

NORTHROP GRUMMAN CORP /DE/

Form 11-K

March 24, 2003

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

FORM 11-K

(Mark One):

☒ ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the fiscal year ended: December 31, 2002

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the transition period from _____ to _____

Commission file number 333-61192

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

THE TRW CANADA STOCK SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

NORTHROP GRUMMAN CORPORATION
1840 Century Park East
Los Angeles, California 90067

Edgar Filing: NORTHROP GRUMMAN CORP /DE/ - Form 11-K

Financial Statements

THE TRW CANADA STOCK SAVINGS PLAN
December 31, 2002 and 2001

REPORT OF INDEPENDENT AUDITORS

To the Participants and the Board of Administration of
The TRW Canada Stock Savings Plan

We have audited the statements of financial condition of the Stock Fund, Employees' Profit Sharing Plan Fund and Registered Retirement Savings Plan Fund [collectively, representing the funds of The TRW Canada Stock Savings Plan] as at December 31, 2002 and 2001 and the related statements of operations and changes in fund equity for these funds for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial condition of the funds of The TRW Canada Stock Savings Plan as at December 31, 2002 and 2001 and the results of their operations and the changes in fund equity for the years then ended in accordance with Canadian generally accepted accounting principles.

/s/ Ernst & Young LLP

Mississauga, Canada,

Edgar Filing: NORTHROP GRUMMAN CORP /DE/ - Form 11-K

March 18, 2003.

Chartered Accountants

The TRW Canada Stock Savings Plan
Stock Fund

STATEMENTS OF FINANCIAL CONDITION [expressed in Canadian dollars]

As at December 31

	2002 \$	2001 \$

ASSETS		
Receivable from TRW Canada Limited	--	107,658
Investments at quoted market value		
Northrop Grumman Corporation common stock	1,476,494	--
TRW Inc. common stock	--	1,463,201

	1,476,494	1,570,859

LIABILITIES AND FUND EQUITY		
Withdrawals, terminations and short-term distributions	1,106,888	1,132,550
Fund equity [including net unrealized appreciation of investments]	369,606	438,309

	1,476,494	1,570,859

See accompanying notes

The TRW Canada Stock Savings Plan
Stock Fund

STATEMENTS OF OPERATIONS AND CHANGES IN FUND EQUITY [expressed in Canadian dollars]

Years ended December 31

	2002 \$	2001 \$

Edgar Filing: NORTHROP GRUMMAN CORP /DE/ - Form 11-K

Investment income		
Dividends on TRW Inc. common stock	17,174	20,663
Interest	--	96
	17,174	20,759
Contributions		
Participants	684,207	700,895
TRW Canada Limited	488,777	595,469
	1,172,984	1,296,364
Net realized and unrealized gain	268,109	74,763
	1,458,267	1,391,886
Less withdrawals and terminations		
Paid		
Cash	94,607	12,351
TRW Inc. common stock	325,475	237,639
	420,082	249,990
Payable		
Cash	400,813	6,651
TRW Inc. common stock	--	1,125,899
Northrop Grumman Corporation common stock	706,075	--
	1,106,888	1,132,550
	1,526,970	1,382,540
Net increase (decrease) in fund equity	(68,703)	9,346
Fund equity at January 1	438,309	428,963
Fund equity at December 31	369,606	438,309

See accompanying notes

The TRW Canada Stock Savings Plan
Employees' Profit Sharing Plan Fund

STATEMENTS OF FINANCIAL CONDITION
[expressed in Canadian dollars]

As at December 31

Edgar Filing: NORTHROP GRUMMAN CORP /DE/ - Form 11-K

	2002 \$	2001 \$

ASSETS		
Receivable from participants	3,314	--
Receivable from TRW Canada Limited	3,400	491
Investments, at market value		
Clarica Trimark Equity Fund NR	3,165	--
Clarica Trimark Global Fund NR	4,993	--
Clarica McLean Budden Canadian Equity Growth Fund NR	1,764	--
Clarica McLean Budden Bond Fund NR	3,473	--
Clarica McLean Budden Core Balanced Fund NR	7,408	--
Clarica Perigee Axis Cash Fund NR	396,330	--
Clarica US Equity Index Fund NR	1,040	--
Clarica Perigee T-Plus Fund NR	--	279,016

	424,887	279,507

LIABILITIES AND FUND EQUITY		
Withdrawals, terminations and short-term distributions	371,366	201,447
Fund equity	53,521	78,060

	424,887	279,507

See accompanying notes

The TRW Canada Stock Savings Plan
Employees' Profit Sharing Plan Fund

STATEMENTS OF OPERATIONS AND CHANGES IN FUND EQUITY [expressed in Canadian dollars]

Years ended December 31

	2002 \$	2001 \$

Interest income	--	7,909

Contributions		
Participants	316,750	234,571
Employer	71,472	--

	388,222	242,480

Net realized and unrealized gain	3,703	--

Edgar Filing: NORTHROP GRUMMAN CORP /DE/ - Form 11-K

	391,925	242,480
Less cash withdrawals and terminations		
Paid	45,098	19,319
Payable	371,366	201,447
	416,464	220,766
Net increase (decrease) in fund equity	(24,539)	21,714
Fund equity at January 1	78,060	56,346
Fund equity at December 31	53,521	78,060

See accompanying notes

The TRW Canada Stock Savings Plan
Registered Retirement Savings Plan Fund

STATEMENTS OF FINANCIAL CONDITION
[expressed in Canadian dollars]

As at December 31

	2002	2001
	\$	\$
ASSETS		
Receivable from participants	3,485	3,081
Investments, at quoted market value		
Clarica CC&L Balanced Fund	2,429	--
Clarica Trimark Equity Fund	41,583	--
Clarica Perigee International Fund	3,429	--
Clarica Trimark Global Fund	48,686	--
Clarica Synthetic US Equity Index Fund	7,934	--
3 Year Interest Account	2,851	--
5 Year Interest Account	825	--
Clarica McLean Budden Canadian Equity Growth Fund	9,529	--
Clarica McLean Budden Bond Fund	30,659	--
Clarica McLean Budden Core Balanced Fund	874,976	--
Clarica Perigee Axis Cash Fund	301,691	--
Clarica Brinson Canada, Balanced Fund	--	925,022
Clarica Perigee T-Plus Fund	--	302,189
	1,328,077	1,230,292

Edgar Filing: NORTHROP GRUMMAN CORP /DE/ - Form 11-K

LIABILITIES AND FUND EQUITY

Withdrawals, terminations and short-term distributions	--	17,834
Fund equity [including net unrealized appreciation of investments]	1,328,077	1,212,458
	1,328,077	1,230,292

See accompanying notes

The TRW Canada Stock Savings Plan
Registered Retirement Savings Plan Fund

STATEMENTS OF OPERATIONS AND CHANGES IN FUND EQUITY [expressed in Canadian dollars]

Years ended December 31

	2002 \$	2001 \$
Income	31	13,947
Contributions Participants	296,451	281,695
Net realized and unrealized loss	(45,564)	(45,151)
	250,918	250,491
Less cash withdrawals and terminations		
Paid	135,299	189,270
Payable	--	17,834
	135,299	207,104
Net increase in fund equity	115,619	43,387
Fund equity at January 1	1,212,458	1,169,071
Fund equity at December 31	1,328,077	1,212,458

See accompanying notes

The TRW Canada Stock Savings Plan

NOTES TO FINANCIAL STATEMENTS

December 31, 2002

1. GENERAL PLAN PROVISIONS

The TRW Canada Stock Savings Plan [the "Plan"] is a qualified employee profit sharing and retirement savings plan sponsored by TRW Canada Limited. The Plan was originally established effective January 1, 1968 as a stock savings plan. Effective January 1, 1990, the Plan was amended to immediately vest TRW Canada Limited's contributions and the group retirement savings portion was added to the Plan. The eligibility of employees to participate in the Plan is based on the provisions as included in the Plan document. A participant may join the Plan upon becoming a permanent part-time or full-time employee. The provisions of the Plan require certain employees to have been employed for a period of 90 days before joining the Plan.

The Plan's assets are held by Clarica Trust as Trustee and administrator of the Plan.

Effective December 11, 2002, TRW Inc. ["TRW"] was acquired by Northrop Grumman Corporation ["NGC"] and TRW shares held in the Plan were converted into shares of NGC common stock based on a ratio of 0.5357 NGC share per TRW share. In connection with the acquisition of TRW by NGC, the Plan was amended to provide that any NGC common stock held in the Plan on March 1, 2003 would be distributed to participants in the form of share certificates.

The investment programs of the Plan are as follows:

Participant contributions

Upon enrolment or re-enrolment, each participant directs that his/her basic contributions [computed in increments of one percent, from one percent to six percent of qualifying compensation] are to be invested in a range of professionally managed funds with different objectives, risk factors and return expectations. A participant may, at any time, change his/her contribution rate, temporarily suspend contributions, the way he/she invests future contributions or existing assets at any time, at no cost. If a participant temporarily suspends contributions, TRW Canada Limited's matching contributions [see TRW Canada Limited's contributions below] are also temporarily suspended.

A participant may make cash withdrawals from his/her accounts at any time. However, if the participant withdraws his/her basic contribution or TRW Canada Limited's matching contribution made on or after January 1, 2003, the participant will not be able to contribute to the Plan or receive TRW Canada Limited's matching contribution for a period of three months.

Edgar Filing: NORTHROP GRUMMAN CORP /DE/ - Form 11-K

The TRW Canada Stock Savings Plan

NOTES TO FINANCIAL STATEMENTS

December 31, 2002

TRW Canada Limited's contributions

TRW Canada Limited shall contribute cash to the Plan for each month, out of current or accumulated earnings, an amount equal to 50% of the participant contributions [to a maximum of 3% of the participant's compensation] for such month. TRW Canada Limited's contributions vest immediately.

All TRW Canada Limited's cash contributions were invested in TRW stock purchased on the open market up until December 11, 2002 at which point the sponsor contributions were directed to Clarica Perigee Axis Cash Fund NR.

The number of participants in each of the funds at December 31 is as follows:

	2002	2001
Clarica Trimark Equity Fund NR [Non-registered]	4	--
Clarica Trimark Global Fund NR	3	--
Clarica McLean Budden Canadian Equity Growth Fund NR	5	--
Clarica McLean Budden Bond Fund NR	6	--
Clarica McLean Budden Core Balanced Fund NR	7	--
Clarica Perigee Axis Cash Fund NR	493	--
Clarica US Equity Index Fund NR	2	--
NGC common stock	528	--
Clarica CC&L Balanced Fund	9	--
Clarica Trimark Equity Fund	15	--
Clarica Perigee International Fund	8	--
Clarica Trimark Global Fund	22	--
Clarica Synthetic US Equity Index Fund	12	--
Clarica McLean Budden Canadian Equity Growth Fund	14	--
Clarica McLean Budden Bond Fund	12	--
Clarica McLean Budden Core Balanced Fund	128	--
Clarica Perigee Axis Cash Fund	50	--
TRW Stock Fund	--	511
Pooled Money Market Fund Employees' Profit Sharing Plan	--	92
Pooled Balanced Fund Registered Retirement Savings Plan	--	131
Pooled Money Market Fund Registered Retirement Savings Plan	--	54

The total number of participants in the Plan is less than the sum of the number of participants shown above because many are participating in more than one fund.

The TRW Canada Stock Savings Plan

NOTES TO FINANCIAL STATEMENTS

December 31, 2002

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, within the framework of the significant accounting policies summarized below:

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

Investment valuation and income recognition

All investments are recorded at fair market value based on quoted market prices. Purchase and sale transactions are recorded on a settlement date basis. Interest income is recorded on the accrual basis. Unrealized appreciation or depreciation of investments is the difference between the current value and the cost of investments. The realized gain or loss on investments is the difference between the proceeds received and the average cost of investments sold.

Payment of benefits

Benefit payments are recorded when paid.

Gains or losses on investments

The realized gains or losses on disposition or transfer of an investment is determined from the market value of the investment at the date of disposition or transfer and the average cost base of that specific pool of investments prior to the disposition or transfer.

Unrealized gains or losses are determined as the net effect of the change in appreciation (depreciation) of investments from January 1 to December 31, based on market value and the average cost base of each investment at those respective dates.

Income recognition

Dividend income is recognized as earned.

Interest income is recognized as it is earned consistent with the accrual basis of accounting.

Edgar Filing: NORTHROP GRUMMAN CORP /DE/ - Form 11-K

The TRW Canada Stock Savings Plan

NOTES TO FINANCIAL STATEMENTS

December 31, 2002

3. INCOME TAXES

The Plan is exempt from Canadian federal income taxes under the provisions of the Income Tax Act (Canada) [the "Act"]. Federal income tax consequences to the participants under the Plan are as provided in the Act. TRW Canada Limited's contributions are taxable to the participants as is the income and all post-1971 capital gains, less post-1971 capital losses of the Plan, all of which are allocated to the participants by the Trustee during the year, whether or not such amounts are paid to the participants by the Trustee during the year. The amount of foreign non-business income taxes paid on foreign source income by the trusts under the Plan for the year is allocated to and deemed to have been paid by the participants for Canadian federal income tax purposes. Participants who are non-resident taxpayers are subject to special rules depending on whether they have performed duties in Canada during the year and are subject to withholding tax on amounts paid or credited to them under the Plan.

4. RELATED PARTY TRANSACTIONS

All expenses related to the Plan are paid by TRW Canada Limited.

5. STATEMENT DISCLOSURES

The costs of the investments have not been shown parenthetically as cost is not tracked or disclosed by the Trustee when reporting to us.

The realized and unrealized gains and losses have not been disclosed separately as the Trustee does not segregate this information when reporting to us.

6. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2002 financial statements.

7. UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The Plan's accounting policies do not materially differ from United States generally accepted accounting principles.

4

SIGNATURES

The Plan. Pursuant to requirements of the Securities Exchange Act of

Edgar Filing: NORTHROP GRUMMAN CORP /DE/ - Form 11-K

1934, the Board of Administration of the Plan has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

The TRW Canada Stock Savings Plan

Date: March 21, 2003

By: /s/ J. Ross Cooper

J. Ross Cooper
Member, Board of Administration

By: /s/ Steven M. Kiwicz

Steven M. Kiwicz
Member, Board of Administration

Exhibit 23

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in Registration Statement (No. 333-61192) of Northrop Grumman Space & Mission Systems Corp. (formerly known as TRW Inc.) on Form S-8 of our report dated March 18, 2003, with respect to the financial statements of The TRW Canada Stock Savings Plan included in this annual report on Form 11-K for the year ended December 31, 2002.

/s/ Ernst & Young LLP

ERNST & Young LLP

Mississauga, Canada,
March 24, 2003