

**Northrop Grumman  
Domestic Partner Plan Details**

*Updated December 2006*

# The Domestic Partner Benefits Details

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This guide is distributed on request, and applies to both same-sex and opposite-sex domestic partnerships. Your eligibility for a Northrop Grumman plan is not established merely by your receiving this guide, nor is your domestic partner's eligibility parallel to that of a legal spouse by filing a *Northrop Grumman Affidavit of Domestic Partnership*.

The information in this guide provides highlights of important information about your participation in the Northrop Grumman Health Plan, and supplements the *Northrop Grumman Health Plan Summary Plan Description*. This guide does not constitute an implied or express contract or guarantee of employment. 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 guide 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, or any benefit or cost sharing arrangement under any plan, at any time and for any reason (subject to any relevant collective bargaining agreements).

The information in this guide is not intended to provide advice on tax rules and other legal issues. Because there may be other implications to signing a *Northrop Grumman Affidavit of Domestic Partnership* form, you are encouraged to seek appropriate professional advice before enrolling.

## Introduction

Please carefully review the information contained in this guide, as it will help you better understand the eligibility requirements and enrollment process for domestic partner benefits. Generally, a domestic partner is subject to the same plan provisions as an eligible spouse covered under the Northrop Grumman Health Plan (the Health Plan), except as noted herein.

*Please be aware that tax and legal consequences may be associated with your decision to elect coverage for your domestic partner and his or her eligible dependent children.*

## Eligibility

You are eligible to enroll your domestic partner in health benefits if you are eligible to participate in the Northrop Grumman Health Plan as defined in the *Northrop Grumman Health Plan Summary Plan Description*, are unmarried, and your domestic partner meets all of the following requirements:

- Is your life partner who has lived with you in the same permanent residence in an exclusive, emotionally committed, and financially responsible relationship similar to a marriage for at least the last six months (or is registered as your domestic partner in a state where registration is available)
- Is at least 18 years of age and not related to you by blood
- Is not married to anyone else and is not the domestic partner of anyone else
- Is your sole domestic partner and intends to remain so indefinitely.

## Eligible Dependents of Your Domestic Partner

Children of your domestic partner are eligible for benefits if they are unmarried and meet the following age requirements:

- Under age 19
- Under age 25 and are full-time students in an accredited school
  - Your domestic partner's child is considered a full-time student if he or she is enrolled in at least nine hours of a regular curriculum that leads to a diploma or degree at an accredited high

school, technical school, college, or university

- A temporary reduction in credit hours after the semester starts does not result in a change in status, unless your domestic partner's child no longer is enrolled in a qualified program, as outlined above
- Your domestic partner's child is considered a full-time student if he or she was enrolled the prior semester, unless he or she secures a full-time permanent job, gets married, does not enroll when school resumes, or is no longer supported by you
- Under age 25 and performing missionary service for up to two years
- Disabled, if the disability occurred before age 19 (or before age 25 if a full-time student). The plan considers a child to be disabled if he or she is unable to earn a living because of a mental or physical handicap and is fully dependent on you and your domestic partner for financial support.

*Children you have adopted, for whom you have legal guardianship, or who meet the definition of your eligible dependent child (as described in the Northrop Grumman Health Plan Summary Plan Description) may be enrolled as your dependent, rather than as a child of a domestic partner.*

## Benefit Plans and Domestic Partner Coverage

The same Health Plan benefits that are available to an employee's spouse are generally also available to a domestic partner — with a few exceptions for some HMOs/EPOs. Table 1 on page 4 summarizes the benefit plans that are available to domestic partners and their eligible dependent children.

All Health Plan provisions apply to domestic partner and domestic partner children benefits, including the requirement to obtain dependent coverage at the time you enroll yourself in benefits, except in the case of a qualifying life event. Please review your *Northrop Grumman Health Plan Summary Plan Description* for specific plan details.

**Table 1. Benefit Plans and Domestic Partner Benefit Enrollment Availability**

Benefit	Domestic Partner Benefit Availability
Medical	<p>Most Health Plan medical plan options are available to your domestic partner and his or her children, including:</p> <ul style="list-style-type: none"> <li>■ All Preferred Provider Organization (PPO) options</li> <li>■ Health Maintenance Organization (HMO) or Exclusive Provider Organization (EPO) options, where available. Some HMO/EPOs and/or state insurance commissioners have not agreed to make this coverage available to domestic partners. (Call the Northrop Grumman Benefits Center [NGBC] for eligibility information.)</li> <li>■ The Lumenos consumer-driven health plan option.</li> </ul>
Dental	<p>All Health Plan dental plan options are available to your domestic partner and his or her children, including:</p> <ul style="list-style-type: none"> <li>■ All Preferred Provider Organization (PPO) options</li> <li>■ A Dental Health Maintenance Organization (DHMO) option, where available. Some state insurance commissioners have not agreed to make this coverage available to domestic partners. (Call the NGBC for details.)</li> </ul>
Vision	<p>The vision plan option administered by Vision Service Plan (VSP) is available to your domestic partner and his or her children.</p>
Life and AD&D	<p>Your domestic partner and his or her children are eligible for dependent life and dependent accidental death and dismemberment (AD&amp;D) insurance under the Northrop Grumman Health Plan.</p>
Flexible Spending Accounts	<p>IRS regulations do not allow Health Care and/or Dependent Day Care Flexible Sending Account (FSA) reimbursements for your domestic partner and his or her children (unless the domestic partner or children qualify as your legal dependents under Section 152 of the Internal Revenue Code).</p>

## Beneficiary Designations

You can name your domestic partner (or anyone you wish) to receive benefits that may be payable in the event of your death. Plans from which a benefit may be payable include:

- Employee Life Insurance
- Accidental Death and Dismemberment (AD&D) Insurance
- Business Travel Accident Insurance.

You can designate your beneficiary for all of the above benefits by logging in to *My Benefits Access* available online at <http://benefits.northropgrumman.com>, or by calling the Northrop Grumman Benefits Center (NGBC) at 1-800-894-4194.

## If Your Domestic Partner Is a Northrop Grumman Employee

If both you and your domestic partner work for Northrop Grumman, one of you can choose no medical, dental, and/or vision coverage and the other can cover both of you. Or, each of you can select separate coverage. You and your dependents cannot be covered twice under any plan (except for Spouse Life and AD&D coverage as noted below).

In the case of AD&D coverage, you and your domestic partner cannot both select employee plus family AD&D coverage. Only one of you may cover your eligible dependent children for medical, dental, vision, life, and AD&D benefits. One of you may select optional employee AD&D coverage, and the other may select optional employee plus family AD&D coverage, but only one benefit would be paid in the event of the death of the domestic partner who had chosen employee only coverage. You both may select Spouse life for one another.

Because of special tax rules (see “Effect on Your Taxable Income” on page 5), it may be less expensive for you to enroll separately in the Northrop Grumman Health Plan. You may want to consult your tax advisor to determine the impact on you.

## Working Domestic Partner Rule

Even if you have a working domestic partner who has medical coverage available through his or her employer, you can enroll him or her in a Northrop Grumman medical plan option as your

eligible dependent. However, Northrop Grumman requires that your domestic partner also enroll in his or her employer's medical plan if that employer pays 50% or more of the cost of their plan. If this applies to you and your domestic partner is not currently enrolled in his or her employer's plan, he or she is required to enroll in that company's plan during the next available annual enrollment period. Even if your domestic partner's employer offers only one medical plan option (for example, a health maintenance organization [HMO]), he or she must enroll in that option.

Claims for your domestic partner's medical care must first be submitted to his or her employer's plan because that plan is the primary payer. Then, once you receive an explanation of benefits (EOB) from your domestic partner's plan (reflecting either the amount of payment or a denial), you can submit it along with your claim to your Northrop Grumman medical plan option claims administrator for reimbursement as a secondary payer.

Northrop Grumman reserves the right to ask for proof of working domestic partner coverage. Failure to comply with this provision will result in loss of coverage for the domestic partner and may result in disciplinary action for the employee. The working domestic partner provision does not apply if you select the TRICARE Supplement Plan option, or if your domestic partner is considered a "Service Contract Act" employee.

### **Effect on Your Taxable Income**

Under current law, if you enroll anyone who is not your dependent for tax purposes, the value of that person's coverage is taxable to you and thereby treated as income — otherwise known as imputed income. This means that the full cost of benefits coverage for that person, less the amount of your after-tax contribution toward the cost of that person's coverage, is added to your income and subject to ordinary federal, FICA, state, local, and any other applicable payroll taxes. This amount will be shown on your pay stubs throughout the year and will be reported on your W-2 Form at the end of each calendar year. This additional taxable income will not be included when calculating other benefits, such as earnings for the Northrop Grumman Pension Program or the Northrop Grumman Savings Plan.

In addition, your contribution toward the cost of coverage for anyone who is not your legal dependent for tax purposes must be made on an after-tax basis.

When you enroll a domestic partner (or the child of a domestic partner), you will have the opportunity to establish that your domestic partner and/or his or her child is your legal dependent for tax purposes by completing the *Declaration of Tax Status* form. Your completed *Declaration of Tax Status* form will remain in effect until you notify us that your domestic partner (or the child of your domestic partner) is no longer considered your legal dependent for tax purposes. When your domestic partner (or the child of your domestic partner) is no longer considered your legal dependent for tax purposes, you must complete the Northrop Grumman Statement of Disenrollment, Death, or Termination of Domestic Partnership. If you need a copy of the form, call the Northrop Grumman Benefits Center (NGBC) at 1-800-894-4194.

If you certify on the form that your domestic partner or domestic partner's child is your tax dependent, your W-2 Form will not report imputed income for the coverage provided to those tax dependents.

*Under Internal Revenue Code rules, your domestic partner (and/or his or her child[ren]) may qualify as your tax dependent during any year in which he or she meets all of the following criteria for the entire taxable year: (1) must have the same principal place of abode (shares a principal residence) as you for the taxable year and be a member of your household for the taxable year, except for temporary reasons such as vacation, military service, or education, (2) receive over half their support from you, (3) be citizens or residents of the U.S., and (4) be in a relationship with you that does not violate local laws. Please refer to Internal Revenue Code Section 152 for a full description of eligible dependents.*

### **Domestic Partner Coverage Levels and Imputed Income Consequences**

All of the potential combinations of domestic partner/ domestic partner child coverage are described in Table 2 as "coverage levels." Imputed income may result in coverage levels 1, 2, 4, 5, 6, and 7. There is no imputed income

for coverage level 3, as the children in that coverage level example will be actual tax dependents of the employee because they were born to, or adopted by, the employee with the domestic partner.

**Table 2. Coverage Levels for Domestic Partner and/or Domestic Partner Children Enrollment**

No.	Coverage Level
1	Employee & Partner
2	Employee & Partner's Child(ren)
3	Employee & Child(ren) born to, or adopted by Employee and Partner
4	Employee, Partner & Employee's Child(ren)
5	Employee, Partner & Partner's Child(ren)
6	Employee, Partner, Child(ren) of Partner & Child(ren) of Employee
7	Employee, Employee's Child(ren) and Partner's Child(ren)

Northrop Grumman's share of the cost of covering a domestic partner and his or her children is the same as for a spouse and children. However, as previously mentioned under "Effect on Your Taxable Income," the value of your domestic partner's coverage and that of his or her children is taxable to you and treated as income, unless your domestic partner and his or her children are considered your dependents for tax purposes. Therefore, you should factor in your additional tax liability when calculating your total cost for coverage.

**Example for Coverage Level 1: Employee & Partner**

The following is an example of how to compute imputed income and after-tax contributions when enrolling a domestic partner (who is not considered your tax dependent) in a Northrop Grumman medical plan option only. Tax implications for enrollment in a Northrop Grumman dental or vision plan would be calculated in the same manner. Amounts shown are annual. To determine your per-pay-period amount, divide the annual amount by the number of pay periods at your location.

*Costs shown below are for illustrative purposes only and may be different for your location. Please call the Northrop Grumman Benefits*

*Center (NGBC) at 1-800-894-4194 for your actual cost information.*

**Example:** Full-time employee elects Employee + Partner coverage in the Preferred Medical PPO.

<b>To determine your after-tax contribution:</b>	
\$795	Employee + Partner annual contribution
Less \$252	Employee only annual contribution (continues on a before-tax basis)
\$543	Equals the annual after-tax contribution
<b>To determine imputed income:</b>	
\$4,910	Employee + Partner total annual cost (Northrop Grumman's contributions + your contributions)
Less \$2,519	Employee only total annual cost
\$2,391	The annual value of the coverage for the domestic partner
\$2,391	The annual value of the coverage for the domestic partner
Less \$543	The annual after-tax contribution on an annual basis
\$1,848	Equals the annual imputed income that will be subject to tax

**How to Enroll in Health Benefits During Annual Enrollment**

If you are eligible for coverage under the Northrop Grumman Health Plan and you want to add your eligible domestic partner and/or his or her children during annual enrollment, you must:

- Enroll
  - Log in to *My Benefits Access* available at *Benefits OnLine* at <http://benefits.northropgrumman.com>
  - Call the NGBC at 1-800-894-4194
- Complete and sign the *Northrop Grumman Affidavit of Domestic Partnership* form, included with this summary.<sup>1</sup>
  - Fill in the requested information for your domestic partner and/or domestic partner child(ren) to be enrolled.

<sup>1</sup> It is not necessary to submit a *Northrop Grumman Affidavit of Domestic Partnership* for annual enrollment elections if one is already on file with the Northrop Grumman Benefits Center (e.g., if you enroll your domestic partner and/or your partner's children during the enrollment period for the plan year beginning July 1, 2006, you will not need to submit an affidavit during next year's enrollment period).

- Submit your completed form by the deadline stated in your enrollment instructions to:

Northrop Grumman Benefits Center  
7201 Hewitt Associates Drive  
Charlotte, NC 28262-8000

You will receive a confirmation statement of your selections from the NGBC. Payroll deductions and imputed income amounts will be reflected on the first available payroll after July 1.

Your *Affidavit of Domestic Partnership* remains in effect until a *Declaration of Termination of Domestic Partnership* is received by the NGBC.

## Qualified Life Events and Domestic Partner Coverage

The benefit selections you make during the annual enrollment period are generally effective for the entire benefit plan year — July 1 through June 30 — as long as you are eligible. IRS rules limit benefit changes during the year, and these limitations also apply to your coverage selections for your domestic partner and his or her children. For details on and rules regarding changing your benefits outside of the enrollment period, please see the section titled “What Happens to Your Benefits in Special Situations” in the *Northrop Grumman Health Plan Summary Plan Description*.

You have 31 days from the date of the qualified life event to call the NGBC at 1-800-894-4194 and make benefit changes. Changes are effective the first day of the pay period following the NGBC’s receipt of your *Northrop Grumman Affidavit of Domestic Partnership* form. If you do not make your changes within 31 days, you must wait until the next annual enrollment period. Please note that a qualified status change does not accelerate the 6-month waiting period required before you can elect coverage for a domestic partner.

A qualified life event includes events such as:

- Changes in eligibility for health coverage for your or your domestic partner’s dependent child due to age limits, gain or loss of student status, or a similar eligibility requirement
- Change in your, your domestic partner’s, or a dependent child’s employment status, such as changing from full-time to part-time

(or part-time to full-time), that affects eligibility for coverage

- The birth, adoption (or placement of a child with you for adoption), or placement of a child under your legal guardianship
- Establishment of a new domestic partnership and appropriate filing of a *Northrop Grumman Affidavit of Domestic Partnership* form
- Termination of your domestic partner relationship by filing a *Northrop Grumman Declaration of Termination of Domestic Partnership* form
- Your domestic partner or domestic partner’s dependent child dies.

If you are not enrolled in a medical, dental, or vision plan option (e.g., you waived coverage) and you have certain life status events, you can add coverage for yourself and your domestic partner and/or domestic partner child(ren). In addition, if you add a domestic partner or domestic partner child(ren) because of a qualifying life event, you may change the coverage level of your existing plan selections (e.g., from “self only” to “self + child[ren]”), and/or your existing plan selection.

## Termination of Coverage If Your Relationship Ends

If your relationship with your domestic partner ends, or you no longer meet all the requirements for domestic partner coverage (for example, you no longer reside at the same residence), you are no longer considered to have a domestic partner relationship for plan purposes and your former domestic partner and any of his or her covered children are no longer eligible to receive benefits under the Northrop Grumman Health Plan. Therefore, you must do the following within 31 days from the date your domestic partnership ends:

- Log on to *My Benefits Access* from *Benefits OnLine* at <http://benefits.northropgrumman.com>, or call the NGBC and make changes to your coverage (e.g., drop your domestic partner from coverage). Failure to do so may result in additional imputed income.
- Complete and submit a *Northrop Grumman Declaration of Termination of Domestic Partnership* form. This form will revoke your *Northrop Grumman Affidavit of Domestic Partnership*.

You will receive confirmation when your domestic partnership status has been terminated and their benefits discontinued. Keep in mind, however, that your domestic partner and his or her children may be eligible for continuation of coverage for certain benefits. (For details, see the “Continuation of Coverage” section.)

Remember, termination of your domestic partnership will not affect your beneficiary designations for any of your benefits (e.g., life, AD&D, Savings Plan). To learn more about changing your beneficiary designations for your benefits, see the “Beneficiary Designations” section in this guide.

*Note: You must wait 12 months from the date that your domestic partnership ends before a new (or the same) domestic partner will be recognized for Northrop Grumman benefits. You may file a Northrop Grumman Affidavit of Domestic Partnership before the end of the 12-month period, but the domestic partner will not be recognized until the 12-month waiting period ends.*

### **If Your Domestic Partner Dies**

If your domestic partner or your partner’s covered child dies, you must immediately notify the NGBC.

### **Continuation of Coverage**

Under current law, a domestic partner and his or her dependent children generally do not have rights to continuation of health coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 (“COBRA”); however, Northrop Grumman offers continuation coverage (“COBRA-like coverage”) in a manner similar to COBRA. Because this coverage is not actual COBRA coverage, Northrop Grumman may modify or eliminate it at any time. In addition, not all HMOs/EPOs under the Northrop Grumman Health Plan offer COBRA-like coverage to domestic partners or their children. Please call your health plan carrier or the NGBC for eligibility information. If you elect to cover a domestic partner or child of a domestic partner under one such HMO/EPO your domestic partner and/or his or her dependent child(ren) will not be eligible for continuation of medical coverage.

Your domestic partner and/or your partner’s covered dependents will be eligible to enroll and pay for COBRA-like coverage if they would otherwise lose their benefits under specified qualifying events. COBRA-like coverage applies to medical, dental and vision coverage, and is available for a maximum of 18, 29, or 36 months, depending on the qualifying event (see Table 3).

If your domestic partner and/or your domestic partner’s covered dependents want to enroll in COBRA-like coverage, you must notify the Northrop Grumman Benefits Center (NGBC) no later than 60 days, after your domestic partnership terminates or your domestic partner’s child ceases to satisfy the coverage eligibility requirements.

You (or your domestic partner or his or her child) pay the full cost for COBRA-like coverage, which includes a 2% administrative cost. COBRA-like coverage generally follows the same rules as COBRA as outlined in the *Northrop Grumman Health Plan Summary Plan Description*.

**Table 3. Continuation of Coverage Period for Domestic Partner or Domestic Partner's Dependents**

<b>Continuation Period</b>			
<b>Qualifying Event</b>	<b>Maximum Continuation Period</b>		
	<b>Employee</b>	<b>Domestic Partner</b>	<b>Employee's /Domestic Partner's Child</b>
Employee terminates employment for any reason (except gross misconduct)	18 months	18 months	18 months
Employee, covered domestic partner, or covered child of employee or domestic partner is disabled (as defined by Title II or XVI of the Social Security Act) within the first 60 days of COBRA and/or COBRA-like continuation coverage	29 months	29 months	29 months
Employee Dies	N/A	36 months	36 months
Domestic partnership ends	N/A	36 months	36 months
Employee becomes entitled to Medicare, if entitlement causes domestic partner and children to lose coverage	N/A	36 months	36 months
Child of domestic partner no longer qualifies as dependent under Northrop Grumman's plan	N/A	N/A	36 months

**If You Retire**

If you retire from Northrop Grumman, you and your domestic partner (and/or domestic partner's dependents) may be eligible to enroll in a Northrop Grumman medical plan option, depending on your age and years of service at retirement.

**If You Qualify for Disability Benefits**

If you are unable to work for an extended period of time because of illness or injury, you and your domestic partner (and his or her eligible dependent children) may qualify for continuation benefits while on disability, extending your coverage for two years from your last day worked. After the two-year period, COBRA (or COBRA-like coverage for your domestic partner and his or her dependents) is available for 29 months, unless you qualify for Medicare.

## Frequently Asked Questions

### *Eligibility*

#### **Who is eligible to enroll in domestic partner benefits?**

Qualifying domestic partners of Northrop Grumman employees who are eligible to enroll in the Northrop Grumman Health Plan can enroll in the domestic partner benefits offered by Northrop Grumman. The dependent unmarried child of a qualifying domestic partner is also eligible for benefits if the child lives with the employee and the domestic partner in a parent/child relationship and is less than 19 years of age, is less than 25 years of age and a full-time student at an accredited college or university or performing missionary service, or is disabled.

#### **What is Northrop Grumman's definition of a domestic partner?**

Northrop Grumman defines a domestic partner as:

- Your life partner who has lived with you in the same permanent residence in an exclusive, emotionally committed, and financially responsible relationship similar to a marriage for at least the last 6 months
- At least 18 years of age and not related to you by blood
- Not married to anyone else and is not the domestic partner of anyone else
- Your sole domestic partner and intends to remain so indefinitely.

#### **What if my domestic partner is a Northrop Grumman employee?**

If both you and your domestic partner work for Northrop Grumman, one of you can opt out of medical, dental, and vision coverage and the other can cover both of you. Or, each of you can select separate coverage. However, only one of you can cover your eligible dependents for medical, dental, vision, life, and AD&D benefits.

Because of special tax rules (see the section titled "Effect on Your Taxable Income"), it may be less expensive for you to enroll separately in the Northrop Grumman Health Plan. You may want to consult your tax advisor to determine the impact on you.

#### **What if an employee elects coverage for someone who does not qualify for this benefit?**

If an employee elects coverage for a person who does not qualify as a dependent, domestic partner or a child of a domestic partner under the terms of the plan, or who files a fraudulent claim, he or she is falsifying company documents and is subject to the appropriate disciplinary actions up to, and including, termination.

#### **If I am legally separated from my spouse but the divorce is not yet final, am I eligible to enroll a domestic partner?**

No. One of the eligibility requirements for the domestic partner program is that neither the employee nor the employee's partner may be legally married to, or the domestic partner of, another person.

#### **Can I enroll my domestic partner's dependent children without enrolling my domestic partner?**

Yes. As long as your domestic partner's dependent children meet the eligibility requirements of Northrop Grumman's domestic partner benefit program, you can add them to your coverage without adding your domestic partner. To do so, however, you must complete the *Northrop Grumman Affidavit of Domestic Partnership* form and return it to the Northrop Grumman Benefits Center (NGBC) in order to establish that you are in a domestic partner relationship and to elect coverage for your domestic partner's eligible children.

#### **What happens if I have domestic partner coverage and my employment status changes?**

You may be allowed to make certain changes to your benefits due to a qualified life event. For details, see "Qualified Life Events and Domestic Partner Coverage" in this guide.

#### **Under which Northrop Grumman plans may I name my domestic partner as my beneficiary?**

You can name your domestic partner (or anyone you wish) to receive benefits that may be payable in the event of your death. Plans from which a benefit may be payable include employee life insurance, Accidental Death and Dismemberment (AD&D) Insurance, and Business Travel Accident Insurance.

**What happens if my domestic partner relationship ends?**

Your domestic partner and his or her dependent children are no longer eligible for coverage in the Northrop Grumman Health Plan when your domestic partnership ends and you no longer meet the eligibility criteria listed in the *Northrop Grumman Affidavit of Domestic Partnership*. When the relationship ends, your domestic partner and his or her children are no longer eligible for coverage under the Northrop Grumman Health Plan. You **must** notify the NGBC within 31 days of the date the relationship ends, and you **must** submit a *Declaration of Termination of Domestic Partnership* form to the NGBC during this 31-day period. Failure to do so may result in additional imputed income and denial of claims.

**Benefits**

**What benefits are available to my qualified domestic partner and his or her children?**

The same Northrop Grumman Health Plan benefit options that are available to an eligible spouse and eligible dependent children are generally also available to a domestic partner and his or her dependent children — with a few exceptions for some HMOs and EPOs.

**Is the benefit coverage for my domestic partner and/or his or her children different from mine?**

No.

**I am enrolled in a Flexible Spending Account. Will I be able to submit my domestic partner’s claims to my account?**

Generally, no. IRS regulations govern both Health Care and Dependent Day Care Flexible Spending Accounts (FSAs). Domestic partners generally do not qualify as eligible IRS dependents, so their expenses are not eligible for reimbursement by either the Health Care or Dependent Day Care FSA. However, if you establish your domestic partner or domestic partner child as your IRS tax dependent for the benefit plan year, you may be able to utilize an FSA for that person’s expenses for that calendar year. You may wish to consult your tax advisor.

**What is continuation of coverage (after termination of coverage) for purposes of domestic partner benefits?**

Under federal law, a domestic partner and his or her children do not have rights to continuation

coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). However, Northrop Grumman offers continuation of coverage to domestic partners and/or their covered dependent children in a manner that is similar to COBRA coverage. This means, for example, that if you decide to cover a domestic partner and that relationship subsequently ends, your domestic partner can purchase temporary continuation of coverage. (See section “Continuation of Coverage.”)

Please note that the continuation coverage that Northrop Grumman is making available to domestic partners and their covered dependent children is not actual COBRA coverage, and Northrop Grumman may modify it or terminate it at any time. In addition, although many of the HMO and EPO medical plan options offer domestic partner coverage, some do not offer continuation of coverage to domestic partners or their covered dependent children. You should consider this when selecting your coverage option. (Please call the health plan carrier directly for more information.)

**Enrollment**

**How do I enroll my domestic partner in the Northrop Grumman Health Plan?**

To enroll your domestic partner in the Northrop Grumman Health Plan, you must:

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

You may enroll your domestic partner and his or her eligible dependent children for coverage:

- When you are hired
- Within 31 days of a qualified life event
- During the annual enrollment period.

To enroll your eligible domestic partner (and his or her eligible dependent children, if any) in the Northrop Grumman Health Plan, you must complete a *Northrop Grumman Affidavit of Domestic Partnership* form and return it to the NGBC as indicated on the form. A copy of this form is included at the back of this packet. If you need another copy of this form, please call the NGBC at 1-800-894-4194. The *Northrop Grumman Affidavit of Domestic Partnership* form must be completed and returned even if you enroll only the children of your domestic partner.

If you do not submit the *Northrop Grumman Affidavit of Domestic Partnership* at the time you enroll your domestic partner and/or domestic partner children, coverage will be denied.

**What is an Affidavit of Domestic Partnership?**

The *Northrop Grumman Affidavit of Domestic Partnership* is a sworn written statement in which you attest to a series of statements that verify your domestic partner relationship and acknowledge your acceptance of the terms of Northrop Grumman's domestic partner benefit policy. This form also includes an enrollment section for you to select coverage under the Northrop Grumman Health Plan for your domestic partner and his or her eligible dependent children. If you do not submit the *Northrop Grumman Affidavit of Domestic Partnership* at the time you enroll your domestic partner and/or domestic partner children, coverage will be denied.

**What if I don't want the people I work with to know I'm enrolling a domestic partner?**

Northrop Grumman respects the rights of individuals with regard to personal information; however, records must be maintained for tax, enrollment, and administrative purposes. Access to personal information will be given *only* to those whose jobs require it — for example, appropriate employees at the NGBC and the appropriate Northrop Grumman payroll departments. *Your supervisors and coworkers will not have access to your personal information.* Outside of Northrop Grumman, plan administrators and insurance carriers will need certain information about your covered domestic partner. In addition, your domestic partner and his or her children's doctors will have records that name you as the provider of coverage.

**Can I change my domestic partner any time during the year?**

If you and your domestic partner end your relationship, you must submit a *Declaration of Termination of Domestic Partnership* to the NGBC within 31 days. You may enroll a new domestic partner after you have been in the new relationship, resided together for at least 6 months, and met all other eligibility requirements.

**Who do I call if I have questions or if I want to enroll my domestic partner?**

For questions about enrollment in the Northrop Grumman Health Plan, call the Northrop Grumman Benefits Center at 1-800-894-4194.

**If I don't enroll my domestic partner during annual enrollment, will I be able to cover him or her later?**

If you do not enroll your eligible domestic partner for coverage in the Northrop Grumman Health Plan when first eligible or during the annual enrollment period, you may not enroll him or her until the next annual enrollment period (unless you experience a qualified life event).

**If I enroll my domestic partner in a Northrop Grumman medical, dental, or vision plan option, will he or she receive an ID card?**

Yes, an ID card will be mailed to him or her. Please remember that all ID cards, including those for your domestic partner's dependents, are issued in the name of the employee. ID cards are not issued to any participants in the Northrop Grumman Vision Service Plan.

**Payroll/Tax Implications/Cost**

**What information should I consider before enrolling my domestic partner?**

You should consult with your tax advisor and consider the financial impact of your enrollment decisions.

In addition to the monthly after-tax contributions for the plans in which you choose to enroll your domestic partner and/or his or her children, there are tax implications, such as imputed income, for domestic partner coverage.

If your domestic partner has other group health coverage (considered primary coverage) in addition to Northrop Grumman coverage, Northrop Grumman medical, dental, and vision benefits (considered secondary coverage) will be coordinated with the other coverage. This is to avoid duplication of payment. The Northrop Grumman plan will not pay a benefit for an eligible expense until the primary coverage has paid, and the Northrop Grumman benefit, which would normally apply, will be reduced by any amount paid under the primary coverage.

**What is imputed income?**

The IRS requires employers to add the value of non-cash compensation to the amount of the employee's taxable compensation under a number of circumstances. This mandatory

addition of the value of non-cash compensation to total taxable compensation is commonly referred to as “imputed income.” The fair market value of the medical, dental, and vision benefits extended to an employee’s domestic partner and to the domestic partner’s dependent children, less any after-tax cash contributions paid by the employee, will be added to the employee’s income as shown in Box 1 of your W-2 Form (unless your domestic partner and/or his or her children qualify as your tax dependents under IRS rules). Imputed income, along with all other taxable compensation, is subject to employment withholding taxes at the applicable rates even though it is non-cash compensation. Therefore, it is likely that you will have an increased tax liability without an increase in cash compensation.

**I had “self + children” coverage before I added my domestic partner or his or her children. Why do I have to pay additional taxes?**

The federal tax law requires that you be taxed on the value of coverage provided to your domestic partner and/or his or her children who are not your tax dependents, regardless of what level of coverage you are enrolled in under the benefits program.

**How can I get information about the additional cost to me to add my domestic partner and/or his or her eligible dependent children to my Health Plan benefits coverage?**

If adding your domestic partner or domestic partner child increases your coverage level (e.g. “self only” to “self + child[ren],”), the NGBC can provide cost information for the increased premium, but cannot isolate your after-tax contribution and imputed income amounts for domestic partner coverage until your enrollment has been processed. Refer to the examples in the “Effect on Your Taxable Income” section.

**Forms**

**Northrop Grumman Affidavit of Domestic Partnership Form**

The *Northrop Grumman Affidavit of Domestic Partnership* is a sworn written statement. By completing and signing the form, you attest to a series of statements that verify your relationship and acknowledge your acceptance of the terms of Northrop Grumman’s domestic partner benefit policy. Your affidavit is valid while you are

covered by the applicable Northrop Grumman Health Plan benefits and until you tell us otherwise. Please see “How to Enroll” for additional information.

What It Does	What It Doesn't Do
<ul style="list-style-type: none"> <li>■ Establishes a domestic partnership for purposes of the benefits offered by Northrop Grumman to domestic partners. It can also be used to enroll a domestic partner and his/her eligible dependent children when initially enrolling them in Northrop Grumman domestic partner coverage.</li> <li>■ Acknowledges your acceptance of the terms of Northrop Grumman’s domestic partner benefit policy.</li> </ul>	<ul style="list-style-type: none"> <li>■ Automatically enroll your domestic partner and eligible domestic partner children in benefits.</li> <li>■ Grant your partner “spouse” status for any Northrop Grumman-sponsored plan.</li> <li>■ Become obsolete when your domestic partnership ends. You must notify the NGBC if there is a change in the benefit eligibility status of your domestic partner and/or partner’s children. You will need to complete a <i>Northrop Grumman Declaration of Termination of Domestic Partnership</i> form at that time.</li> </ul>

**Northrop Grumman Statement of Disenrollment, Death, or Termination of Domestic Partnership (or Declaration of Termination of Domestic Partnership)**

This form must be completed if your relationship with your domestic partner ends, or you no longer meet the criteria for domestic partner coverage. Your completed form revokes your *Northrop Grumman Affidavit of Domestic Partnership* form. Payroll deductions will continue if you fail to submit the *Declaration of Termination of Domestic Partnership* within 31 days from the date your domestic partner relationship ends.

**Northrop Grumman Declaration of Tax Status for Domestic Partner Form**

This form is used to indicate that your domestic partner and/or your domestic partner’s children are your tax dependents. If you are able to establish that your domestic partner and/or your domestic partner’s children as your tax dependents, you must complete and return this

form. If you do so, as a result, your W-2 Form will not report income for the value of the coverage provided to those dependents.

***Worksheet for Determining Dependent Status (IRS Worksheet)***

This worksheet will assist you in determining whether your domestic partner and/or your domestic partner's children are your tax dependents based on Internal Revenue Service guidelines.

## Northrop Grumman Affidavit of Domestic Partnership

Please read the *Northrop Grumman Domestic Partner Plan Details* for information and requirements for enrolling a domestic partner and/or his or her dependent children. Complete the applicable sections below to enroll a qualified domestic partner and/or children of a domestic partner in the Northrop Grumman medical, dental, and/or visions plan options in which you are enrolled. *Please note: There are some health maintenance and dental maintenance organizations that do not extend coverage to domestic partners due to state insurance laws, and therefore you may not enroll a domestic partner and his or her children in those plan options. Legal restrictions do not allow you to change your benefit selection until the annual enrollment period or if you experience a qualified life event.*

### 1. Domestic Partner:

A. \_\_\_\_ (Employee initials here) I certify that my domestic partner meets **all** of the following conditions:

- Is my life partner who has lived with me in the same permanent residence in an exclusive, emotionally committed, and financially responsible relationship similar to a marriage for at least 6 months (or is registered as your domestic partner in a state where registration is available)
- Is at least 18 years of age and is not related to me by blood
- Is not married to anyone else and is not the domestic partner of anyone else
- Is my sole domestic partner and intends to remain so indefinitely.

B. Date Domestic Partnership established: \_\_\_\_\_ Name: \_\_\_\_\_  
(Domestic Partner)

C. I  have  have not filed a registration, certification, or declaration of domestic partnership with a state or municipal authority. (If yes, please provide a copy of your filed paperwork.)

### 2. Domestic Partner's Children:

Children of a domestic partner who meet the eligibility requirements listed below may also be enrolled. *Note: Children you have adopted or for whom you have legal guardianship and who meet the definition of an eligible dependent child (as described in the Northrop Grumman Health Plan Summary Plan Description) may be enrolled as your child (which is more favorable from a tax treatment standpoint) and should not be enrolled using this form.*

\_\_\_\_ (Employee initials here) I certify that the child(ren) — who must be under age 19 or 25 if a full-time student — listed in Section 3 meet(s) the requirements of an eligible child under the Northrop Grumman Health Plan, including:

- Living with me in a parent/child relationship
- Not married, and
- If age 19 to 25 is a full-time student or performing missionary service.

### 3. Enrollment: (Please print)

Employee Name (First, Last):					SSN:		
Coverage Elections: In the chart below, please provide the requested domestic dependent information and indicate which coverage (medical, dental, and/or vision) you want to select for each domestic dependent.							
Domestic Partner/ Child Name (First, Last)	SSN	Relationship <i>DP (Domestic Partner)</i> <i>DPC (Domestic Partner Child under age 19)</i> <i>DPCS (Domestic Partner Child Student/Missionary, age 19 up to 25)</i>	Gender (Male or Female)	Birthdate	Medical*	Dental*	Vision*

\* If you select coverage for your domestic dependent, he or she will be enrolled in the same plan option(s) you choose for yourself.

**4. Employee Certification:**

*I understand that under federal and state income tax laws, unless the requirements for dependent status are satisfied, payment for health coverage for a domestic partner and children of a domestic partner is not eligible for favorable tax treatment, and their enrollment may result in additional taxable income for federal and state/local income tax and Social Security payroll tax withholding purposes. I acknowledge that:*

- *I cannot file another Northrop Grumman Affidavit of Domestic Partnership for a new domestic partner until at least six months after a Statement of Disenrollment, Death or Termination of Domestic Partnership has been filed*
- *If requested, I will provide documents establishing the existence of my domestic partnership relationship*
- *Northrop Grumman is not providing legal or tax advice and I have been advised to consult an attorney or tax advisor regarding the possible legal or tax implications of filing this Northrop Grumman Affidavit of Domestic Partnership*
- *I have an obligation to file a Statement of Disenrollment, Death or Termination of Domestic Partnership with the Northrop Grumman Benefits Center (NGBC) within 31 days of the earliest of (a) the death of my domestic partner or (b) the date on which any of the criteria of a domestic partnership relationship is no longer met. I further understand that the effective date of the end of the domestic partnership relationship is the earliest of (a) the death of my domestic partner, (b) the date on which I file a Statement of Disenrollment, Death or Termination of Domestic Partnership with the NGBC, (c) the date on which the domestic partner notifies the Plan of the termination of the domestic partnership, or (d) the date on which one or more of the criteria of domestic partnership are no longer met*
- *I understand that I am responsible for the reimbursement of any expense incurred as a result of any false or misleading statement contained in this Northrop Grumman Affidavit of Domestic Partnership, including any claims paid under any benefit plans in which I enroll my domestic partner and/or children of my domestic partner. The Plan shall have the right to recover attorney fees and costs incurred in collecting such expenses from me.*

*I certify that I am not married to anyone else and that the information I have provided is correct, and I understand that providing false, incomplete, or misleading information may result in termination of benefits or my employment with Northrop Grumman.*

\_\_\_\_\_  
**Employee Signature**

\_\_\_\_\_  
**Date**

**RETURN COMPLETED FORM TO: Northrop Grumman Benefits Center, 7201 Hewitt Associates Drive, Charlotte, NC 28262-8000**

## Declaration of Tax Status for Domestic Partner/Child of Domestic Partner

### Internal Revenue Code Dependent Requirements

A domestic partner or child of a domestic partner is considered an employee's Internal Revenue Code Section 152 dependent only if each and every one of the following requirements is met:

- The domestic partner/child has the same principal place of abode (shares a principal residence) as the employee for the taxable year and is a member of the employee's household for the taxable year, except for temporary reasons such as vacation, military service, or education;
- The domestic partner/child is a citizen or national of the United States, Canada or Mexico;
- The domestic partner/child receives more than half of his or her support from the employee for the taxable year. The rules for determining support are complicated and are more involved than just determining who is the "primary bread winner." Refer to the form "Worksheet for Determining Support." It is also available in IRS Publication 17. Employees can use this form to determine whether they are providing more than half of their domestic partner's/child's support.

Even if the above requirements are met, an individual cannot be considered an IRC Section 152 dependent if the relationship violates local law.

Since the above is a summary of complex tax rules, Northrop Grumman recommends consultation with a tax advisor regarding individual specific circumstances. The attached worksheet has been included to assist you in determining your tax status.

#### **Employee Declaration**

I, \_\_\_\_\_, have completed an Affidavit of Domestic Partnership certifying  
Employee Name \_\_\_\_\_ is my domestic partner.  
Domestic Partner's Name

**I DECLARE** that the following individuals meet all the requirements stated above and are my Internal Revenue Code Section 152 dependents (list name of domestic partner and/or children of domestic partner who satisfy requirements):

\_\_\_\_\_

#### **I UNDERSTAND:**

- Northrop Grumman has a legitimate need to know the federal income tax status of my relationship.
- This information will be held confidential and will be subject to disclosure only upon my express written authorization or if otherwise required by law.
- This declaration may have legal implications under federal and/or state law.
- A civil action may be brought against me for any losses, including reasonable attorney's fees, because of a false statement contained in this Declaration of Tax Status.

I certify the information I have provided is correct, and I understand that providing false, incomplete, or misleading information may result in termination of benefits or my employment with Northrop Grumman. I agree to notify the Northrop Grumman Benefits Center within thirty (30) days if there is any change in the circumstances attested to in this Declaration.

\_\_\_\_\_  
Signature of Employee

\_\_\_\_\_  
Social Security Number

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
Date

\_\_\_\_\_  
City, State, ZIP Code

**Return Form To: Northrop Grumman Benefits Center, 7201 Hewitt Associates Drive, Charlotte, NC 28262-8000**

## Worksheet for Determining Dependent Status

<b>Funds Belonging to the Person You Supported</b>	
1) Total funds belonging to the person you supported, including income received (taxable and nontaxable) and amounts borrowed during the year, plus the amount in savings and other accounts at the beginning of the year	\$
2) Amount used for support	\$
3) Amount used for other purposes	\$
4) Amount in savings and other accounts at end of the year	\$
<b>Expenses for Entire Household</b> (where the person you supported lived)	
5) Lodging (Complete item a or b)	\$
6) Food	\$
7) Utilities (heat, light, water, etc. not included in 5a or 5b)	\$
8) Repairs (not included in 5a or 5b)	\$
9) Other. Do not include expenses of maintaining home, such as mortgage interest, real estate taxes, and insurance	\$
10) Total household expenses (Add lines 5 through 9)	\$
11) Total number of persons who lived in household	
<b>Expenses for the Person You Supported</b>	
12) Each person's part of household expenses (line 10 divided by line 11)	\$
13) Clothing	\$
14) Education	\$
15) Medical, dental	\$
16) Travel, recreation	\$
17) Other (specify)	\$
18) Total cost of support for the year (Add lines 12 through 17)	\$
<b>Did You Provide More Than Half?</b>	
19) Amount the person provided for own support (line 2, plus line 5b if the person you supported owned the home)	\$
20) Amount others provided for the person's support. Include amounts provided by state, local, and other welfare societies or agencies. Do not include any amounts included on line 1.	\$
21) Amount you provided for the person's support (line 18 minus lines 19 and 20)	\$
22) 50% of line 18	\$
Is line 21 more than line 22?	
<p><b>Yes.</b> You meet the support test for the person. If the other exemption tests* are met, you may claim an exemption for the person.</p> <p><b>No.</b> You do not meet the support test for the person. You cannot claim an exemption for the person unless you can do so under a multiple support agreement.</p>	

\* The other exemption tests are described in IRS publication 17, available online at <http://www.irs.gov/pub/irs-pdf/p17.pdf>.

## Statement of Disenrollment, Death, or Termination of Domestic Partnership

I, \_\_\_\_\_, make this *Statement of Disenrollment, Death, or Termination of*  
(Employee name)

*Domestic Partnership* in order to cancel the *Northrop Grumman Affidavit of Domestic Partnership* previously filed.

### Please check one of the following statements:

( ) I wish to cancel, effective immediately, the Northrop Grumman Affidavit of Domestic Partnership previously filed with

respect to \_\_\_\_\_ and/or \_\_\_\_\_.  
(Name of Domestic Partner) (Name[s] of Domestic Partner Dependent[s])

( ) The domestic partner relationship between me and \_\_\_\_\_ ended on \_\_\_\_\_.  
(Name of Domestic Partner) (Date)

( ) My domestic partner, \_\_\_\_\_, died on \_\_\_\_\_.  
(Name of Domestic Partner) (Date of Death)

I understand that if my domestic partner has previously been covered by Northrop Grumman's group health coverage, the effect of filing this *Statement of Disenrollment, Death or Termination of Domestic Partnership* is that my domestic partner and/or his or her eligible dependent child(ren), if any, will no longer be covered by the Northrop Grumman Health Plan, in accordance with the underlying plan option(s), unless they are eligible for and elect COBRA-like continuation coverage.

I further acknowledge that it is my responsibility to mail a copy of this signed statement to my surviving domestic partner or former domestic partner named above.

I affirm that the statements in this Statement are true to the best of my knowledge.

Dated: \_\_\_\_\_

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Name of Employee)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(City, State, ZIP Code)

Return Form To: Northrop Grumman Benefits Center, 7201 Hewitt Associates Drive, Charlotte, NC 28262-8000