

SUMMARY PLAN DESCRIPTION

LONG-TERM DISABILITY (LTD) BENEFIT PLAN

University of Southern California

(FOR DISABILITIES COMMENCING ON OR AFTER JANUARY 1, 2007)

I. WHAT IS THE PURPOSE OF THE PLAN?

The principal purpose of this Plan is to financially aid Employees in the event of a disability which lasts continuously for fifty-two (52) weeks or longer. This Plan does not replace other disability benefit sources which are available to Employees, such as Social Security or workers' compensation. This Plan provides a supplement to such other benefit sources.

II. WHO IS ELIGIBLE FOR PARTICIPATION?

You are an eligible employee if on or after the effective date, you are working 50% time or more, for the Employer in the United States or are a physician employed by USC Care, Inc.

III. WHEN DOES PARTICIPATION COMMENCE?

If you are an eligible to participate, your coverage will commence following twelve (12) months of active employment. For purposes of this provision, active employment will include periods of authorized leave of absence.

IV. WHEN DOES PARTICIPATION CEASE?

Your participation shall automatically cease upon the earliest of the following dates:

- A. On the date of termination of employment (including layoff or reduction in force).
- B. On the date you cease to be an eligible Employee.
- C. On the date of termination of the Plan.

V. WHAT IS THE COST OF THE PLAN AND WHO PAYS FOR IT?

The Plan is totally funded by the University.

VI. WHAT ARE THE BENEFITS?

If you are an eligible Employee, and you are unable to work due to a disability (as defined herein), you will be eligible to receive salary replacement payments under the Plan of 70% of your gross wages.

Gross Wages or Regular Wages for the purpose of benefit determination, are basic compensation paid to you by your Employer (excluding for example overtime, shift differential pay bonuses, commission, monies paid in which the University is acting solely as the common paymaster and not as employer, etc) during the last completed payroll period immediately prior to the date of commencement of your disability. Wages paid by USC Care, Inc. will be the average weekly compensation paid to you by USC Care, Inc. over the twelve-month period immediately prior to the date of commencement of your disability.

A. Commencement of Benefits

Long-Term Disability Benefits shall be payable upon the completion of fifty-two (52) weeks of continuous Disability.

NOTE: During the first fifty-two (52) weeks of disability, successive periods of disability separated by less than two (2) consecutive weeks of continuous active work on a Full-Time basis, shall be considered one period of disability, unless the subsequent disability is due to an illness or injury found by the Plan Administrator to be entirely unrelated to the cause of the previous disability and commences after the Employee returns to active work with the Company on a Full-Time basis.

B. Duration of Disability Benefits

Disability Benefits, once approved, shall be payable monthly, so long as eligibility for Long-Term Disability benefits as determined by the Claim and Plan Administrators continues. Eligibility for Long-Term Disability benefits shall terminate upon the earliest of any of the following events or dates:

1. Your death.
2. The cessation of your disability as determined by the Claims Administrator on the basis of objective medical evidence.
3. For the period following twelve (12) months of payments under this Plan, the effective date of a determination by the Social Security Administration that the condition for which you are claiming benefits is not or is no longer disabling within the meaning of the Federal Social Security Act, as now or hereafter in effect.
4. For periods following twelve (12) months of payments under this Plan, the effective date of a determination made by the Claims Administrator that the condition for which you are claiming benefits does not meet or no

longer meets all of the required medical and vocational criteria as set forth in the Social Security regulations pertaining to Disability claims under Title II of the Social Security Act.

5. Your failure to cooperate in a medical examination or functional capacities evaluation within thirty (30) days following a written request by the Claims Administrator.
6. Your failure to provide, within twenty (20) days following request, information reasonably requested in writing by the Claims Administrator for the purpose of determining whether you are entitled to benefits under the Plan.
7. The date on which you cease to be under the regular and continuous care and treatment of a licensed physician, unless such regular and continuous care and treatment is not medically indicated (given the nature of the Disability), or you refuse to follow or you reject the treatment plan recommended by your attending physician, unless you dispute such treatment plan in good faith and on the advice of another physician.
8. Payment of benefits to the applicable termination date are determined as follows:

<u>AGE AT ONSET OF DISABILITY</u>	<u>DURATION OF BENEFITS</u>
61 or younger	Attainment of Age 65
62 but not yet 63	3 years and 6 months
63 but not yet 64	3 years
64 but not yet 65	2 years and 6 months
65 but not yet 66	2 years
66 but not yet 67	1 year and 9 months
67 but not yet 68	1 year and 6 months
68 but not yet 69	1 year and 3 months
69 or older	1 year

9. You work for yourself or another employer for wage, remuneration or profit except in a rehabilitation program approved by the Claims Administrator.
10. The date you are confined in a penal or correctional institution.

C. Definition of Disability

"Disability" shall mean any physical or mental condition arising from an illness or injury which renders a Participant incapable of performing work. During the first twelve (12) months of payments under this plan, the participant must be unable to perform his/her usual and customary work at USC. During the period following

the first twelve (12) months a Participant must be unable to perform the work of any occupation for which he or she is or becomes reasonably qualified by training, education or experience and meet Social Security criteria for disability.

D. Reductions Because of Other Benefits Payable

The disability benefit as described previously under the heading "What Are The Benefits?" shall be reduced by the amount of any benefits (expressed in comparable monthly terms) which the Claims Administrator determines are available to you, your spouse, child, parent, or legal representative, for the same period of Disability as is payable hereunder, whether or not such benefits are applied for, and whether or not such benefits are contingent upon Disability, from the following:

1. Primary and family benefits as a result of your disability or your old age retirement benefits under the Federal Social Security Act as now or hereafter in effect; provided, however, that after the initial deduction for such benefits, the monthly benefit shall not be further reduced by the amount of any increase in benefits as may thereafter become effective during a period for which disability benefits are payable and which is due to a cost-of-living adjustment pursuant to Section 230, Title 11 of the Act.
2. Disability benefits under a State Disability Plan or the University of Southern California Plan established in lieu thereof, such as, but not limited to, University of Southern California's Voluntary Plan, or the University of Southern California's Short-Term Disability Benefit Plan.
3. Benefits paid pursuant to any state or federal workers' compensation or disability law or other law of similar purpose; such benefits shall include, but shall not be limited to temporary disability and permanent disability payments (whether total or partial), vocational rehabilitation payments, maintenance allowances, and any amounts awarded or allocated for future medical expenses - any amount awarded or paid in a lump sum, whether voluntarily or by operation of law, shall be deducted from the Plan benefits payable commencing from the date of the award or settlement and continuing for as many future months as is necessary to equal the amount of such lump sum.
4. Benefits or a lump sum payout resulting from disability under any plan or policy funded by the University or any other employer (only that portion attributed to employer contributions will be used to reduce benefits under this Plan).
5. Amounts received or awarded because you were injured by a third party, and any amounts received under any no fault or wage loss provisions of an insurance contract.

6. Any salary, wages, commissions, severance pay or similar payments you receive or are entitled to receive from any employer

7. Any government retirement or disability plan that is initiated or increased as a result of your Disability..
8. Any retirement or pension benefits or similar remuneration you receive or are entitled to receive at or after attainment of age 65, excluding amounts attributable to loans, hardship withdrawals, or distributions of voluntary contributions.
9. Benefits paid under any Unemployment Compensation Act of the United States or any state.

If you either choose not to diligently apply for, elect to defer or fail to request any of the above benefits, for which you may be eligible, the Claims Administrator will reduce your benefits on the basis that you had received the benefit on the earliest date you were eligible.

If, however, you do diligently apply for and/or request any of the above benefits for which you may be eligible and you provide the Claims Administrator with written evidence of these applications and/or requests, the Claims Administrator shall have the option of having you sign a Promise To Repay Form agreeing to pay the Plan the appropriate amount of the "other benefits" payable. If you sign the Promise To Repay Form, the Claims Administrator will pay you the full Plan benefits while you are waiting for your "other benefits" payments. Failure to sign the Promise To Repay Form will result in a delay in the payment of all or some of your benefits payable under this Plan.

E. Successive Periods of Disability

After Plan benefits have become payable, successive periods of disability separated by less than six (6) consecutive months of continuous active work on a full-time basis shall be considered one period of disability, unless the subsequent disability is due to an illness or injury found by the Plan Administrator to be entirely unrelated to the cause of the previous disability and commences after you return to active work with the Company on a full-time basis.

F. Rehabilitative Employment

Anything in the Plan to the contrary notwithstanding, you may, with the prior approval of the Claims Administrator, and without affecting your continued eligibility for Plan benefits, engage in an occupation or employment for wage or profit if the Administrator finds that rehabilitation or therapy is the purpose of such occupation or employment.

In the event that you receive income from a rehabilitative occupation or employment, engaged in with the prior approval of the Claims Administrator, your disability benefit shall only be reduced by fifty percent (50%) of the monthly income derived from that occupation or employment.

VII. WHAT ARE THE EXCLUSIONS AND LIMITATIONS?

- A. You shall not be entitled to a Long-Term Disability benefit payment if your disability arises out of, relates to, is caused by, or results from:
1. An intentionally self-inflicted injury of any kind, while sane or insane.
 2. An illness or injury to which a contributing cause was your participation in a violent disorder, assault, criminal act or occupation. Additionally, no benefits are payable during any period while you are in prison or any other correctional institution.
 3. An illness or injury due to war or any act of war, declared or undeclared, military or international police action, or arising out of active, temporary, or reserve duty in the armed forces.
 4. An illness or injury for which you are not under the regular and continuous care and treatment of a physician, unless such regular and continuous care and treatment are not medically indicated given the nature of the disability as determined by the Claims Administrator.
 5. Alcohol abuse, chemical dependency, or drug abuse (including, but not limited to the taking of a prescription or controlled drug, in a manner not prescribed or recommended by a physician) after all periods of disability due to, or related to such causes have been paid for a total of fifty-two (52) weeks under this Plan.
 6. A pre-existing condition for which you received medical consultation, or a recommendation for care and treatment (including tests or taking prescribed medicines or drugs) during the six (6) month period immediately prior to the date of your most recent Plan participation. This exclusion ceases to apply at the end of twelve (12) months of continuous Plan participation.
- B. A mental, emotional or nervous illness or disorder of any type, unless you are confined in a mental hospital for such illness at the time a monthly disability benefit is otherwise due and payable. The confinement requirement shall not apply, however, during the first twelve (12) months of benefit payments under this Plan.

- C. Conditions diagnosed as or equivalent to attention deficit disorder (ADD), chronic fatigue syndrome, Epstein-Barr Virus, infectious mononucleosis or fibromyalgia are limited to twelve (12) months of benefits under this Plan.
- D. If you are unable to perform your regular or customary work, are not wholly disabled, and you were offered alternative employment by the University that is of comparable status and compensation to your previous occupation and you declined the alternative employment offer, benefits cease.
- E. Benefits are not payable unless and until the Claims Administrator has received objective medical evidence in support of disability. Such objective medical evidence includes, but is not limited to, data and records from your attending physician, narrative reports, x-ray and other laboratory findings, and consulting physician reports. This information is required at the initiation of your claim and periodically thereafter as reasonably requested by the Claims Administrator.

VIII. WHEN AND HOW DO I FILE FOR BENEFITS?

If you are receiving benefits under the University of Southern California Short-Term Disability Plan or the University of Southern California Voluntary Plan and your disability is expected to continue beyond fifty-two (52) weeks and you may be eligible for benefits under this Plan, the Claims Administrator will automatically contact you and request at that time the completion of any additional forms and/or any necessary information needed in order to process your Long Term Disability claim.

The University or its authorized Claims Administrator shall have the right to (A) require supplemental forms from the physician as often as deemed necessary, and (B) require you be examined by an Independent Medical Examiner or other provider while you are claiming benefits under this Plan. This may be done when and as often as may be reasonably required during the period payments may be due under this Plan. Supplemental forms, extensions of disability, or other information requested by the Claims Administrator must be filled within thirty (30) days of date requested or your claim may be denied.

IX. HOW AND WHEN ARE PAYMENTS MADE?

After receipt of all the necessary information and determination of your eligibility for Plan benefits, the Claims Administrator will calculate the amount of your benefit payment and forward information to the Plan Administrator. Subsequent payments will be issued monthly by the Plan Administrator, provided your claim is still approved and is complete in all respects at that time.

X. IF I DISAGREE WITH THE DECISION ON MY CLAIM, WHAT CAN I DO ABOUT IT?

- A. The Claims Administrator is responsible for evaluating all claims for reimbursement under the Plan.

The Claims Administrator will decide your claim within a reasonable time not longer than 45 days after it is received. This time period may be extended for up to two additional 30-day periods for a maximum of 105 days after the claim is received for matters beyond the control of the Claims Administrator, including cases where a claim is incomplete. You will receive written notice of any extension, including the reasons for the extension and the date by which the Claims Administrator expects to render its decision. The notice of extension also will explain the standards on which entitlement to a benefit is based, the unresolved issues that prevent a decision on the claim and the additional information needed to resolve those issues, and notice that you will be afforded at least forty-five (45) days within which to provide the specified information. The Claims Administrator may secure independent medical or other advice and require such other evidence, as it deems necessary to decide your claim.

If the Claims Administrator denies your claim in whole or in part, you or your authorized representative will be furnished with a written notice of adverse benefit determination setting forth:

1. the specific reason or reasons for the denial
2. reference to the specific Plan provision on which the denial is based,
3. a description of any additional material or information necessary for you to complete your claim and an explanation of why such material or information is necessary, and
4. appropriate information as to the steps to be taken if you wish to appeal the Claims Administrator's determination, including your right to submit written comments and have them considered, your right to review (on request and at no charge) relevant documents and other information, and your right to file suit under ERISA with respect to any adverse determination after appeal of your claim.
5. A copy of any internal rule, guideline, protocol or other similar criteria relied on in denying the claim or a statement that such rule, guideline, protocol or other similar criteria was relied on in denying the claim and that a copy of it will be provided without charge upon request.

B. Appealing Denied Claims

If your claim is denied in whole or in part, you or your authorized representative may appeal to the Claims Administrator for a review of the denied claim. Your appeal must be made in writing within 180 days of the Claims Administrator's initial notice of adverse benefit determination, or else you will lose the right to appeal your denial. If you do not appeal on time, you will also lose your right to file suit in court, as you will have failed to exhaust your administrative appeal rights, which is generally a prerequisite to bringing suit.

Your written request for a review must be mailed to the address below:

VPA, Inc.
Manager, Long-Term Disability
P.O. Box 9830
Calabasas, CA 91372-0830

Your written appeal should state the reasons that you feel your claim should not have been denied. It should include any additional facts and/or documents that you feel support your claim. You may also ask additional questions and make written comments, and you may review (on request and at no charge) documents and other information relevant to your appeal. The Claims Administrator will review all written comments you submit with your appeal.

C. Review of Appeal

The Claims Administrator will review and decide your appeal within a reasonable time not longer than 45 days after it is submitted and will notify you of its decision in writing. However, if additional information is required to complete its review of your appeal, they may, with prior written notice, extend the review period for up to an additional forty-five (45) days for a maximum of ninety (90) days. The notice of extension will include the reasons for the extension and the date by which the Claims Administrator expects to render its decision. The individual who decides your appeal will not be the same individual who decided your initial claim denial and will not be that individual's subordinate. The Claims Administrator may secure independent medical or other advice and require such other evidence, as it deems necessary to decide your appeal, except that any healthcare professional consulted in connection with your appeal will not be the same individual who was consulted in connection with your initial claim denial nor that individual's subordinate. (The identity of a healthcare professional consulted in connection with your appeal will be provided.) If the decision on appeal affirms the initial denial of your claim, you will be furnished with a notice of adverse benefit determination on review setting forth:

1. the specific reason(s) for the denial,
2. the specific Plan provision(s) on which the decision is based,
3. a statement of your right to review (on request and at no charge) relevant documents and other information relating to your claim,
4. If the Claims Administrator relied on an "internal rule, guideline, protocol, or other similar criterion" in making the decision, a copy of the specific rule, guideline, protocol, or other similar criterion, or a statement that such a rule, guideline, protocol or similar criterion was relied on and that a copy of such rule, guideline, protocol, or other criterion will be provided free of charge to you upon request," and

5. a statement of your right to bring suit under Section 502(a) of the Employee Retirement Income Security Act of 1974.

Following receipt of VPA's decision, if you are still dissatisfied you may appeal the decision to the Plan Administrator. Your appeal should be in writing and addressed to:

University of Southern California
Disability Office
Denney Research Building, 376
Los Angeles, CA 90089-1114
Attn: Doug Moore

Following receipt of your request, the University will conduct a complete review of your case in accordance with the procedure outlined in X. C. above.

XI. CERTAIN RIGHTS UNDER ERISA

As a Participant in this Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA specifies that you shall be entitled to:

- A. Examine without charge at the Plan Administrator's office, all Plan Documents and copies of all documents filed by the Plan with the U.S. Department of Labor, such as detailed annual reports and Plan descriptions.
- B. Obtain copies of all Plan Documents and other Plan information upon written request to the Plan Administrator. The Plan Administrator may make a reasonable charge for the copies.
- C. Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each Participant upon request with a copy of this summary annual report at no charge.

In addition to creating rights for Plan Participants, ERISA imposes obligations upon the individuals who are responsible for the operation of the Plan. The **individuals who operate** the Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of the Plan Participants and beneficiaries. No one, including the Employer or any other person, may fire a participating Employee or otherwise discriminate against a participating Employee in any way to prevent the Employee from obtaining a benefit under the Plan or from exercising his or her rights under ERISA.

If your claim for a benefit is denied, in whole or in part, you must receive a written explanation of the reason for the denial. You have the right to have the Plan Administrator review and reconsider your claim. Under ERISA there are steps that you can take to enforce the above rights. For instance, if you request materials from the Plan and you do not receive them within thirty (30) days, you may file suit in a federal court.

In such a case, the court may require the Plan Administrator to provide the materials and to pay you up to one hundred and ten dollars (\$110.00) a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator.

If it should happen that the Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person sued to pay these costs and fees. If you lose, the court may order **you to pay** these costs and fees, for example, if it finds the claim or suit frivolous.

If you have any questions about your Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, you should contact the nearest Area Office of the U.S. Labor Management Administration, Department of Labor.

XII. CERTAIN RIGHTS UNDER ERISA

XIII. MISCELLANEOUS INFORMATION ABOUT THE PLAN

PLAN	University of Southern California Long-Term Disability Benefit Plan	FUNDING MEDIUM	
EMPLOYER AND EMPLOYERS IDENTIFICATION NUMBER	University of Southern California Denney Research Building, 376 Los Angeles, CA 90089-1114 95-1642394	DURATION OF PLAN	
TRUSTEE	University of Southern California Denney Research Building, 376 Los Angeles, CA 90089-1114	AGENT FOR SERVICE OF LEGAL PROCESS	University of Southern California Denney Research Building, 376 Los Angeles, CA 90089-1114
PLAN ADMINISTRATOR/PLAN FIDUCIARY		DELEGATED CLAIMS ADMINISTRATION	VPA, Inc. P.O. Box 9830 Calabasas, CA 91372-0830
PLAN NUMBER		ORIGINAL PLAN EFFECTIVE DATE	July 1, 1981

The Company reserves the right, at any time and from time to time, to amend or terminate, in whole or in part, any or all of the provisions of the Plan by a written instrument signed by an officer of the Plan Administrator. Any amendment or termination of the Plan may be made retroactive to the Effective Date, if necessary.

In the event of any difference between the interpretation of this Summary Plan Description and the Plan Document, the Plan Document will govern. A copy of the Plan Document is available for your review at Corporate Human Resources Administration.