

Special Edition

October 2000

Litton Realigns Advanced Electronics Systems Group

DSD Joins with G&CSD Advanced Electronics Systems Business to Form New Integrated Systems Division



Employees gathered at the Agoura Hills facility on September 22 to hear the long-awaited news about Data Systems' future from Division President Bill Allison.

Ending several months of anticipation for Data Systems and Guidance and Control Systems employees, Litton Industries issued a press release on Friday, September 22, 2000 announcing the realignment of the divisions within its Advanced Electronics Systems Group (AESG).

Data Systems Division's systems business, located in Agoura Hills and San Diego, and Guidance & Control Systems Division's (G&CSD) advanced electronics systems business, located in Northridge, California, are being

combined into a new division called Litton Integrated Systems. The Litton Integrated Systems Division (ISD) will be lead by President Bill Allison and will be headquartered in Northridge.

Data Systems' integrated ship electronics business in Ocean Springs, Mississippi, will report to Litton Marine Systems, Inc. of Charlottesville, Virginia.

Employees were notified of the changes during all hands meetings held at Data Systems and G&CSD locations during the morning of September 22. Following the meetings, an executive

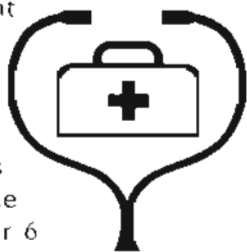
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Data Systems
TODAY
Litton

Open Enrollment to be Held November 6 - 17, 2000

Open enrollment for the medical and dental plans offered by Litton Integrated Systems will take place from November 6 through November 17,



2000. This is your annual opportunity to change your medical and/or dental plan. Changes made at this time will become effective on January 1, 2001. Remember, once you have elected a plan, you may not change it until the next open enrollment period.



The medical plans available are Aetna Managed Choice (Point of Service), Aetna Select Choice (HMO), Kaiser Permanente (HMO), Health Net (HMO) and Aetna Out-of-Area (Indemnity Plan). The Out-of-Area Plan is only available to employees who do not reside in an area serviced by the Aetna Managed Choice network or any of the HMOs. Blue Cross/Blue Shield of Alabama is available for Huntsville-based employees. The dental plans available are Aetna (Indemnity Plan) and Prudential (DMO). To enroll in the DMO, you must live in the service area.

Tables will be located in Building 1, Agoura cafeteria on Monday, November 6 and in the cafeteria at Northridge on Tuesday, November 7. Representatives from the plans will be available from 10:00 a.m. to 2:00 p.m. on both of these

days to answer your questions and offer details about the medical and dental plans available.

Flexible Spending Accounts

Open enrollment is also the time to elect your options for the Flexible Spending Accounts (health care and/or dependent care). If you wish to participate in the Flexible Spending Accounts, you must make your election regarding the amount of pre-tax dollars you wish to set aside for 2001 by November 17. FSA enrollment forms will be available during open enrollment.

Life Insurance Benefit Changes

Effective January 1, 2001, the company paid and Voluntary Life Insurance plans are being replaced by coverage with Prudential. The company paid life insurance will be changed to two times your annual earnings. A Supplemental Life Insurance Plan will be offered with options of one to eight times annual earnings. Spouse coverage will be available for one to four times your annual earnings, along with dependent child coverage in the amounts of \$10,000, \$20,000 or \$30,000. Additionally, a Voluntary AD&D (Accidental Death and Dismemberment) Plan will be made available under which you may elect up to \$500,000 of insurance in increments of \$50,000. Spouse and dependent child coverage is also available under this plan. All regular employees must complete new enrollment forms for life insurance even if you do not wish to enroll in the Supplemental Plan. These forms will be available during open enrollment.

Information concerning the open enrollment schedule at the San Diego facility may be obtained from Human Resources at that location. □

22 in order to be considered

All regular employees may participate. A \$50 American Express gift cheque will be given to the employee submitting the winning name, which will debut when the regular issue of the newsletter returns in December.

So, get creative. We look forward to seeing your ideas! □

Annual Awards Banquet Scheduled for February

Each year since 1994, the Division has held an Annual Awards Banquet to recognize the achievements of those employees nominated by their co-workers to receive awards for outstanding performance. February 21, 2001 at the Hyatt Westlake have been set as the date and place for the presentation of these awards for outstanding performance in 2000.

Any regular, full-time Integrated Systems employee may nominate any other regular, full-time Integrated Systems employee for consideration for any one or more of the following awards:

Sam Sternbach Award for Technical Excellence

Sponsored by the Engineering organization. Candidates for this award should demonstrate sustained technical excellence, leadership and peer esteem in their area of expertise.

Richard Hirasuna Leadership Award

Sponsored by the Management Club. Candidates for this award should possess leadership qualities which inspire others to exceptional performance.

Outstanding Employee Merit Awards

Sponsored by Business Services. Presented to employees who have demonstrated outstanding performance and made a unique contribution to the success of the Division.

Customer Satisfaction Award

Sponsored by Business Development and Programs Management. Presented to the employee or employee team who have demonstrated pride in the products and/or services they provide and have delivered exceptional products or services to their internal or external customers.

Bill Wagner Continuous Measurable Improvement Award

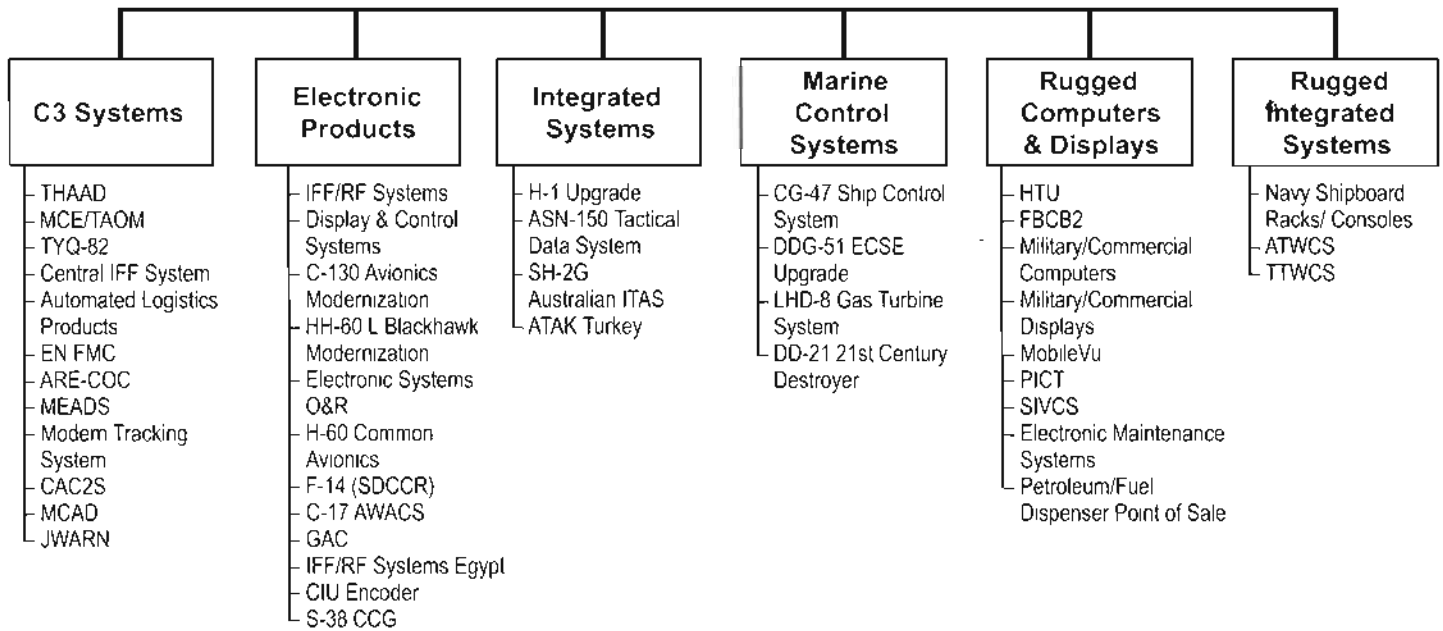
Sponsored by Administration and Manufacturing Operations. Presented to the employee or employee team whose use of continuous measurable improvement in a business process has made the Division more efficient, effective and adaptable to the needs of individuals, customers and to the organization.

Help Name the ISD Newsletter

We think a new division deserves a new name for its newsletter and we'd like your input.

Please submit your suggestions to *Data Systems Today* at M/S 15-07 in Agoura or e-mail them to Ellen Gilbert. Entries must be received by November

ISD Products



Awards

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International Achievement Award

Sponsored by Contracts and Pricing and Business Development Presented to the employee or employee team whose efforts have resulted in a significant international event for the Division.

Nomination forms describing each award and detailing the award criteria will be mailed to all regular, full-time employees in late October, along with a letter from Division President Bill Allison encouraging everyone's participation. These forms must be returned by December 1, 2000 in order to be eligible for consideration. Selection of award winners will be made by each award's sponsoring committee and the executive staff.

Please take advantage of this opportunity to acknowledge the accomplishments of deserving co-workers. □

Ensure Prompt W-2 Delivery

To ensure prompt delivery of your DSD W-2 at the end of the year, please make certain that Payroll has your current address. If your residence has changed, please forward your current address on a Status Change form to Human Resources by week ending December 8, 2000. □

2000 Holiday Schedule

Integrated Systems will observe the following holiday/shutdown schedule this year. It requires that employees charge 2 days to vacation or take them without pay in order to bridge the days off between Christmas and New Year's Day. Northridge employees will follow the Guidance and Control Systems shutdown schedule, which is indicated in italics below

Thursday, November 23, 2000
Friday, November 24, 2000
Monday, December 25, 2000
Tuesday, December 26, 2000

Wednesday, December 27, 2000
Thursday, December 28, 2000
Friday, December 29, 2000
Monday, January 1, 2001

Thanksgiving Day
 Day after Thanksgiving
 Christmas Day
 1/2 day before Christmas (observed)
 1/2 day before New Year's (observed)
Shutdown/Floating Holiday
 Shutdown
 Floating Holiday/*Shutdown*
 New Year's Day

Employees should plan to return to work on Tuesday, January 2, 2001. □

ISD to Pursue USMC C3 Program

In an Information Bulletin dated October 12, 2000, Division President Bill Allison announced ISD's intention to pursue the USMC Common Aviation Command and Control System (CAC2S) program as a prime contractor.

According to Mr. Allison, "This strategically important program is in our core business area and is the most important C3 SBU new business acquisition for the year."

CAC2S fulfills the Marine Corps C2

vision to form the Marine Air-Ground Task Force Operations Center by combining and upgrading the functionality in the Tactical Air Operations Center (TAOC) AN/TYQ-23, Tactical Air Control Center, Direct Air Support Center, Low Altitude Air Defense and Marine Air Traffic Control Detachment.

SBU Director Paul Mueller has been assigned to lead the CAC2S proposal on a full time basis. Bill Joseph will serve as the Program Director and Bob Paulsen as Principal Systems Engineer.

The RFP (Request for Proposal) was due to be released in mid-October. □

Realignment

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management level organization chart and a list of anticipated questions and answers were distributed.

Continuing to report to Mr. Allison as part of the ISD executive management staff are Jim Arthur, Vice President of Contracts and Pricing, Stephen Johns, Vice President of Manufacturing Operations and Tom Kelly, Vice President of Human Resources and Business Services. Ralph Phillips, Vice President of Business Development, formerly of G&CSD, and Vice President of Finance Rick Raybon, formerly of AESG, will also help to lead the new division. John De Vere and William Bowes will serve as Vice Presidents of Programs. In addition, Mr. Allison announced the promotion of Data Systems' C3 Program Director Paul Chandler to the position of

Acting Vice President of Engineering. Dave Freeman joins ISD as Division Legal Counsel

This new alignment, according to Mr. Allison, "increases our engineering base and allows us to immediately become more competitive. I'm looking forward to the exciting challenge that awaits all of us and know that together we can create a world-class organization."

Target date for the finalization of ISD personnel assignments is November 3, 2000, with the official transfer to the ISD payroll to occur at year-end. No dates have been announced as yet for the transition of Agoura Hills' employees to the Northridge facility.

Guidance & Control Systems Division (G&CSD) will focus on its inertial navigation systems business. The G&CSD operations in Salt Lake City, Utah, and Goleta, California, will continue to report to G&CSD headquarters

in Woodland Hills, California. Timothy Westover, president of Litton Systems Canada, was appointed president of G&CSD, replacing Darwin Beckel.

Also affected in the realignment was Litton Systems Canada Division, which provides inertial navigation systems, flight inspection systems and control and communications primarily for commercial aircraft. This operation will now report to Litton Aero Products Division, located in Woodland Hills, California. Jim Winchester remains president of Aero Products

ISD employees who have questions concerning the ongoing consolidation are encouraged to submit them by e-mailing them to *CrossTalk* (located in the Outlook Global Distribution List or at CrossTalk@littondsd.com), calling 1-818-707-4324 and leaving a voice mail message, or mailing them to *CrossTalk* at M/S 15-07 in Agoura. Answers will be published as soon as possible. □

ISD Executive Staff

