

NORTHROP GRUMMAN



**Northrop Grumman Health Plan
Summary Plan Description
Space Technology Sector Employees Not
Working in CA, HI, NJ, NY, PR and RI
*Short-Term Disability (STD) Benefits***

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Short-Term Disability (STD)

How the STD Plan Works

Overview

This section of the Northrop Grumman Health Plan Summary Plan Description (SPD) describes features of the Short-Term Disability (STD) benefits offered under the plan to all Space Technology employees in active employment, except for employees working in California, Hawaii, New Jersey, New York, Puerto Rico and Rhode Island.

Other versions of this STD benefit description have been prepared for other groups of employees who are eligible for STD benefit coverage under the plan. This section is considered part of the SPD for the Northrop Grumman Health Plan and must be read together with the “main” portion of the SPD, which contains important information regarding the benefits described in this STD benefit description. If you have questions not answered here, contact 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. If you are hearing impaired, you will need to use a relay service through your TTY/TDD service provider. Benefits service representatives are available to answer your questions Monday through Friday, 9:00 a.m. to 6:00 p.m. Eastern time, excluding holidays.

Your STD benefits are designed to provide you with income for up to 26 weeks if you are absent from work due to an eligible illness or injury. Northrop Grumman has engaged Unum Life Insurance Company of America (“Unum”) to serve as the claims administrator for the plan. Unum does not insure the STD benefits provided under the plan. STD benefits are self-insured by Northrop Grumman.

Northrop Grumman reserves the right to amend, modify or terminate any and all parts of this plan at any time and for any reason (subject to any relevant collective bargaining agreements). This summary is not a contract for, nor a guarantee of, present or continued employment between you and Northrop Grumman Space Technology.

Northrop Grumman (also referred to as the “Company” in this guide) refers to Northrop Grumman Corporation and its 80%-owned affiliates.

Eligibility Requirements

To be eligible for benefits, you must be regularly scheduled to work at least 20 hours per week **and** be a Space Technology employee in active employment (employees working in California, Hawaii, New Jersey, New York, Puerto Rico and Rhode Island are not eligible).

STD Coverage

You are automatically enrolled in the STD Plan if you are an employee working in Cutting Edge Optronics, Inc., Synoptics or Xinetics. Northrop Grumman Space Technology provides this coverage at no cost to you.

The STD plan pays 60% of your base weekly earnings for up to 26 weeks of disability, up to a maximum benefit of \$1,000 per week.

Please note: Your payment may be reduced by deductible sources of income and in some cases by the income you earn while disabled. Some disabilities may not be covered under this plan (see “How STD Benefits Integrate With Other Sources of Income” for details).

When Your Coverage Begins

You will automatically be covered under the STD plan at 12:01 a.m. on the date you are eligible for coverage (July 1, 2007 or the date of your hire, if later).

If you are absent from work due to injury or sickness on the date your coverage would first begin, your coverage will begin on the date you return to active employment. If you are temporarily not working once your coverage begins, your coverage will continue in accordance with Northrop Grumman Space Technology leave of absence policy if the business unit approved your leave in writing.

When Your Coverage Ends

Your STD coverage under the plan ends on the earliest of:

- The date the plan is terminated by Northrop Grumman;
- The date Northrop Grumman Space Technology Sector ceases to offer STD benefits to employees through the plan;
- The date the plan is amended to eliminate STD benefits;
- The date you are no longer in an eligible group;
- The date your eligible group is no longer covered;
- The last day of the period for which you made any required contributions to the plan;
- The last day you are in active employment.

When You Are Eligible to Receive STD Benefit Payments

- You must meet the plan’s definition of disability (see “How Disability Is Defined”).
- You must be continuously disabled through your elimination period in order to be eligible for benefits. The elimination period is:
 - 7 days for a disability due to an injury; or
 - 7 days for a disability due to a sickness.
- You must be under the regular care of a licensed physician and receiving the most appropriate treatment for your condition.
- Your disability must not have been caused by any of the exclusions that apply (see “Exclusions: Disabilities Not Covered” for details).

You will begin to receive weekly payments when your claim is approved, provided the elimination period has been met. After the elimination period, if you are disabled for less than one week, you will receive 1/7th of your weekly payment for each day of disability.

How Disability Is Defined

You are disabled when the claims administrator determines that due to your sickness or injury:

- You are unable to perform the **material and substantial duties** of your **regular occupation**; and
- You are not working in any occupation.

The loss of a professional or occupational license or certification does not, in itself, constitute disability.

If you have a Cesarean section, you will be considered disabled for a minimum period of eight weeks beginning on the date of your Cesarean section, unless you return to work prior to the end of the eight weeks.

The claims administrator may require you to be examined by a physician, other medical practitioner and/or vocational expert chosen by the claims administrator. This examination will be at no cost to you and can be required as often as it is reasonable to do so. The claims administrator may also require a personal interview with you.

Definition of Weekly Earnings

Base earnings are as represented in the base earnings amount column on your pay check.

If you become disabled while you are on an approved leave of absence, and your STD coverage is in effect at that time, your base weekly earnings for the purposes of this plan will be your base weekly earnings in effect just prior to the date your absence begins.

Minimum Benefit

If you are eligible to receive STD payments, the minimum weekly benefit is \$25.

How and When to File a Claim for STD Benefits

When you experience an illness or injury — whether it is work-related or not — always follow your business unit's procedures for reporting illnesses and injuries. Notify the claims administrator (Unum) of your claim as soon as possible, so that a claim decision can be made in a timely manner.

Written notice of a claim must be sent to the claims administrator within 30 days after the date your disability begins, unless you lack legal capacity to submit notice of a claim by that date. In addition, you must send the claims administrator written proof of your claim no later than 90 days after your elimination period. If it is not possible to give proof within 90 days, it must be given no later than one year after the time proof is otherwise required, except in the absence of legal capacity. If you do not provide written notice of

claim and written proof of claim by the required dates, STD benefits will not be paid for that disability.

Filing an STD Claim

- Notify your manager, supervisor and leave of absence desk if you are absent from work. (If you are injured at work, notify your manager or supervisor immediately, unless it is an emergency.) Your leave of absence representative will give you a Unum Telephonic Claims Filing brochure.
- To file a claim, call Unum at 866-278-4638 and provide your claim information to Unum's telephonic representative. You will be required to sign the Authorization Form included in the Telephonic Claims Filing brochure in order for the claims administrator to obtain medical information from your attending doctor on your behalf. The claims administrator will notify you if unable to obtain your medical information.

Your proof of claim must show:

- That you are under the regular care of a physician
- The appropriate documentation of your earnings
- The date your disability began
- The cause of your disability
- The extent of your disability, including restrictions and limitations preventing you from performing your regular occupation
- The name and address of any hospital, institution, or other establishment where you received treatment, including all attending physicians' names and addresses.

You must pay any costs incurred to obtain and submit the information that is required by the claims administrator.

The claims administrator may request that you send proof of continuing disability indicating that you are under the regular care of a physician. This proof, provided at your expense, must be received within 45 days of a request.

In some cases, you will be required to give authorization for the Plan to obtain additional medical information, and to provide non-medical information as part of your proof of claim, or proof of continuing disability. If the appropriate information is not submitted, your claim may be denied or terminated.

Federal and State tax withholdings are mandatory under this plan. You are required to provide a completed W4 Form in order for the claims administrator to apply your applicable Federal and State tax withholdings. If you do not provide a W4 Form to the claims administrator, the IRS requires that the claims administrator withholds the maximum applicable Federal tax rate and State tax rate according to the state in which you live.

Additional Claim Procedure Information

Please refer to the "General Plan Administration-Benefit Claims" section of the "main" portion of the SPD for additional rules regarding claims.

How Your STD Payments Are Determined

The claims administrator will follow this process to calculate your STD payment:

1. Multiply your base weekly earnings by 60%.
2. The maximum weekly benefit is \$1,000.
3. Compare the answer from Item 1 with the maximum weekly benefit. The lesser of these two amounts is your gross disability payment.
4. Subtract from your gross disability payment any deductible sources of income (see "How STD Benefits Integrate With Other Sources of Income"). This is your weekly STD payment.

If Your Claim Is Overpaid

The plan has the right to recover any overpayments due to:

- Fraud
- Any error made in processing a claim
- Your receipt of deductible sources of income (see "How STD Benefits Integrate With Other Sources of Income").

You must repay the plan for any overpayment in your claim. Alternatively, the claims administrator may reduce or eliminate future payments instead of requiring repayment or Northrop Grumman may collect the overpayment for the Plan by deducting it from any payments due to you from Northrop Grumman, including any pay or other earnings, without your authorization.

The plan will not recover more money than the amount that was paid you.

How STD Benefits Integrate With Other Sources of Income

The STD benefit payments you receive are offset dollar for dollar by other sources of income you receive (or are entitled to receive) while on disability.

Any payments you receive (or are entitled to receive) under the following sources of income will be subtracted from your gross STD benefit payments:

- Primary Social Security
- State disability (Hawaii, California, New York, New Jersey, Rhode Island, Puerto Rico)
- Northrop Grumman Pension – Payments received due to participant's retirement. Payments received by participant on behalf of spouse's retirement will not be deducted
- Payments received under Title 26, United States Code Section 688 (The Jones Act).

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If the claims administrator determines that you may qualify for benefits under primary Social Security and state disability, the claims administrator will estimate your entitlement to these benefits. The claims administrator can reduce your payment by the estimated amounts if such benefits:

- Have not been awarded; and
- Have not been denied; or
- Have been denied and the denial is being appealed.

Your STD benefit payment will not be reduced by the estimated amount if you:

- Apply for the disability payments under primary Social Security and state disability and appeal your denial to all administrative levels the claims administrator feels are necessary; and
- Sign the payment option form. This form states that you promise to pay the plan any overpayment caused by an award.

If your payment has been reduced by an estimated amount, your payment will be adjusted when the claims administrator receives proof:

- Of the amount awarded; or
- That benefits have been denied and all appeals the claims administrator feels are necessary have been completed. In this case, a lump sum refund of the estimated amount will be made to you.

If you receive your Northrop Grumman Pension in a lump sum, the lump sum payment will be converted to a life only equivalent by the pension administrator, that amount will be used by the claims administrator to determine the amount that will be deducted from your STD payments.

If you receive a lump sum payment from any other deductible sources of income, the lump sum will be prorated on a weekly basis over the time period for which the sum was given. If no time period is stated, the sum will be prorated on a weekly basis to the end of the maximum period of payment.

If after subtracting deductible sources of income results in a zero benefit, you will receive the minimum weekly benefit of \$25. The claims administrator may apply this amount toward an outstanding overpayment.

Income from the following sources will **not** be subtracted from your STD benefit payment:

- 401(k) plans
- Profit sharing plans
- Thrift plans
- Tax sheltered annuities
- Stock ownership plans
- Non-qualified plans or deferred compensation
- Pension plans for partners
- Military pension and disability income plans

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- Credit disability insurance
- Franchise disability income plans
- A retirement plan from another employer
- Individual retirement accounts (IRA)
- Individual disability income plans
- Severance pay
- Long-Term Sick Leave pay
- Vacation pay.

Returning to Work

You must notify the claims administrator at 866-278-4638 immediately when you return to work in any capacity. In addition, you must follow your business unit's procedures for return to work.

If You Return to Work and Become Disabled Again

If you experience a second disability within 14 consecutive days or less of your return to work on a full-time basis, and the disability is related to or due to the same cause(s) as your prior disability for which STD benefits were paid, you will not have to complete another elimination period. Payments will resume up to the 26-week maximum.

If your second disability is unrelated to your prior disability for which STD benefits were paid, and it occurs less than one full day after your return to any occupation on a full-time basis, the claims administrator will treat your current disability as part of your prior claim, payments will resume up to the 26 week-maximum, and you will not have to complete another elimination period.

Your disability, as outlined above, will be subject to the same terms of the plan as your prior claim.

If your second disability does not fall within the parameters described above, it will be treated as a new claim and will be subject to all of the plan provisions.

If you become entitled to payments under any other group short-term disability plan, you will not be eligible for payments under this plan.

When Your STD Payments End

STD benefits will be paid on a weekly basis, up to 26 weeks (the maximum period of payment). However, your STD benefit payments will end sooner when the first of these events occurs:

- The date you are no longer disabled under the terms of the plan
- The date you fail to submit proof of continuing disability, including refusal of an independent medical examination requested by the claims administrator; or
- The date you die.

Exclusions: Disabilities Not Covered

Your plan does not cover any disabilities caused by, contributed by, or resulting from your:

- Occupational sickness or injury
- Disabilities covered under the Defense Base Act (DBA)
- Commission of a crime for which you have been convicted under state or federal law
- Active participation in a riot
- Intentionally self-inflicted injuries, while sane or insane
- Loss of a professional license, occupational license or certification

The plan will not pay a benefit for any period of disability during which you are incarcerated.

A Note About Fraud

Northrop Grumman takes fraud very seriously. If you, with intent to defraud or knowing that you are facilitating a fraud against the plan, submit an application or file a claim containing a false or deceptive statement, Northrop Grumman will assert all legal and equitable rights against you and pursue all legal and equitable remedies Northrop Grumman has against you.

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Glossary

For purposes of the STD benefits described in this SPD, the following terms have the meaning set forth below.

Active employment — You are working for Northrop Grumman for earnings that are paid regularly, and you are performing the material and substantial duties of your regular occupation. You must be working 20 hours or more per week. Normal vacation is considered active employment.

Claims administrator — Unum Life Insurance Company of America.

Deductible sources of income — Income from deductible sources listed in the plan which you receive or are entitled to receive while you are disabled. This income will be subtracted from your gross disability payment.

Disability earnings — The earnings which you receive while you are disabled and working, plus the earnings you could reasonably be expected to receive if you were working to your maximum capacity.

Elimination period — A period of continuous disability which must be satisfied before you are eligible to receive benefits.

Employee — A person who is classified by Northrop Grumman as an employee and is in active employment in the United States with Northrop Grumman.

Employer — Northrop Grumman and any entity, affiliate or subsidiary listed in this SPD.

Gross disability payment — The benefit amount before deductible sources of income and disability earnings are subtracted.

Hospital or institution — A facility licensed to provide medical care and treatment for the condition causing your disability.

Injury — A bodily injury that is the direct result of an accident and no related to any other cause. Injury which occurs before you are covered under the plan will be treated as a sickness (see page 13).

Law, plan or act — The original enactments of any law, plan or act and all amendments.

Layoff or leave of absence — You are temporarily absent from active employment for a period of time that has been agreed to in advance in writing by your business unit. Your normal vacation time or any period of disability is not considered a temporary layoff or leave of absence.

Limited — What you cannot or are unable to do.

Material and substantial duties — Duties that are normally required for the performance of your regular occupation and cannot be reasonably omitted or modified. If you are required to work on average in excess of 40 hours per week, the plan will consider you able to perform that requirement if you are working or have the capacity to work 40 hours per week.

Maximum capacity — Based on your restrictions and limitations, the greatest extent of work you are able to do in your regular occupation that is reasonably available.

Maximum period of payment — The longest period of time the plan will make payments to you for any one period of disability.

Occupational sickness or injury — A sickness or injury that was caused by or aggravated by any employment for pay or profit.

Payable claim — A claim for which the plan is liable.

Physician — A person performing tasks that are within the limits of his or her medical license; and a person who is licensed to practice medicine and prescribe and administer drugs or to perform surgery; or a person with a doctoral degree in Psychology (Ph.D. or Psy.D.) whose primary practice is treating patients; or a person who is a legally qualified medical practitioner according to the laws and regulations of the governing jurisdiction.

You, or your spouse, children, parents or siblings will not be considered as a physician for a claim that you submit.

Plan — The Northrop Grumman Health Plan.

Regular care — Means that you personally visit a physician as frequently as is medically required, according to generally accepted medical standards, to effectively manage and treat your disabling condition(s); and you are receiving the most appropriate treatment and care, which conforms with generally accepted medical standards, for your disabling condition(s) by a physician whose specialty or experience is the most appropriate for your disabling condition(s).

Regular occupation — The occupation you are routinely performing when your disability begins. UNUM Provident will look at your occupation as it is normally performed in the national economy, instead of how the work tasks are performed for a specific employer or at a specific location.

Salary continuation or accumulated sick leave — Continued payments to you of all or part of your weekly earnings, after you become disabled as defined by the plan. Salary continuation or accumulated sick leave does not include compensation paid to you for work you actually perform after your disability begins. Such compensation is considered disability earnings and would be taken into account in calculating your weekly payment.

Sickness — An illness or disease.

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Unum — The entity affiliated with Unum Group as identified in this SPD, Unum Life Insurance Company of America.

Waiting Period — The continuous period of time (shown in this SPD) that you must be in active employment in an eligible group before you are eligible for coverage under the plan.

Weekly benefit — The total benefit amount you are eligible for under the plan, subject to the maximum benefit.

Weekly base earnings — Your gross weekly income just prior to your disability as defined in the plan.

Weekly payment — Your payment after any deductible sources of income have been subtracted from your gross disability payment.

You — A person who is eligible for STD coverage under the plan.