

Edgar Filing: ESSEX CORP - Form SC 13D

ESSEX CORP
Form SC 13D
November 20, 2006

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

SCHEDULE 13D

Under the Securities Exchange Act of 1934

Essex Corporation

(Name of Issuer)

Common Stock, no par value per share

(Title of Class of Securities)

296744105

(CUSIP Number)

Kathleen M. Salmas
Assistant Secretary
Northrop Grumman Corporation
1840 Century Park East
Los Angeles, California 90067
(310) 553-6262

(Name, Address and Telephone Number of Person Authorized
to Receive Notices and Communications)

November 8, 2006

(Date of Event Which Requires Filing of This Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of ss.ss. 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box: []

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

SCHEDULE 13D

Edgar Filing: ESSEX CORP - Form SC 13D

CUSIP No. 296744105

Page 2 of 12

1	NAME OF REPORTING PERSON I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY) Northrop Grumman Corporation 95-4840775	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP	(a) [] (b) [x]
3	SEC USE ONLY	
4	SOURCE OF FUNDS OO, WC	
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)	[]
6	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7 SOLE VOTING POWER 0	
	8 SHARED VOTING POWER 2,278,141(1)	
	9 SOLE DISPOSITIVE POWER 0	
	10 SHARED DISPOSITIVE POWER 0	
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 2,278,141(1)	
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES	[]
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 10.5%(2)	
14	TYPE OF REPORTING PERSON CO	

(1) Northrop Grumman Corporation and Northrop Grumman Space & Mission Systems Corp. (the "Reporting Persons") may be deemed to beneficially own 2,278,141 shares of Common Stock of Essex Corporation pursuant to the Voting Agreements described in Item 4 below and the irrevocable proxy contained therein. Neither the filing of this Schedule 13D nor any of its contents shall be deemed to constitute an admission by the Reporting Persons that they are the beneficial owners of any of the Common Stock referred to herein for purposes of Section 13(d) of the Securities Exchange Act of 1934, as amended, or for any other purpose, and such beneficial ownership is expressly disclaimed.

Edgar Filing: ESSEX CORP - Form SC 13D

(2) Based on 21,780,467 shares of Common Stock of Essex Corporation outstanding at October 31, 2006, as reported in its Quarterly Report on Form 10-Q for the period ended September 30, 2006.

SCHEDULE 13D

 CUSIP No. 296744105 Page 3 of 12

 1 NAME OF REPORTING PERSON
 I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY)
 Northrop Grumman Space & Mission Systems Corp.
 34-0575430

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) []
 (b) [x]

3 SEC USE ONLY

4 SOURCE OF FUNDS
 OO, WC

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
 PURSUANT TO ITEMS 2(d) OR 2(e) []

6 CITIZENSHIP OR PLACE OF ORGANIZATION
 Ohio

7 SOLE VOTING POWER
 0
 NUMBER OF SHARES

8 SHARED VOTING POWER
 2,278,141(1)
 BENEFICIALLY OWNED BY

9 SOLE DISPOSITIVE POWER
 0
 EACH

10 SHARED DISPOSITIVE POWER
 0
 REPORTING PERSON WITH

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
 2,278,141(1)

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES
 []

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
 10.5%(2)

14 TYPE OF REPORTING PERSON
 CO

Edgar Filing: ESSEX CORP - Form SC 13D

(1) Northrop Grumman Corporation and Northrop Grumman Space & Mission Systems Corp. (the "Reporting Persons") may be deemed to beneficially own 2,278,141 shares of Common Stock of Essex Corporation pursuant to the Voting Agreements described in Item 4 below and the irrevocable proxy contained therein. Neither the filing of this Schedule 13D nor any of its contents shall be deemed to constitute an admission by the Reporting Persons that they are the beneficial owners of any of the Common Stock referred to herein for purposes of Section 13(d) of the Securities Exchange Act of 1934, as amended, or for any other purpose, and such beneficial ownership is expressly disclaimed.

(2) Based on 21,780,467 shares of Common Stock of Essex Corporation outstanding at October 31, 2006, as reported in its Quarterly Report on Form 10-Q for the period ended September 30, 2006.

ITEM 1. SECURITY AND ISSUER

This Schedule 13D (this "Statement") relates to the common stock, no par value per share (the "Common Stock"), of Essex Corporation, a Virginia corporation ("Essex"). The principal executive offices of Essex are located at 6708 Alexander Bell Drive, Columbia, MD 21046.

ITEM 2. IDENTITY AND BACKGROUND

This Statement is filed by Northrop Grumman Corporation, a Delaware corporation ("Northrop Grumman"), and Northrop Grumman Space & Mission Systems Corp. (formerly TRW Inc.), an Ohio corporation and wholly owned subsidiary of Northrop Grumman ("NGS&MSC" and together with Northrop Grumman, the "Reporting Persons"). The principal executive offices of Northrop Grumman and NGS&MSC are located at 1840 Century Park East, Los Angeles, California 90067. Northrop Grumman and its subsidiaries provide technologically advanced, innovative products, services and solutions in defense and commercial electronics, information technology, systems integration and nuclear and non-nuclear shipbuilding and systems.

NGS&MSC has the direct power to vote the shares of Common Stock of Essex covered under this Statement (the "Shares"). As the sole parent of NGS&MSC, Northrop Grumman has the indirect power to vote the Shares. The Reporting Persons have entered into a Joint Filing Agreement, dated November 13, 2006, a copy of which is attached as Exhibit 7.01 hereto, pursuant to which the Reporting Persons have agreed to file this Statement jointly in accordance with the provisions of Rule 13d-1(k)(1) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Annex I attached to this Statement contains the following information concerning each director, executive officer and controlling person of Northrop Grumman and NGS&MSC: (a) the name and residence or business address; (b) the principal occupation or employment; and (c) the name, principal business and address of any corporation or other organization in which such employment is conducted. Annex I is incorporated herein by reference. During the last five years, neither of the Reporting Persons nor any of the persons listed on Annex I (to the knowledge of the Reporting Persons) has been (i) convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and, as a

Edgar Filing: ESSEX CORP - Form SC 13D

result of such proceeding, is or was subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

ITEM 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION

NGS&MSC and Essex have entered into a definitive Agreement and Plan of Merger, dated as of November 8, 2006 (the "Merger Agreement"). Subject to the terms and conditions thereof, the Merger Agreement provides for the merger (the "Merger") of Eagle Transaction Corporation, a wholly-owned subsidiary of NGS&MSC, into Essex, with Essex continuing as the surviving corporation and a wholly-owned subsidiary of NGS&MSC. In consideration of the Merger, Essex shareholders will receive \$24.00 per share of Common Stock in an all-cash transaction valued at approximately \$580 million, which includes the assumption of Essex's debt.

As an inducement for NGS&MSC to enter into the Merger Agreement with Essex, and in consideration thereof, certain shareholders of Essex entered into Voting Agreements, dated as of November 8, 2006, with NGS&MSC (the "Voting Agreements"). NGS&MSC did not pay any additional consideration to such Essex shareholders in connection with the execution and delivery of the Voting Agreements.

For a description of the Merger Agreement and the Voting Agreements, see Item 4 below, which description is incorporated herein by reference in response to this Item 3.

ITEM 4. PURPOSE OF TRANSACTION

As stated above, the Voting Agreements were entered into as an inducement for, and in consideration of, NGS&MSC entering into the Merger Agreement.

MERGER AGREEMENT

At the effective time and as a result of the Merger, each share of Common Stock of Essex issued and outstanding immediately prior to the effective time of the Merger (the "Effective Time") will be canceled and extinguished and automatically converted into the right to receive an amount of cash equal to \$24.00, without interest (the "Merger Consideration"). Each option to purchase shares of Common Stock outstanding as of the Effective Time will be cancelled in exchange for the right to receive a cash payment, without interest, equal to the difference between the Merger Consideration and the exercise price of such option.

VOTING AGREEMENTS

In connection with the Merger Agreement, NGS&MSC has entered into voting agreements ("Voting Agreements") with certain shareholders of Essex owning an aggregate of 2,278,141 Shares, which represent approximately 10.5% of the outstanding Common Stock of Essex, based on 21,780,467 shares of Common Stock of Essex outstanding at October 31, 2006, as reported in its Quarterly Report on Form 10-Q for the period ended September 30, 2006, each substantially in the form of Exhibit 7.03 hereto. The shareholders are (i) Leonard Moodispaw, the President and Chief Executive Officer of Essex; (ii) Terry Turpin, Senior Vice President of Essex; and (iii) John Hannon, Director of Essex (together, the "Covered Shareholders"). In addition to the aggregate 2,278,141 Shares covered by the Voting Agreements, the Voting Agreements also cover any additional Common Stock issuable to the Covered Shareholders upon conversion of warrants or exercise of options or other rights to acquire Common Stock, specifically including an aggregate of 627,000 options held by the Covered Shareholders.

Edgar Filing: ESSEX CORP - Form SC 13D

Among other things, the Voting Agreements provide that: (i) the Covered Shareholders will not solicit or knowingly encourage any inquiries or the making of any takeover proposal from any person other than NGS&MSC, (ii) the Covered Shareholders will vote (a) in favor of adoption and approval of the Merger Agreement and the Merger contemplated thereby, (b) against approval of any proposal made in opposition to, or in competition with, consummation of the Merger and the transactions contemplated by the Merger Agreement, (c) against any other action, proposal, transaction or agreement that would compete with or serve to interfere with, delay, discourage, adversely affect or inhibit the timely consummation of the Merger, and (d) against any takeover proposal (other than the takeover proposal contemplated by the Merger Agreement), and (iii) the Covered Shareholders grant to certain employees of Northrop Grumman a limited irrevocable proxy to vote, express, consent or dissent the shares owned by the Covered Shareholders with regard to the matters specified in (ii) for the term of the Voting Agreement.

The foregoing summary of certain provisions of the Merger Agreement and the Voting Agreements is not intended to be complete and is qualified in its entirety by reference to the full text of such agreements.

Copies of the Merger Agreement and the form of Voting Agreement are filed as Exhibit 7.02 and Exhibit 7.03 and are incorporated herein by reference.

DELISTING AND TERMINATION OF REGISTRATION

If the Merger is consummated, the shares of Common Stock will be delisted from The Nasdaq Global Select Market and will be deregistered under the Exchange Act. Furthermore, some or all of the current directors or officers of Essex may be replaced by NGS&MSC.

Except as set forth in this Item 4, the Reporting Persons have no knowledge that any of the individuals referred to in Annex I to this Schedule 13D have any plans or proposals which relate to or would result in any of the actions specified in clauses (a)-(j) of Item 4 of Schedule 13D.

ITEM 5. INTEREST IN SECURITIES OF THE ISSUER

(a)-(b) Pursuant to the Voting Agreements, and subject to the conditions and limitations thereof, the Reporting Persons may be deemed to have shared power to vote or direct the vote of 2,278,141 shares of Common Stock, which represents approximately 10.5% of the outstanding shares of Common Stock, based on 21,780,467 shares of Common Stock outstanding at October 31, 2006, as reported in its Quarterly Report on Form 10-Q for the period ended September 30, 2006. Neither the filing of this Schedule 13D nor any of its contents shall be deemed to constitute an admission by the Reporting Persons that they are the beneficial owner of any of the Common Stock referred to herein for purposes of Section 13(d) of the Exchange Act, or for any other purpose, and such beneficial ownership is expressly disclaimed. To the best of the Reporting Persons' knowledge, none of the individuals referred to in Annex I to this Schedule 13D may be deemed to beneficially own any Common Stock.

Apart from the terms and conditions set forth in the Voting Agreements, the Reporting Persons are not entitled to any rights of a shareholder of Essex. The Reporting Persons do not, other than as specified in the Voting Agreements, have (i) sole or shared power to vote or direct the vote or (ii) sole or shared power to dispose or direct the disposition of Common Stock.

(c) Except as set forth or incorporated herein, neither of the Reporting

Edgar Filing: ESSEX CORP - Form SC 13D

Persons nor, to the Reporting Persons' knowledge, any of the individuals referred to in Annex I to this Schedule 13D, have effected any transaction in Common Stock during the past 60 days.

(d) Not applicable.

(e) Not applicable.

ITEM 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER

Other than the Merger Agreement and the Voting Agreements, to the knowledge of the Reporting Persons, there are no contracts, arrangements, understandings or relationships (legal or otherwise) among the persons named in Annex I to this Schedule 13D or between such persons and any other person with respect to the securities of Essex, including, but not limited to, transfer or voting of any securities, finder's fees, joint ventures, loan or option arrangements, puts or calls, guarantees of profits, division of profits or loss, or the giving or withholding of proxies.

ITEM 7. MATERIAL TO BE FILED AS EXHIBITS

- 7.01 Joint Filing Agreement by and between Northrop Grumman and NGS&MSC, dated November 13, 2006.
- 7.02 Agreement and Plan of Merger, dated as of November 8, 2006, by and among NGS&MSC, Eagle Transaction Corporation and Essex.
- 7.03 Form of Voting Agreement, entered into by NGS&MSC with certain shareholders of Essex as of November 8, 2006.

SIGNATURE

After reasonable inquiry and to the best of our knowledge and belief, we certify that the information set forth in this statement is true, complete and correct.

Date: November 13, 2006

NORTHROP GRUMMAN CORPORATION

By: /s/ Kathleen M. Salmas

Name: Kathleen M. Salmas
Title: Assistant Secretary

NORTHROP GRUMMAN SPACE & MISSION SYSTEMS CORP.

By: /s/ Kathleen M. Salmas

Name: Kathleen M. Salmas
Title: Secretary

Edgar Filing: ESSEX CORP - Form SC 13D

ANNEX I

EXECUTIVE OFFICERS AND DIRECTORS OF NORTHROP GRUMMAN CORPORATION ("NORTHROP GRUMMAN")

Set forth below is the name, business address, principal occupation or employment and principal business in which such employment is conducted of each director, executive officer and controlling person of Northrop Grumman. To the knowledge of the Reporting Persons, each person listed below is a citizen of the United States of America. The name of each person who is a director of Northrop Grumman is marked with an asterisk.

NAME/CITIZENSHIP	BUSINESS ADDRESS	PRINCIPAL OCCUPATION
JERRY B. AGEE	1200 Sunset Hills Road Reston, VA 20190	Corporate Vice President and President, Northrop Grumman Mission Systems
WESLEY J. BUSH	1840 Century Park East, Los Angeles, California 90067	President and Chief Financial Officer, Northrop Grumman
JAMES L. CAMERON	2411 Dulles Corner Park 8th Floor, Suite 5200 Herndon, VA 20171	Corporate Vice President and President, Northrop Grumman Technical Services
JOHN T. CHAIN, JR.*	c/o 1840 Century Park East, Los Angeles, California 90067	General U.S. Air Force (Ret.) / Chairman of the Board, Thomas Group, Inc.
LEWIS W. COLEMAN*	c/o 1840 Century Park East, Los Angeles, California 90067	President, DreamWorks Animation SKG
VIC FAZIO*	c/o 1840 Century Park East, Los Angeles, California 90067	Senior Advisor, Akin Gump Strauss Hauer & Feld LLP
STEPHEN E. FRANK*	c/o 1840 Century Park East, Los Angeles, California 90067	Former Chairman, President and Chief Executive Officer, Southern California Edison
PHILLIP FROST*	c/o 1840 Century Park East, Los Angeles, California 90067	Vice Chairman of the Board, Teva Pharmaceutical Industries, Ltd.
KENNETH N. HEINTZ	1840 Century Park East, Los Angeles, California 90067	Corporate Vice President, Controller and Chief Accounting Officer, Northrop Grumman
ROBERT W. HELM	1000 Wilson Boulevard Suite 2300 Arlington, VA 22209	Corporate Vice President, Business Development and Government Relations, Northrop Grumman
CHARLES R. LARSON*	c/o 1840 Century Park East, Los Angeles, California 90067	Admiral, United States Navy (Ret.)
ALEXIS LIVANOS	One Space Park Redondo Beach, CA 90278	Corporate Vice President and President, Northrop Grumman Space Technology
JOHN H. MULLAN	1840 Century Park East, Los Angeles, California 90067	Corporate Vice President and Secretary, Northrop Grumman

Edgar Filing: ESSEX CORP - Form SC 13D

		Corporation
RICHARD B. MYERS*	c/o 1840 Century Park East, Los Angeles, California 90067	General, United States Air Force (Ret.), Former Chairman, Joint Chiefs of Staff
ROSANNE O'BRIEN	1840 Century Park East, Los Angeles, California 90067	Corporate Vice President, Communications, Northrop Grumman
PHILIP A. ODEEN*	c/o 1840 Century Park East, Los Angeles, California 90067	Chairman, Reynolds and Reynolds Company
JAMES R. O'NEIL	7575 Colshire Drive McLean, VA 22102	Corporate Vice President and President, Northrop Grumman Information Technology
AULANA L. PETERS*	c/o 1840 Century Park East, Los Angeles, California 90067	Retired Partner, Gibson, Dunn & Crutcher
MIKE PETERS	4101 Washington Avenue Newport News, VA 23607	Corporate Vice President and President, Northrop Grumman Newport News
JAMES F. PITTS	1580-A West Nursery Road Linthicum, MD 21090	Corporate Vice President and President, Northrop Grumman Electronic Systems
JAMES L. SANFORD	1840 Century Park East, Los Angeles, California 90067	Corporate Vice President and Treasurer, Northrop Grumman
SCOTT SEYMOUR	One Hornet Way El Segundo, Segundo, CA 90245	Corporate Vice President and President, Northrop Grumman Integrated Systems
KEVIN W. SHARER*	c/o 1840 Century Park East, Los Angeles, California 90067	Chairman, Chief Executive Officer and President, Amgen Inc.
RONALD D. SUGAR*	1840 Century Park East, Los Angeles, California 90067	Chairman and Chief Executive Officer, Northrop Grumman
PHILIP A. TEEL	1000 Access Road Pascagoula, MS 39567	Corporate Vice President and President, Northrop Grumman Ship Systems
W. BURKS TERRY	1840 Century Park East, Los Angeles, California 90067	Corporate Vice President and General Counsel, Northrop Grumman
IAN V. ZISKIN	1840 Century Park East, Los Angeles, California 90067	Corporate Vice President and Chief Human Resources and Administrative Officer, Northrop Grumman

EXECUTIVE OFFICERS AND DIRECTORS OF
NORTHROP GRUMMAN SPACE & MISSION SYSTEMS CORP. ("NGS&MSC")

Set forth below is the name, business address, principal occupation or employment and principal business in which such employment is conducted of

Edgar Filing: ESSEX CORP - Form SC 13D

each director, executive officer and controlling person of NGS&MSC. To the knowledge of the Reporting Persons, each person listed below is a citizen of the United States of America. The name of each person who is a director of NGS&MSC is marked with an asterisk.

NAME	BUSINESS ADDRESS	PRINCIPAL OCCUPATION
JAMES L. SANFORD*	1840 Century Park East, Los Angeles, California 90067	President and Treasurer
KATHLEEN M. SALMAS	1840 Century Park East, Los Angeles, California 90067	Secretary
JERRY B. AGEE	1200 Sunset Hills Road Reston, VA 20190	Executive Vice President
ALEXIS LIVANOS	One Space Park Redondo Beach, CA 90278	Executive Vice President
JOHN H. MULLAN*	1840 Century Park East, Los Angeles, California 90067	
GARY W. MCKENZIE*	1840 Century Park East, Los Angeles, California 90067	