

NORTHROP GRUMMAN CORP /DE/
Form DEF 14A
April 12, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-11(c) or (S) 240.14a-12

Northrop Grumman Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Edgar Filing: NORTHROP GRUMMAN CORP /DE/ - Form DEF 14A

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Notes:

Reg. (S) 240.14a-101

SEC 1913 (3-99)

April 12, 2004

Dear Fellow Stockholder:

On behalf of the Board of Directors, I cordially invite you to attend Northrop Grumman Corporation's 2004 Annual Meeting of Stockholders. This year's meeting will be held at 10:00 a.m. Tuesday, May 18, 2004, at the company's Space Technology operating sector, located at One Space Park, Redondo Beach, California. I look forward to personally greeting those of you who are able to attend the meeting. If you are unable to join us in person, the meeting will be Web cast through the Northrop Grumman Web site at www.northropgrumman.com.

The notice of meeting and proxy statement accompanying this letter describes the specific business to be acted upon. In addition, I will provide a report on the company and will entertain questions of general interest to the shareholders.

Your vote is important. Please review the instructions on the proxy or voting instruction card. Whether or not you plan to attend the annual meeting, I hope you will vote as soon as possible. You may vote over the Internet, by telephone, or by mailing a proxy or voting instruction card.

Thank you for your ongoing support of and continued interest in Northrop Grumman Corporation.

Sincerely,

Ronald D. Sugar

Chairman, CEO

and President

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
AND PROXY STATEMENT**

NOTICE

The Annual Meeting of Stockholders of Northrop Grumman Corporation (the Company) will be held on Tuesday, May 18, 2004 at 10:00 a.m. at the Space Technology Presentation Center, One Space Park, Redondo Beach, California 90278.

Stockholders at the close of business on March 22, 2004 are entitled to vote at the Annual Meeting. The following items are on the agenda:

- (1) Election of five Class I directors, each for a three year term expiring in 2007;
- (2) Proposal to ratify the appointment of Deloitte & Touche LLP as Northrop Grumman's independent auditors for fiscal year ending December 31, 2004;
- (3) Stockholder proposal regarding criteria for military contracts;
- (4) Stockholder proposal regarding the classified board;
- (5) Other business as may properly come before the Annual Meeting or any adjournments thereof.

By order of the Board of Directors,

John H. Mullan

Corporate Vice President and Secretary

1840 Century Park East

Los Angeles, California 90067

April 12, 2004

IMPORTANT

To assure your representation at the Annual Meeting, please sign, date and return the enclosed proxy card for which a return envelope is provided. No postage is required if mailed in the United States.

You may also vote by telephone or over the Internet. For instructions on electronic voting please see page 2 of this Proxy Statement or the proxy card.

PROXY STATEMENT

GENERAL INFORMATION

This proxy statement is issued in connection with solicitation of the enclosed proxy by the Board of Directors of Northrop Grumman Corporation (the Company or Northrop Grumman) for use at the Company's 2004 Annual Meeting of Stockholders (the Annual Meeting). The Company's principal office is located at 1840 Century Park East, Los Angeles, California, 90067. This proxy material will be sent to stockholders beginning approximately April 12, 2004.

OUTSTANDING SECURITIES

On March 22, 2004 there were 180,568,034 shares of the Company's common stock, par value \$1.00 per share (Common Stock), outstanding. Holders of record at the close of business on that date are entitled to vote at the Annual Meeting. Each share is entitled to one vote.

VOTING AT THE MEETING OR BY PROXY

Shares represented by a properly executed proxy in the accompanying form will be voted at the meeting in accordance with the stockholder's instructions. If no instructions are given, the shares will be voted according to the Board of Directors' recommendations. Therefore, if no instructions are given, the persons named on the card will vote FOR Proposal One to elect the five director nominees listed under Election of Directors, FOR Proposal Two to ratify the appointment of Deloitte & Touche LLP as auditors of the Company for the year ending December 31, 2004, AGAINST Proposal Three, the stockholder proposal regarding criteria for military contracts and AGAINST Proposal Four, the stockholder proposal regarding the classified board. If shares are held on your behalf under any of the Company Savings Plans, the proxy serves to provide confidential instructions to the plan Trustee or Voting Manager who then votes the shares. In addition, the instructions given by plan participants who return their proxies will serve as instructions to the Trustee or Voting Manager with respect to shares held on behalf of those participants from whom no proxies are received. Under these instructions, the applicable Trustee or Voting Manager will vote the respective plan shares in the same proportion as shares held under the plan for which voting directions have been received. Participants are treated as named fiduciaries under ERISA when directing the Trustee or Voting Manager on the voting of shares.

A stockholder who executes a proxy/voting instruction may revoke it at any time before its exercise by delivering a written notice of revocation to the Corporate Secretary or by signing and delivering another proxy that is dated later. A stockholder attending the meeting in person may revoke the proxy/voting instruction by giving notice of revocation to an inspector of election at the meeting or voting at the meeting. If any other matters are properly brought before the meeting, the enclosed proxy/voting instruction card gives discretionary authority to the persons named on the card to vote the shares in their best judgment.

With respect to the election of directors, stockholders may vote in favor of all nominees, or withhold their votes as to all nominees or specific nominees. There is no box to abstain, but checking the box on the enclosed proxy/voting instruction card that withholds authority to vote for a nominee is the equivalent of abstaining. The five nominees receiving the greatest number of votes cast for the election of directors by shares entitled to vote and present in person or by proxy at the Annual Meeting will be elected directors. With respect to any proposal other than the election of directors, stockholders may vote in favor of the proposal, or against the proposal, or abstain from voting.

Edgar Filing: NORTHROP GRUMMAN CORP /DE/ - Form DEF 14A

Brokers who hold shares of 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 (NYSE) are permitted to vote their clients proxies in their own discretion as to the election of directors if the clients have not furnished voting

instructions within ten days of the meeting. Certain proposals other than the election of directors are non-discretionary and brokers who have received no instructions from their clients do not have discretion to vote on those items. When a broker votes a client's shares on some but not all of the proposals at a meeting, the missing votes are referred to as broker non-votes. There are no broker non-votes on the election of directors (Proposal One) and the ratification of auditors (Proposal Two) as these are discretionary items. Broker non-votes will have no effect on the two stockholder proposals (Proposals Three and Four).

The presence in person or by proxy of stockholders entitled to cast at least a majority of the votes that all stockholders are entitled to cast shall constitute a quorum at the annual meeting. Both abstentions and broker non-votes will be counted for purposes of determining the presence of a quorum.

VOTING BY TELEPHONE OR THE INTERNET

Registered stockholders and participants in the Company Savings Plan may vote their shares over the telephone or on the Internet. The law of Delaware, under which the Company is incorporated, specifically permits electronically transmitted proxies, provided that each such proxy contains or is submitted with information from which the inspectors of election can determine that such proxy was authorized by the stockholder. The voting procedures available to registered shareholders for the Annual Meeting are designed to authenticate each stockholder, to allow stockholders to vote their shares, and to confirm that their instructions have been properly recorded.

Registered stockholders and plan participants may go to <http://www.eproxyvote.com/noc> to vote on the Internet. After following the instructions given to authenticate themselves, the voter will be asked to complete an electronic proxy card. The votes will be generated on the computer screen, and the voter will be prompted to submit or revise them as desired. Any registered stockholder or plan participant using a touch-tone telephone may also vote by calling 1-877-779-8683 (toll-free) and following the recorded instructions.

Most beneficial owners whose stock is held in street name receive voting instruction forms from their banks, brokers or other agents, rather than the Company's proxy/voting instruction card. Beneficial owners may also be able to vote by telephone or the Internet. They should follow the instructions on the form they receive from their bank, broker, or other agent.

The method of voting used will not limit a stockholder's right to attend the Annual Meeting.

VOTING SECURITIES

Stock Ownership of Certain Beneficial Owners

On December 31, 2003, there were 181,108,105 shares of the Company's Common Stock outstanding. The following entities beneficially owned, to the Company's knowledge, more than five percent of the outstanding Common Stock:

Name and Address of Beneficial Owner

Amount and Nature

Edgar Filing: NORTHROP GRUMMAN CORP /DE/ - Form DEF 14A

	of Beneficial Ownership	Percent of Class
Capital Research and Management Company 333 South Hope Street, Los Angeles, CA 90071 FMR Corp.	16,386,030 shares (a)	9.05%
82 Devonshire Street, Boston, MA 02109 State Street Bank and Trust Company 225 Franklin Street, Boston, MA 02110	10,301,182 shares (b)	5.69%
	10,034,730 shares (c)	5.54%

- (a) This information was provided by Capital Research and Management Company (Capital Research) in a Schedule 13G filed with the Securities and Exchange Commission (SEC) on February 13, 2004. According to Capital Research, as of December 31, 2003, Capital Research had sole dispositive power over 16,386,030 shares.

- (b) This information was provided by FMR Corp. (FMR) in a Schedule 13G filed February 17, 2004. According to FMR, as of December 31, 2003, FMR had sole voting power over 719,391 shares and sole dispositive power over 10,301,182 shares.
- (c) This information was provided by State Street Bank and Trust Company (State Street) in a Schedule 13G filed with the SEC on February 5, 2004. According to State Street, as of December 31, 2003, State Street had sole voting power over 4,338,876 shares, shared voting power over 5,319,129 shares, sole dispositive power over 10,016,751 shares and shared dispositive power over 17,979 shares. This total includes 5,249,978 shares held for the account of employee participants in the Employee Stock Ownership portion of the Northrop Grumman Savings and Investment Plan for which State Street acts as a trustee.

Stock Ownership of Officers and Directors

The following table shows beneficial ownership (as defined by applicable rules for proxy statement reporting purposes) of the Company's Common Stock as of March 22, 2004 (the Annual Meeting record date) by each director and nominee, by the Chief Executive Officer, the former Chief Executive Officer who retired from that position effective April 1, 2003 and the other five most highly compensated executive officers (collectively, the Named Executive Officers) and all directors and executive officers as a group. Together these individuals own less than 1% of the outstanding Common Stock. Unless otherwise indicated, each individual has sole investment power and sole voting power with respect to the shares owned by such person. No family relationship exists between any of the directors or executive officers of the Company.

	Shares of Common Stock	Options Exercisable	Share
	Beneficially Owned	Within 60 Days	Equivalents(1)
Directors			
John T. Chain, Jr.	2,342	11,500	