

NORTHROP GRUMMAN CORP /DE/

Form 8-K

October 25, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

67 57

% Operating margin to sales

8.0% 6.9%

Space Technology third quarter 2005 sales increased 2 percent from the third quarter of 2004, primarily due to higher sales in Civil Space and Intelligence, Surveillance & Reconnaissance, which were partially offset by lower sales in Missile & Space Defense and Satellite Communications. Civil Space revenue increased 23 percent, due to higher volume from NASA and National Oceanic and Atmospheric Administration programs. Intelligence, Surveillance & Reconnaissance revenue rose 6 percent due to higher volume in restricted programs.

Space Technology third quarter 2005 operating margin increased 18 percent from the third quarter of 2004 primarily due to improved performance in Intelligence, Surveillance & Reconnaissance and higher sales volume in Civil Space.

Third Quarter 2005 Highlights

A Northrop Grumman-led team was awarded a contract by the Missile Defense Agency to continue its prime contractor role for the Joint National Integration Center (JNIC) Research

Northrop Grumman Reports Third Quarter 2005 Results

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported)

10/25/2005

and Development Contract. The award is an indefinite delivery/indefinite quantity contract potentially worth \$1 billion over 10 years.

Northrop Grumman signed a contract with the United Kingdom for E-3D AWACS support program valued at approximately \$1 billion.

The U.S. Navy awarded Northrop Grumman a contract to provide operations, maintenance and engineering support for the Navy and U.S. Marine Corps East and West Coast training ranges. The contract is valued at approximately \$208 million over five years.

The U.S. Navy awarded Northrop Grumman a contract valued at \$109.8 million for advanced planning, long-lead material and systems engineering on the LHA(R) amphibious assault ship program. The total contract value, if all options are exercised, will be \$264 million.

Northrop Grumman was selected as the lead system integrator for unmanned ground vehicles under the U.S. Army's Family of Integrated Rapid Response Equipment (FIRRE) program. The company's Remotec, Inc. subsidiary will provide its Tactical Amphibious Ground Support (TAGS) vehicle as the main unmanned ground platform to support the program.

Northrop Grumman received U.S. Department of Homeland Security approval of its design for the Guardian protection system, the company's Counter-MANPADS system intended to protect commercial aircraft from attack by ground-based, shoulder-fired missiles.

The DD(X) national team led by Northrop Grumman has successfully completed the initial critical design review for the overall systems design for the DD(X) multi-mission destroyer. The event demonstrated that the program was ready for the Flag level review in September 2006 and that the DD(X) Flight 1 is complete, stable and mature enough to enter detail design.

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Northrop Grumman reached the first construction milestone in the life of the new-generation aircraft carrier, CVN 21. The company cut one of the first pieces of steel, a 15-ton plate for a side shell unit of CVN 78, the first ship of the CVN 21 program.

The company announced that it will compete as the prime contractor for the U.S. Air Force's next-generation air refueling tanker.

Stephen E. Frank, former chairman, president and chief executive officer of Southern California Edison was elected to the company's board of directors. Northrop Grumman's board now totals 11 members, 10 of whom are non-employee directors.

Jerry B. Agee was elected president of the company's Mission Systems sector and lead executive for the company's missile defense business.

James F. Pitts was elected president of the company's Electronic Systems sector.

About Northrop Grumman

Northrop Grumman Corporation is a global defense company headquartered in Los Angeles, Calif. Northrop Grumman provides technologically advanced, innovative products,

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services and solutions in systems integration, defense electronics, information technology, advanced aircraft, shipbuilding and space technology. With more than 125,000 employees, and operations in all 50 states and 25 countries, Northrop Grumman serves U.S. and international military, government and commercial customers.

Northrop Grumman will webcast its earnings conference call at 12 p.m. ET on Oct. 25, 2005. A live audio broadcast of the conference call along with a supplemental presentation will be available on the investor relations page of the company's Web site at www.northropgrumman.com.

Note: Certain statements and assumptions in this release contain or are based on forward-looking information that Northrop Grumman Corporation (the Company) believes to be within the definition in the Private Securities Litigation Reform Act of 1995 and involve risks and uncertainties, and include, among others, statements in the future tense, and all statements accompanied by terms such as project, expect, estimate, assume, believe, guidance or variations thereof. This information reflects the Company's best estimates when made, but the company expressly disclaims any duty to update this information if new data becomes available or estimates change after the date of this release.

Such forward-looking information includes, among other things, financial guidance regarding sales, segment operating margin, pension expense, employer contributions under pension plans and medical and life benefits plans, and cash flow, and is subject to numerous assumptions and uncertainties, many of which are outside the Company's control. These include the Company's assumptions with respect to future revenues, expected program performance and cash flows, returns on pension plan assets and variability of pension actuarial and related assumptions, the outcome of litigation and appeals, hurricane recoveries, environmental remediation, divestitures of businesses, successful reduction of debt, successful negotiation of contracts with labor unions, effective tax rates and timing and amounts of tax payments, the results of any audit or appeal process with the Internal Revenue Service, and anticipated costs of capital investments, among other things.

The Company's operations are subject to various additional risks and uncertainties resulting from its position as a supplier, either directly or as subcontractor or team member, to the U.S. Government and its agencies as well as to foreign governments and agencies; actual outcomes are dependent upon various factors, including, without limitation, the Company's successful performance of internal plans; government customers budgetary constraints; 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 and, in connection with any fixed price development programs, controlling cost growth in meeting production specifications and delivery rates; performance issues with key suppliers and subcontractors; government import and export policies; acquisition or termination of government contracts; the outcome of political and legal processes and of the assertion or prosecution of potential substantial claims by or on behalf of a U.S. Government customer; natural disasters, including recent hurricanes affecting the Company's Gulf Coast shipyards and the associated risks underlying the Company's assumptions regarding timely return of experienced workers with critical skills, achieving expected learning-curve progress, amounts and timing of recoveries under insurance contracts, availability of materials and supplies, reconstitution of the supply chain and other infrastructure within and outside Company facilities to enable efficient production, contractual performance relief and the application of cost sharing terms, impacts of timing of cash receipts and the availability of other mitigating elements; terrorist acts; legal, financial, and governmental risks related to international transactions and global needs for military aircraft, military and civilian electronic systems and support, information technology, naval vessels, space systems and related technologies, as well as other economic, political and technological risks and uncertainties and other risk factors set out in the Company's filings from time to time with the Securities and Exchange Commission, including, without limitation, Company reports on Form 10-K and Form 10-Q.

NORTHROP GRUMMAN CORPORATION

FINANCIAL HIGHLIGHTS

(\$ in millions, except per share)

(unaudited)

| | THIRD | | FIRST NINE | |
|---|----------|---------------------|------------|---------------------|
| | QUARTER | | MONTHS | |
| | 2005 | 2004 ⁽⁴⁾ | 2005 | 2004 ⁽⁴⁾ |
| OPERATING RESULTS HIGHLIGHTS | | | | |
| Total contract acquisitions ⁽¹⁾ | \$ 5,233 | \$ 4,700 | \$ 18,630 | \$ 18,595 |
| Total sales | 7,446 | 7,408 | 22,861 | 22,007 |
| Total operating margin | 433 | 538 | 1,644 | 1,469 |
| Income from continuing operations | 288 | 291 | 1,052 | 821 |
| Net income | 293 | 278 | 1,069 | 812 |
| Diluted earnings per share from continuing operations | .80 | .80 | 2.88 | 2.25 |
| Diluted earnings per share | .81 | .76 | 2.93 | 2.23 |
| Net cash provided by operating activities | 891 | 739 | 1,967 | 1,612 |

| | SEPT 30, 2005 | DEC 31, 2004 ⁽⁴⁾ |
|---------------------------------|---------------------|-----------------------------------|
| BALANCE SHEET HIGHLIGHTS | | |
| Cash and cash equivalents | \$ | |

Northrop Grumman Corporation

(Exact name of registrant as specified in its charter)

DE
(State or Other Jurisdiction

of Incorporation)

1-16411
(Commission

File Number)

95-4840775
(IRS Employer

Identification No.)

1840 Century Park East, Los Angeles, CA 90067

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(Address of principal executive offices)(Zip Code)

(310) 553-6262

Registrant's telephone number, including area code

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On October 25, 2005, Northrop Grumman Corporation issued a press release announcing its financial results for the quarter ended September 30, 2005, under the heading Northrop Grumman Reports Third Quarter 2005 Results. The press release is furnished as Exhibit 99.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(c) Exhibits

Furnished

Exhibit 99 - Press Release dated October 25, 2005

Signature(s)

Pursuant to the Requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

Northrop Grumman Corporation
(Registrant)

October 25, 2005

By: /s/ John H. Mullan

(Date)

(Signature)
John H. Mullan
Corporate Vice President and Secretary

Exhibit Index

Exhibit No.

Exhibit 99 Furnished Press Release dated October 25, 2005