

THIS NOTICE MIGHT NOT APPLY TO YOU IF YOU OR YOUR COVERED DEPENDENTS ARE NOT ELIGIBLE FOR MEDICARE (OR WILL NOT BECOME ELIGIBLE FOR MEDICARE IN THE NEXT 12 MONTHS). HOWEVER, EMPLOYERS WHO OFFER MEDICAL COVERAGE THAT INCLUDE PRESCRIPTION DRUG BENEFITS ARE REQUIRED BY THE FEDERAL GOVERNMENT TO SEND THIS NOTICE ANNUALLY.

Important Notice from Northrop Grumman About Your Prescription Drug Coverage and Medicare

You may have heard about Medicare's prescription drug coverage known as Medicare Part D. The Medicare Part D regulations require Northrop Grumman to provide this Notice of Credible Coverage on an annual basis to:

- participants ENROLLED in a Northrop Grumman medical plan that includes prescription drug coverage and
- participants who are NOT ENROLLED, but are eligible to enroll in a Northrop Grumman medical plan that includes prescription drug coverage.

This notice has information about prescription drug coverage with Northrop Grumman and prescription drug coverage available for people with Medicare. It also explains the options you have under Medicare's prescription drug coverage and can help you decide whether or not you want to enroll. Information about where you can get help to make decisions about your prescription drug coverage is at the end of this notice.

Medicare Prescription Drug Coverage

Medicare prescription drug coverage became available in 2006 to everyone with Medicare. You can get this coverage if you join a Medicare Prescription Drug Plan or join a Medicare Advantage Plan (like an HMO or PPO) that offers prescription drug coverage. All Medicare prescription drug plans provide at least a standard level of coverage set by Medicare. Some plans may also offer more coverage for a higher monthly premium.

Existing Coverage

Northrop Grumman has determined that the prescription drug coverage offered by your plan is, on average for all plan participants, expected to pay out as much as standard Medicare prescription drug coverage pays and is considered Creditable Coverage. You can keep your current Northrop Grumman coverage and not pay a higher premium (a penalty) if you later decide to join a Medicare drug plan.

Your Choices

You can join a Medicare drug plan when you first become eligible for Medicare and each year from November 15th through December 31st. This may mean that you may have to wait to join a Medicare drug plan and that you may pay a higher premium (a penalty) if you join later. You may pay that higher premium (a penalty) as long as you have Medicare prescription drug coverage. However, if you lose creditable prescription drug coverage, through no fault of your own, you will be eligible for a

sixty (60) day Special Enrollment Period (SEP) to join a Part D plan. In addition, if you lose employer/union sponsored coverage, you will be eligible to join a Part D plan at that time using an Employer Group Special Enrollment Period. You should compare your current coverage, including which drugs are covered at what costs, with the coverage and costs of the plans offering Medicare prescription drug coverage in your area.

If you do decide to join a Medicare prescription drug plan and drop your Northrop Grumman prescription drug coverage, be aware that you and your dependents may not be able to get this coverage back. Please contact us for information about what happens to your Northrop Grumman medical coverage if you enroll in a Medicare prescription drug plan.

You should also know that if you drop or lose your coverage with Northrop Grumman and do not enroll in a Medicare prescription drug plan within 63 continuous days after your Northrop Grumman coverage ends, you may pay more to enroll in prescription drug coverage through a Medicare drug plan later.

If you go 63 continuous days or longer without creditable prescription drug coverage, your monthly premium may go up at least 1% of the national benchmark premium per month for every month that you did not have creditable coverage. For example, if you go nineteen months without creditable coverage, your premium will always be at least 19% higher than what most people pay. You may have to pay this higher premium (a penalty) as long as you have Medicare prescription drug coverage. In addition, you may have to wait until next November to join.

NOTE: You will receive this notice annually.

For more information about your options under Medicare prescription drug coverage

More detailed information about Medicare plans that offer prescription drug coverage is in the "Medicare & You" handbook. If you are covered by Medicare, you'll get a copy of the handbook in the mail every year from Medicare. You may also be contacted directly by Medicare prescription drug plans. For more information about Medicare prescription drug plans:

- Visit www.medicare.gov for personalized help
- Call your State Health Insurance Assistance Program (the telephone numbers are in the "Medicare & You" handbook)
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

For people with limited income and resources, extra help paying for a Medicare prescription drug plan is available from the Social Security Administration (SSA) online at www.socialsecurity.gov, or you can call them at 1-800-772-1213 (TTY 1-800-325-0778).

Remember: Keep this Notice. If you enroll in one of the new prescription drug plans approved by Medicare, you may be required to provide a copy of this notice when you join to show whether or not you have maintained creditable coverage and whether or not you are required to pay a higher premium (a penalty).

Date:	4/2008
Name of Entity/Sender:	Northrop Grumman
Contact--Position/Office:	Northrop Grumman Benefits Center (NGBC)
Address:	P.O. Box 8000, Charlotte, NC 28262-8000
Phone Number:	1-800-894-4194