

Now Is the Time... to Choose Your 2009 – 2010 Benefits

» Enrollment Guide

What's Inside	
Making the Right Benefits Decisions	Page 1
What's New for 2009 – 2010	Page 4
When and How to Enroll	Page 5

During your enrollment wave, you'll have the opportunity to choose the benefit coverage that's right for you, your family, and your budget. Read this Enrollment Guide for an overview of what's changing in the 2009 – 2010 benefit plan year, points to consider when making your choices, and details on when and how to enroll.

Now Is the Time... to Evaluate, Estimate, and Enroll

When it comes to your or your family's health and financial security, the choices you make during Annual Enrollment can be some of the most important ones you make this year.

How do you know which plans are right for you? Northrop Grumman provides many resources to help you choose. This Enrollment Guide and the information online at *My Benefits Access* will help you evaluate your options, estimate your benefits needs, and compare your benefits choices. There's also an interactive *Medical Expense Estimator* tool to help you determine the best plan for you.

In today's economy, it's more important than ever to make the most of your benefit dollars. Making informed decisions can help you keep costs down while getting the benefits coverage you and your family need. Be sure to review all of the resources available to you to learn more about your plan options. Weigh the cost of the new coverages against your needs, and determine the right benefits mix for you and your family.

If you have any questions, or would like to view specific benefits details and compare your options, be sure to log on to *My Benefits Access* through *Benefits OnLine* at <http://benefits.northropgrumman.com>, or call the Northrop Grumman Benefits Center (NGBC) at 1-800-894-4194. If you are calling from outside the United States, please call 718-354-1338. Benefits services representatives are available to assist you Monday through Friday from 9:00 a.m. to 6:00 p.m. Eastern time, excluding holidays. If you are hearing impaired, you will need to use a relay service through your TTY/TDD service provider.

Even if you are satisfied with your current coverage, be sure to take a fresh look at your options, including your new costs, and make informed decisions. Remember, your enrollment selections are, in most cases, effective from July 1, 2009, through June 30, 2010.

Making The Right Benefits Decisions: Three Points To Consider...

Keep these points in mind to help you evaluate your choices and consider which benefit options will meet your coverage needs — and your budget — for the 2009 – 2010 plan year.

1 **Evaluate** your current benefits coverage and use

2 **Estimate** your needs for the year ahead

3 **Educate** yourself by using the available resources and tools

Let's take a closer look at each point:

1 Evaluate your current benefits coverage and use

Ask yourself these important questions related to costs, choice and features:

Costs

- Are you really using the coverage that you're paying for?
- Have you used the services covered by your plan?
- How many times have you visited the doctor?
- Have you met the plan year deductible?

Choice

- Are you basing your choices on "what if" situations rather than on realistic projections of your needs?

Features

- Are you familiar with the features of your plan and how you're using them (or not using them)?

2 Estimate your needs for the year ahead...and evaluate which plan is right for you

Think about how your situation may change in the new benefit plan year. For example, are you adding a new family member (e.g., getting married or having a child)? Will you be covering fewer dependents (e.g., a child will no longer qualify as a dependent)?

As you consider which options will help meet your needs, refer to the following chart, which shows how the Northrop Grumman medical plan options cover services, as well as plan features of each type of plan option. You might discover that you are paying too much for coverage you don't use, or you may find another choice that meets your needs and also helps keep your costs down throughout the year.

Which option will meet my needs?	PPOs	EPOs	Anthem CDHP (formerly Lumenos HRA option)	HMOs
I want to choose a primary care provider (PCP) to coordinate all my care and specialist referrals (UHC participants do not need to select a PCP)		✓		✓
I want to visit any provider I choose, without referrals	✓		✓	
I want to be able to go out-of-network, even if it's at a higher cost (but still covered)*	✓		✓	
I want the lowest paycheck contributions I can get			✓	

* Not all services are covered out-of-network.

continued →

Which option will meet my needs?	PPOs	EPOs	Anthem CDHP (formerly Lumenos HRA option)	HMOs
I want Northrop Grumman to help me pay for some of my expenses through a company-funded Health Reimbursement Account (HRA)			✓	
I want 100% coverage for eligible in-network preventive care services	✓ (after a small copay)	✓ (after a small copay)	✓ (no copay — you pay nothing)	✓ (after a small copay)
I am worried about health care costs rising, and want a plan that helps me manage costs better			✓	

3 Educate yourself by using the available resources and tools

While you may have been through Northrop Grumman enrollment before, plan options and benefits coverage change from year to year. Be sure to carefully review the information provided, including the pre-enrollment Benefits Bulletin (mailed to your home), and the enrollment Web site. From *Benefits OnLine*, click on *My Benefits Access* to access personalized plan information, as well as tools and resources to help you make informed decisions. At *My Benefits Access*, you'll be able to:

- **Compare Your Medical Options** — Compare features, costs, and services from up to three different medical plan options. You can evaluate how different options stack up in terms of the services you use most (e.g., doctor's office visits, inpatient care, ease of access to network providers).
- **Estimate and Compare Medical Expenses** — Estimate how much you would pay out of pocket under three different medical plan options so that you can see how each option impacts your budget, using the *Medical Expense Estimator* tool.
- **Estimate Health Care Expenses** — Estimate how much to set aside in a Health Care Flexible Spending Account. The Health Care Flexible Spending Account allows you to set aside pre-tax dollars to pay for eligible health care expenses.
- **Find a Doctor in Your Medical Plan** — Search for providers in your plan's network. You can check which doctors are in the network of the plan option you're considering before you enroll.
- **Compare Hospital Quality and Compare Doctor Quality** — Review hospital and doctor ratings, so you can make informed decisions before you choose a provider or facility.

Review and Compare Your Medical Plan Options and Costs

Go to *Benefits OnLine* at <http://benefits.northropgrumman.com> and click on *My Benefits Access* to compare your medical plan options and pay period costs.

The screenshot displays the 'Annual Enrollment' web portal with a 'Deadline May 08' notice. It features three main sections: 'prepare', 'enroll', and 'after'. The 'prepare' section includes links for 'Review and Compare Medical', 'Find a Doctor or Hospital', 'Lower Your Costs', and 'Other Benefit Tools'. The 'enroll' section asks 'Considered your options? Then you're ready!' and provides an 'Enroll Now!' button. The 'after' section encourages users to be smart consumers and offers a link to 'Manage Your Health Care Through the TRIC'. Below these sections, there is a 'Review and Compare Your Medical Plan Options and Pay Period Costs' tool. This tool shows 'Your Current Coverage (You + Family)' as 'Anthem Preferred PPO' with a cost of '\$120.77'. It also lists 'Your Plan Choices for Enrollment (You + Family)' with options: 'No Coverage' (\$0.00), 'Anthem Preferred PPO' (\$109.00), 'Aetna EPO' (\$166.77), and 'Anthem CDHP' (\$51.49). At the bottom, there is a 'Use Your Medical Toolkit' section with links for 'Health Plan Comparison Chart' and 'Medical Expense Estimator'.

What's New for 2009 – 2010

Here's a summary of what's changing for the 2009 – 2010 plan year, effective July 1, 2009. Please refer to the pre-enrollment Benefits Bulletin you received in the mail for more information, or go to *Benefits OnLine* at <http://benefits.northropgrumman.com>.

- **Lumenos HRA medical plan is changing to Anthem CDHP.** As a result of the Lumenos merger with Anthem Blue Cross, this option is changing to the Anthem Consumer Driven Health Plan (CDHP), with the same plan design as today. Prescription drug coverage will change from Medco to NextRx.
- **PacifiCare EPO is now UnitedHealthcare (UHC) EPO.** As a result of the acquisition of PacifiCare by UHC, UHC will replace PacifiCare as the carrier for this option; UHC will also manage prescription drug benefits.
- **No new enrollment in the Premium PPO option.** This plan option is closed to new participants for the 2009 – 2010 plan year, except for certain Electronic Systems represented employees.
- **Expanded provider network for the Health Net EPO plan.** Health Net EPO plan option participants will now have access to Health Net's PPO network of providers and hospitals.
- **Enhancements to Vision Service Plan (VSP) benefits.** VSP participants can receive a free contact lens evaluation and initial supply of approved lenses (from a newly expanded list), plus discounts on prescription glasses and non-prescription sunglasses when visiting a VSP provider.
- **CIGNA DMO benefits changes.** Current preventive care coverage under the CIGNA DMO plan will remain the same, but copays for basic services, major services and orthodontia will increase.
- **Health Care Flexible Spending Account (FSA) improvements.** Enhancements include a convenient new *Pharmacy Benefits Card* for prescription (retail and mail-order) and over-the-counter medication purchases, additional carriers for automatic claims submission, and mobile access to your FSA balance.
- **Reduced Dependent Day Care Flexible Spending Account (FSA) contribution limit for highly compensated employees.** If you earn \$105,000 or more in 2009, your annual contribution to the Dependent Day Care FSA will be limited to \$2,500 effective July 1, 2009.
- **New Work/Life Program.** Northrop Grumman is expanding the Employee Assistance Program (EAP) to include new Work/Life services, with 24/7 confidential assistance in balancing work and life commitments, and managing everyday issues.

Important Information Regarding Your FSA Contribution Elections and Automatic Claims Submission

If you are enrolled in an FSA, your current contribution amount will automatically apply in the new benefit plan year. In addition, **if you are enrolled in the Health Care FSA, you will automatically be enrolled in Automatic Claims Submission (ACS)**, unless you actively elect otherwise during enrollment by calling the NGBC. Be sure to carefully review your current FSA contribution amount and make any necessary changes during enrollment.

If you are currently participating in the Health Care FSA, keep in mind that you have until September 15, 2009, to incur FSA-eligible expenses, and until December 31, 2009, to submit FSA claims for reimbursement.

When and How to Enroll

There will be two enrollment waves this year. You must enroll with your sector. Your enrollment wave is indicated on your enclosed enrollment worksheet. There are two ways to enroll for your benefits:

- Go to *Benefits OnLine* at <http://benefits.northropgrumman.com> and click on "Annual Enrollment." Review the enrollment information posted online. When you're ready to enroll, log in to *My Benefits Access*, click on "Annual Enrollment," and then "Enroll Now." Enter your User ID and Password* when prompted

Note: All employees will be able to review their personalized enrollment worksheet online one week prior to their enrollment wave.

or

- Call the Northrop Grumman Benefits Center at 1-800-894-4194.

** If you haven't registered on My Benefits Access, be sure to do so now so that you can set up your User ID and Password. You'll need them to enroll.*

If You Don't Enroll

- You will continue to have the medical, dental, vision, life, disability, and accidental death and dismemberment coverage you have now (as applicable), but at the new plan year costs.
- If you participate in the Health Care and/or Dependent Day Care FSAs, and you don't actively enroll, you will automatically participate in the FSAs again at your current contribution amount(s). In addition, **if you are enrolled in the Health Care FSA, you will automatically be enrolled in Automatic Claims Submission (ACS)**, unless you actively elect otherwise during enrollment by calling the NGBC. Be sure to carefully review your current FSA contribution amount and make any necessary changes during enrollment.
- If you participate in the Dependent Day Care FSA, earn more than \$105,000 in 2009 and your current FSA contribution is more than \$2,500, your contribution will be limited to \$2,500 for the next plan year.
- Your Group Legal plan election will continue.

Please keep in mind that your current coverage may not meet your needs for the new benefit plan year. We encourage you to think carefully about your options and compare costs, even if you're satisfied with the coverage you have now.

Special Note Regarding Dependent Information

- If you choose to participate in Spouse Life Insurance and/or Child Life Insurance during enrollment, you must have a dependent on file (i.e., a dependent spouse for Spouse Life Insurance and a dependent child for Child Life Insurance), or your election will not be valid.
- All individuals linked to your account, such as beneficiaries, are listed on the "Your Dependent Information" page on the enrollment Web site. They are noted as to whether or not they are eligible for coverage. If the information listed is correct, click "Continue Enrollment" to proceed. To update your dependent's eligibility, click on the dependent's name and make any necessary changes. While on this page, please ensure all of your dependents have a valid Social Security Number on file.

Now Is the Time... to Update Your Beneficiaries

Have you updated your beneficiary designations? If the answer is no, if you're not sure or if it's simply been a while since you've done so, now is the time to take action. To review and update your beneficiary designations, go to *Benefits OnLine* at <http://benefits.northropgrumman.com> and log in to *My Benefits Access*. Your beneficiaries are listed under the Personal Information tab. Simply click on the dependent's name and/or the Plan to make updates.

Important Notice About the Women's Health and Cancer Rights Act

If you receive plan benefits in connection with a mastectomy, you are entitled to coverage for the following under the plan:

- Reconstruction of the breast on which the mastectomy was performed
- Surgery and reconstruction of the other breast to produce a symmetrical appearance
- Prostheses and treatment for physical complications for all stages of a mastectomy, including lymphedemas (swelling associated with the removal of lymph nodes).

The plan will determine the manner of coverage in consultation with you and your attending doctor. Coverage for breast reconstruction and related services will be subject to deductibles and coinsurance amounts that are consistent with those that apply to other benefits under the plan.

If you would like more information about the Women's Health and Cancer Rights Act, call the Northrop Grumman Benefits Center (NGBC) at 1-800-894-4194.

This Enrollment Guide and the content on the *Benefits OnLine* and *My Benefits Access* Web sites provide a summary of important information about your participation in the Northrop Grumman Health Plan. The Enrollment Guide is not a summary plan description, but is a summary of material modifications. Complete details about the plan are contained in the legal plan documents that govern plan operation and administration. If there is a discrepancy between the information provided in this Enrollment Guide or enrollment Web site and the provisions of the plan documents, the plan documents will govern.

Northrop Grumman reserves the right in its sole discretion to terminate, suspend, withdraw, amend, or modify the plan at any time and for any reason.