankers and other factors it deemed relevant, as of that date, the exchange ratio was fair, from a financial point of view, to Northrop Grumman. Except for this opinion, Salomon Smith Barney did not provide to Northrop Grumman or Northrop Grumman's board of directors any report, opinion or appraisal.

The full text of Salomon Smith Barney's opinion, which sets forth the assumptions made, general procedures followed, matters considered and limitations on the review undertaken by Salomon Smith Barney, is attached to this joint proxy statement/prospectus as Annex B. The summary of Salomon Smith Barney's opinion set forth below is qualified in its entirety by reference to the full text of the opinion. **Stockholders are urged to read Salomon Smith Barney's opinion carefully and in its entirety. The fairness opinion was provided to Northrop Grumman's board of directors for its information and is directed only to the fairness from a financial point of view of the exchange ratio pursuant to the merger agreement to Northrop Grumman.**

Salomon Smith Barney has consented to the inclusion of its opinion and to the inclusion of the summary of its opinion in this joint proxy statement/prospectus. In giving such consent, Salomon Smith Barney does not concede that it comes within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended (the Securities Act), or the rules and regulations of the SEC thereunder, nor does it concede that it is an expert within the meaning of the term "expert" as used in the Securities Act or the rules and regulations of the SEC thereunder with respect to any part of the registration statement on Form S-4 of which this joint proxy statement/prospectus forms a part.

In connection with rendering its opinion, Salomon Smith Barney, among other things:

reviewed a draft of the merger agreement dated June 29, 2002;

held discussions with certain senior officers, directors and representatives and advisers of Northrop Grumman and certain senior officers and representatives and advisers of TRW concerning the businesses, operations and prospects of Northrop Grumman and TRW;

examined certain publicly available business and financial information relating to Northrop Grumman and TRW;

reviewed certain financial forecasts and other information and data for Northrop Grumman and TRW which were provided to or otherwise discussed with Salomon Smith Barney by the managements of Northrop Grumman and TRW;

reviewed the financial terms of the merger as set forth in the draft merger agreement provided to it in relation to, among other things: current and historical market prices and trading volumes of Northrop Grumman common stock and TRW common stock, the historical and projected earnings and other operating data of Northrop Grumman and TRW, and the capitalization and financial condition of Northrop Grumman and TRW;

considered, to the extent publicly available, the financial terms of certain other similar transactions recently effected that Salomon Smith Barney considered relevant in evaluating the merger; and analyzed certain financial, stock market and other publicly available information relating to the businesses of

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other companies whose operations Salomon Smith Barney considered relevant in evaluating those of Northrop Grumman and TRW;

evaluated the pro forma financial impact of the merger on Northrop Grumman; and

conducted such other analyses and examinations and considered such other information and financial, economic and market criteria as Salomon Smith Barney deemed appropriate in arriving at its opinion.

In rendering its opinion, Salomon Smith Barney assumed and relied, without assuming any responsibility for independent verification, upon the accuracy and completeness of all financial and other information and data publicly available or furnished to or otherwise reviewed by or discussed with it and has further relied upon the assurances of managements of Northrop Grumman and TRW that they are not aware of any facts that would make any of such information inaccurate or misleading. With respect to financial forecasts provided to or otherwise reviewed by or discussed with Salomon Smith Barney, Salomon Smith Barney was advised by the managements of Northrop Grumman and TRW that such forecasts had been reasonably prepared on bases reflecting the best then currently available estimates and judgments of Northrop Grumman and TRW managements as to the future financial performance of Northrop Grumman and TRW, as the case may be. Salomon Smith Barney expressed no view with respect to such forecasts or the assumptions on which they were based. Salomon Smith Barney assumed that the merger will be treated as a tax-free reorganization for United States federal income tax purposes. Salomon Smith Barney did not make and was not provided with an independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of Northrop Grumman or TRW, nor did it make any physical inspection of the properties or assets of Northrop Grumman or TRW. Salomon Smith Barney further assumed that the transactions contemplated by the agreement pursuant to which TRW agreed to sell TRW's Aeronautical Systems business to Goodrich Corporation will be consummated in accordance with the terms of that agreement and that the proceeds from the sale of TRW's Aeronautical Systems business will be used by TRW to reduce its indebtedness. Northrop Grumman advised Salomon Smith Barney, and Salomon Smith Barney assumed, that the final terms of the merger agreement would not vary materially from those set forth in the draft provided to it. Salomon Smith Barney further assumed that the merger would be consummated in a timely fashion in accordance with the terms of the merger agreement, without waiver of any of the conditions precedent to the merger contained in the merger agreement.

Salomon Smith Barney's opinion relates to the relative values of Northrop Grumman and TRW. It does not express any opinion as to what the value of Northrop Grumman common stock will be when issued pursuant to the merger or the price at which Northrop Grumman common stock will trade or otherwise be transferable subsequent to the merger. Salomon Smith Barney was not requested to consider, and its opinion did not address, the relative merits of the merger as compared to any alternative business strategies that might exist for Northrop Grumman or the effect of any other transaction in which Northrop Grumman might engage. Salomon Smith Barney's opinion necessarily was based on information available to it and financial, stock market, and other conditions and circumstances as they existed and were disclosed to it as of the date of its opinion.

**Salomon Smith Barney's advisory services and its opinion expressed herein were provided for the information of Northrop Grumman's board of directors in its evaluation of the merger, and Salomon Smith Barney's opinion is not intended to be and does not constitute a recommendation of the merger to Northrop Grumman's board of directors, Northrop Grumman or to anyone else, or a recommendation to any stockholder as to how such stockholder should vote on any matters relating to the merger.**

The Salomon Smith Barney opinion to Northrop Grumman's board of directors as to the fairness, from a financial point of view, of the exchange ratio to Northrop Grumman, was one of many factors taken into consideration by Northrop Grumman's board of directors in making its decision to approve the merger agreement. The terms of the merger were determined through negotiations between Northrop Grumman and TRW, and were approved by Northrop Grumman's board of directors. Although Salomon Smith Barney provided advice to Northrop Grumman during the course of negotiations, the decision to enter into the merger agreement and to agree to the exchange ratio was solely that of Northrop Grumman's board of directors.

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Salomon Smith Barney is an internationally recognized investment banking firm engaged in, among other things, the valuation of businesses and their securities in connection with mergers and acquisitions, restructurings, leveraged buyouts, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. Northrop Grumman selected Salomon Smith Barney to act as its financial adviser on the basis of Salomon Smith Barney's international reputation and Salomon Smith Barney's familiarity with Northrop Grumman. Salomon Smith Barney and its affiliates (including Citigroup Inc. and its affiliates) have in the past provided and are currently providing financial advisory, investment banking and financing services to Northrop Grumman and TRW unrelated to the merger, for which Salomon Smith Barney and its affiliates have received and will receive customary fees.

In the ordinary course of its business, Salomon Smith Barney and its affiliates may actively trade or hold the securities of both Northrop Grumman and TRW for its own account and for the account of customers and, accordingly, may at any time hold a long or short position in those securities. Salomon Smith Barney and its affiliates (including Citigroup Inc. and its affiliates) may maintain relationships with Northrop Grumman and TRW and their respective affiliates.

Pursuant to the terms of an engagement letter, Northrop Grumman agreed to pay Salomon Smith Barney an aggregate fee of \$22.5 million for its services rendered in connection with the acquisition, \$17.5 million of which have been earned and \$5 million of which will become payable upon consummation of the merger.

Northrop Grumman also has agreed to reimburse Salomon Smith Barney for its reasonable travel and other expenses incurred in connection with its engagement, including the reasonable fees and expenses of its outside counsel, and to indemnify Salomon Smith Barney against specific liabilities and expenses relating to or arising out of its engagement, including liabilities under the federal securities laws.

### *Opinion of Stephens Financial Group*

Stephens Financial Group (referred to as SFG) was engaged to provide financial advisory services to Northrop Grumman in connection with the merger. Pursuant to SFG's engagement letter with Northrop Grumman, SFG provided an oral opinion to Northrop Grumman's board of directors on June 30, 2002, subsequently confirmed in writing, to the effect that, based upon and subject to the various assumptions, considerations and limitations set forth in its opinion, its work summarized below, its experience in investment banking and other factors it deemed relevant, as of that date, the exchange ratio was fair, from a financial point of view, to Northrop Grumman. Except for this opinion, SFG did not provide to Northrop Grumman or Northrop Grumman's board of directors any report, opinion or appraisal with respect to the exchange ratio.

The full text of SFG's opinion, which sets forth the assumptions made, information relied upon, general procedures followed, matters considered and limitations on the review undertaken by SFG, is attached to this joint proxy statement/prospectus as Annex C. The summary of SFG's opinion set forth below is qualified in its entirety by reference to the full text of the opinion. **Stockholders are urged to read SFG's opinion carefully and in its entirety. The fairness opinion was provided to Northrop Grumman's board of directors for its information and is directed only to the fairness, from a financial point of view, of the exchange ratio pursuant to the merger agreement to Northrop Grumman.**

SFG has consented to the inclusion of its opinion and to the inclusion of the summary of its opinion in this joint proxy statement/prospectus. In giving such consent, SFG does not concede that it comes within the category of persons whose consent is required under Section 7 of the Securities Act, or the rules and regulations of the SEC thereunder, nor does it concede that it is an expert within the meaning of the term "expert" as used in the Securities Act or the rules and regulations of the SEC thereunder with respect to any part of the registration statement on Form S-4 of which this joint proxy statement/prospectus forms a part.

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In arriving at its opinion, SFG has, among other things:

reviewed certain publicly available financial statements and other information of Northrop Grumman and TRW, respectively;

reviewed certain internal financial statements and other financial and operating data concerning Northrop Grumman and TRW prepared by the managements of Northrop Grumman and TRW, respectively;

analyzed certain financial projections prepared by the managements of Northrop Grumman and TRW, respectively;

discussed with senior executives of Northrop Grumman and TRW the business, operations and prospects of Northrop Grumman and TRW as well as certain strategic, financial and operational benefits of the merger for the combined company;

analyzed the pro forma impact of the merger on, amongst other things, the combined company's earnings per share, cash flow, consolidated capitalization and financial ratios;

reviewed the prices and trading activity for Northrop Grumman common stock and TRW common stock and compared them with the securities of certain other publicly-traded companies comparable to Northrop Grumman and TRW;

reviewed the financial terms, to the extent publicly available, of certain comparable merger transactions;

participated in certain discussions and negotiations of Northrop Grumman and TRW and their financial and legal advisers;

reviewed the merger agreement and certain related documents; and

performed such other analyses and considered such other factors as it has deemed appropriate.

In rendering its opinion, SFG has assumed and relied, without independent verification, upon the accuracy and completeness of all financial and other information and data reviewed by or discussed with SFG that was publicly available or furnished to SFG by or on behalf of Northrop Grumman and TRW, and has further relied upon the assurances of the management of Northrop Grumman and TRW that they are not aware of any facts that would make any of such information or data inaccurate or misleading. With respect to the financial forecasts provided to SFG which it examined, SFG has, based upon the advice of senior management of TRW and Northrop Grumman, assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of TRW and Northrop Grumman, as the case may be. SFG expresses no view with respect to such forecasts and estimates or the assumptions upon which they were based. SFG has also assumed that the merger will be a tax-free reorganization for United States federal income tax purposes. Northrop Grumman advised SFG, and SFG assumed, that the final terms of the merger agreement would not vary materially from those set forth in the draft provided to SFG. SFG further assumed that the merger would be consummated in a timely fashion in accordance with the terms of the merger agreement provided to SFG, without waiver or modification of any of the conditions precedent to the merger or other material terms contained in the merger agreement. SFG has not made an independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of Northrop Grumman or TRW, nor was it furnished with any such evaluations or appraisals.

SFG's opinion is necessarily based upon financial, economic, market and other conditions existing on the date thereof and does not address the fairness of the exchange ratio to Northrop Grumman as of any other date. SFG also has assumed that all material governmental, regulatory or other consents and approvals necessary for the consummation of the merger contemplated by the merger agreement will be obtained without any adverse effect on Northrop Grumman or TRW or their subsidiaries or on the contemplated benefits of the transactions contemplated by the merger agreement in any respect material to its analysis.

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SFG's opinion relates to the relative values of Northrop Grumman and TRW. It does not express any opinion as to what the value of Northrop Grumman common stock will be when issued in the merger or the price at which Northrop Grumman common stock will trade or otherwise be transferable subsequent to the merger. **SFG's opinion is for the benefit and use of the board of directors of Northrop Grumman in connection with and for the purpose of its consideration of the merger. Its opinion does not address the merits of Northrop Grumman's underlying business decision to effect the transactions contemplated by the merger agreement or the merits of the merger relative to any alternative transaction or business strategy that may be available to Northrop Grumman, and does not constitute a recommendation to any stockholder of Northrop Grumman as to whether or not that stockholder should vote to approve the merger and should not be relied upon by any stockholder as such.**

SFG's opinion to Northrop Grumman's board of directors as to the fairness, from a financial point of view, of the exchange ratio to Northrop Grumman, was one of many factors taken into consideration by Northrop Grumman's board of directors in making its decision to approve the merger agreement. The terms of the merger were determined through negotiations between Northrop Grumman and TRW, and were approved by Northrop Grumman's board of directors. Although SFG provided advice to Northrop Grumman during the course of negotiations, the decision to enter into the merger agreement and to agree to the exchange ratio was solely that of Northrop Grumman's board of directors.

SFG is an investment banking firm engaged in, among other things, the valuation of businesses and their securities in connection with mergers and acquisitions, restructurings, leveraged buyouts, private placements and valuations for corporate and other purposes. Northrop Grumman selected SFG to act as its financial adviser on the basis of its reputation and SFG's familiarity with Northrop Grumman. In the ordinary course of business, SFG or its affiliates may trade the equity and debt securities of Northrop Grumman and TRW for their own account and for the accounts of customers and, accordingly, may at any time hold a long or short position in these securities.

Pursuant to the terms of an engagement letter, Northrop Grumman agreed to pay SFG an aggregate fee of \$4.25 million for its services provided in connection with the merger, \$4.0 million of which is contingent upon the consummation of the merger. Northrop Grumman also has agreed to reimburse SFG for its reasonable travel and other expenses incurred in connection with its engagement, including the reasonable fees and expenses of its outside counsel. In addition, Northrop Grumman has agreed to indemnify SFG for certain liabilities and expenses arising out of its engagement, including liabilities under United States federal securities laws.

### **TRW's Advisers**

At the meeting of the board of directors of TRW on June 30, 2002, each of Goldman Sachs and Credit Suisse First Boston rendered its opinion to the board of directors of TRW 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 shares of TRW common stock other than Northrop Grumman and its affiliates.

**The full text of the written opinions of Goldman Sachs and Credit Suisse First Boston, each dated June 30, 2002, which set forth the procedures followed, assumptions made, matters considered and limitations on the review undertaken by each of Goldman Sachs and Credit Suisse First Boston in connection with their respective opinions, are attached as Annexes D and E, respectively, to this joint proxy statement/prospectus and are incorporated herein by reference. Goldman Sachs and Credit Suisse First Boston provided their respective advisory services and opinions for the information and assistance of the TRW board of directors in connection with its consideration of the merger. Neither the Goldman Sachs opinion nor the Credit Suisse First Boston opinion is a recommendation as to how any holder of shares of TRW common stock should vote at the TRW meeting. Holders of TRW common stock are urged to and should read the opinions in their entirety.**

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*Opinion of Goldman Sachs*

In connection with its opinion, Goldman Sachs reviewed, among other things:

the merger agreement;

the annual reports to shareholders and annual reports on Form 10-K of TRW and Northrop Grumman for the five years ended December 31, 2001;

the Schedule 14D-9 of TRW, filed on March 13, 2002, as amended;

a number of interim reports to stockholders and quarterly reports on Form 10-Q of TRW and Northrop Grumman;

a number of other communications from TRW and Northrop Grumman to their respective stockholders; and

a number of internal financial analyses and forecasts for TRW and Northrop Grumman prepared by their respective managements, including cost savings and operating synergies projected by the management of TRW to result from the merger.

Goldman Sachs also held discussions with members of the senior managements of TRW and Northrop Grumman regarding their assessment of the strategic rationale for, and the potential benefits of, the merger and the past and current business operations, financial condition and future prospects of their respective companies. In addition, Goldman Sachs reviewed the reported price and trading activity for the TRW common stock and the Northrop Grumman common stock, compared select financial and stock market information for TRW and Northrop Grumman with similar information for several other companies the securities of which are publicly traded, and reviewed the financial terms of several recent business combinations in the automotive and aerospace and defense industries specifically and in other industries generally. Goldman Sachs also performed other studies and analyses that it considered appropriate.

For purposes of its analyses, Goldman Sachs assumed that:

the merger would be consummated in accordance with the merger agreement without amendment, modification or waiver of any of the terms of the merger agreement; and

in the course of obtaining the necessary regulatory and third party approvals, consents, waivers and agreements relating to the merger, no modification, condition, restriction, limitation or delay would be imposed that would have an adverse effect on TRW or Northrop Grumman or the contemplated benefits of the merger.

Goldman Sachs' opinion was necessarily based upon information available to it and financial, economic, market and other conditions as they existed and could be evaluated on the date of Goldman Sachs' opinion. Goldman Sachs' opinion did not address relative merits of the merger as compared to other business strategies or transactions that might have been available to TRW or the underlying business decision of TRW to engage in the merger. In connection with its engagement, Goldman Sachs approached third parties to solicit indications of interest in a possible acquisition of TRW and its constituent businesses and held preliminary discussions with third parties.

Goldman Sachs relied upon the accuracy and completeness of all of the financial, accounting and other information discussed with or reviewed by it and assumed that accuracy and completeness for purposes of rendering its opinion. In addition, Goldman Sachs did not make an independent evaluation or appraisal of the assets and liabilities of TRW or Northrop Grumman or any of their respective subsidiaries. Goldman Sachs assumed that the internal financial forecasts prepared by the management of TRW were reasonably prepared on a basis reflecting the best currently available estimates and judgments of TRW.



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Goldman Sachs provided its advisory services and its opinion for the information and assistance of the TRW board of directors in connection with its consideration of the merger. The Goldman Sachs opinion is not a recommendation as to how any holders of shares of TRW common stock should vote.

### *Opinion Of Credit Suisse First Boston*

In arriving at its opinion, Credit Suisse First Boston, among other things:

reviewed the merger agreement;

reviewed business and financial information relating to TRW and Northrop Grumman;

reviewed other information relating to TRW and Northrop Grumman, including financial forecasts and publicly available research estimates provided to or discussed with Credit Suisse First Boston by the managements of TRW and Northrop Grumman and met with the managements of TRW and Northrop Grumman to discuss the businesses and prospects of TRW and Northrop Grumman;

considered financial and stock market data of TRW and Northrop Grumman, and compared those data with similar data for other publicly held companies in businesses similar to TRW and Northrop Grumman;

considered the financial terms of other business combinations and other transactions recently effected; and

considered other information, financial studies, analyses and investigations and financial, economic and market criteria that it deemed relevant.

In connection with its review, Credit Suisse First Boston did not assume any responsibility for independent verification of any of the information that it reviewed or considered and relied on that information being complete and accurate in all material respects. Credit Suisse First Boston was advised, and assumed with respect to the financial forecasts and publicly available research estimates reviewed by Credit Suisse First Boston, that (i) the forecasts prepared and provided by TRW were reasonably prepared on bases reflecting the best currently available estimates and judgments of TRW's management as to the future financial performance of TRW and (ii) the publicly available research estimates with respect to Northrop Grumman discussed with the management of Northrop Grumman represent reasonable estimates as to the future financial performance of Northrop Grumman.

Credit Suisse First Boston relied upon the views of management of TRW and Northrop Grumman concerning the business, operational and strategic benefits and implications of the merger, including the cost savings and potential synergies expected to result from the merger.

TRW also informed Credit Suisse First Boston, and Credit Suisse First Boston assumed, the merger will be treated as a tax-free reorganization for federal income tax purposes. Credit Suisse First Boston also assumed that the merger will be consummated in accordance with the merger agreement without amendment, modification or waiver of any of the terms of the merger agreement and that in the course of obtaining the necessary regulatory and third party approvals, consents, waivers and agreements relating to the merger, no modification, condition, restriction, limitation or delay would be imposed that would have an adverse effect on TRW or Northrop Grumman or the contemplated benefits of the merger.

Credit Suisse First Boston was not requested to make, and did not make, an independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of TRW or Northrop Grumman. Credit Suisse First Boston's opinion was necessarily based upon information available to it, and financial, economic, market and other conditions as they existed and could be evaluated on the date of Credit Suisse First Boston's opinion.

Credit Suisse First Boston did not express any opinion as to the actual value of the Northrop Grumman common stock when issued or the prices at which Northrop Grumman common stock will trade at any time.

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Credit Suisse First Boston's opinion did not address the relative merits of the merger as compared to other business strategies or transactions that might have been available to TRW or the underlying business decision of TRW to engage in the merger.

In connection with its engagement, Credit Suisse First Boston was requested to approach, and hold preliminary discussions with, third parties to solicit indications of interest in a possible acquisition of TRW or its constituent businesses and held preliminary discussions with certain of those parties prior to the delivery of its opinion. The Credit Suisse First Boston opinion does not constitute a recommendation to any shareholder of TRW as to how any such shareholder should vote or act on any matter related to the merger.

### **Joint Financial Analyses of TRW's Financial Advisers**

In preparing their respective opinions to the TRW board of directors, Goldman Sachs and Credit Suisse First Boston performed a variety of financial and comparative analyses, including those described below. The summary of the analyses of Goldman Sachs and Credit Suisse First Boston described below is not a complete description of the analyses underlying their opinions. The preparation of a fairness opinion is a complex process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In arriving at their respective opinions, Goldman Sachs and Credit Suisse First Boston made qualitative judgments as to the significance and relevance of each analysis and factor that they considered. Accordingly, Goldman Sachs and Credit Suisse First Boston believe that their analyses must be considered as a whole and that selecting portions of their analyses and factors, or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying their analyses and opinions.

In their analyses, Goldman Sachs and Credit Suisse First Boston considered industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of the parties and their advisers. No company, transaction or business used in Goldman Sachs' and Credit Suisse First Boston's analyses as a comparison is identical to TRW, Northrop Grumman or the proposed merger. Rather, the analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies, business segments or transactions analyzed. The estimates contained in the analyses of Goldman Sachs and Credit Suisse First Boston and the ranges of valuations resulting from any particular analysis are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by the analyses. In addition, analyses relating to the value of businesses or securities do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold. Accordingly, the analyses and estimates of Goldman Sachs and Credit Suisse First Boston are inherently subject to substantial uncertainty.

The opinions of Goldman Sachs and Credit Suisse First Boston were only one of many factors considered by the board of directors of TRW in its evaluation of the proposed merger and should not be viewed as determinative of the views of the board of directors