



Sandia National Laboratories

A Department of Energy National Laboratory

Sandia Group Term Life Insurance Plans

Effective: January 1, 2007

Sandia Group Term Life Insurance Plans

The Group Term Life Insurance Plans are designed to help cushion your family from the financial hardship that might accompany your death. The Plans consist of the *Primary* Group Term Life Insurance Plan, the *Basic* Group Term Life Insurance Plan, and the *Basic Supplemental* Group Term Life Insurance Plan (herein referred to as *Primary*, *Basic*, and *Basic Supplemental*). Sandia pays the total cost of providing this insurance. The Prudential Insurance Company of America (Prudential) is the underwriter for these Plans.

This booklet is a summary of the Group Term Life Insurance Plans as of January 1, 2007. Please read this booklet carefully and share it with your family.

The Group Term Life Insurance Plans are maintained at the discretion of Sandia. They are not intended to create a contract of employment and do not change the at-will employment relationship between you and Sandia. The Sandia Board of Directors (or designated representative) reserves the right to suspend, change, or amend the Plans at any time without prior notice, subject to applicable collective bargaining agreements. If the Plans should be terminated or changed, it will not affect your right to any benefits to which you have already become entitled.

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Highlights

This section contains a brief description of Plan changes that have been implemented since the previous Group Term Life Insurance Plans summary plan description of January 2003.

Summary of Changes

Primary

The *Primary* Group Term Life Insurance Plan replaced the *Basic* and *Basic Supplemental* Group Term Life Insurance Plans for participants who were employed by Sandia or who retire from Sandia on or after January 1, 2007.

- The death benefit under this plan is equal to your annual base pay. This amount decreases by 10% per year beginning on your 66th birthday. The benefit levels off at age 70 to equal 50% of your annual base pay.
- There is no Accidental Death and Dismemberment coverage offered under this plan.
- Employees hired or rehired after December 31, 2006, are not eligible for retiree life insurance.
- If you were on roll at December 31, 2006 and retire before December 31, 2008, your retiree life insurance will equal your annual base pay on the day before your retirement, subject to the age-dependent coverage reductions stated above.
- If you were on roll at December 31, 2006 and retire after December 31, 2008, your retiree life insurance benefit is equal to the lesser of: (1) your annual base pay on the day before your retirement, or (2) \$50,000. This amount decreases by 10% per year for 5 years beginning on your 66th birthday.

Basic and Basic Supplemental

The *Basic* and *Basic Supplemental Group Term Life Insurance* plans will continue to apply to those who retired before January 1, 2007.

Primary Group

Term Life

Insurance

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Section 1. Eligibility

Eligible Employees

You are automatically covered if you are a regular employee, eligible nonregular employee, or an eligible retiree (who retires after December 31, 2006.)

Effective Date of Coverage

Your coverage becomes effective on the first day on which you are actively at work in an eligible job classification. At that time, you must complete a form provided by Sandia naming your selected beneficiaries.

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Section 2. Costs and Amounts for Coverage

Costs for Coverage

The premiums for your coverage are paid in full by Sandia.

Tax Aspects

IRS Code Section 79 requires employers to include in the gross income reported for each employee and retiree the cost of life insurance coverage provided in excess of \$50,000. The taxable amount of this imputed income is calculated using IRS stipulated rates from the following table:

Age Bracket	Monthly Cost per \$1,000
Under 25	\$.05
25 to 29	.06
30 to 34	.08
35 to 39	.09
40 to 44	.10
45 to 49	.15
50 to 54	.23
55 to 59	.43
60 to 64	.66
65 to 69	1.27
70 and over	2.06

Amounts of Coverage

Full-time Employees

The amount of your *Primary* life insurance is equal to your Annual Base Pay (as that term is defined for life insurance purposes).

When you turn age 66, your *Primary* coverage factor is reduced by 10% per year for five years, as shown below. This change is effective each year on your birthday. When you reach age 70 and thereafter, coverage is continued at 50%.

Example (for an employee who receives annual raises of \$1,000):

Age	Annual base pay	Amount of coverage	Primary coverage factor	Primary life benefit
up to 66	\$50,000	\$50,000	100%	\$50,000
66	51,000	51,000	90%	45,900
67	52,000	52,000	80%	41,600
68	53,000	53,000	70%	37,100
69	54,000	54,000	60%	32,400
70 & up	55,000	55,000	50%	27,500

Part-time Employees

The amount of *Primary* life insurance for an eligible part-time employee with less than 10 years of service is prorated based on the number of hours the employee is scheduled to work.

For example, if you are scheduled to work 20 hours per week at an annual base pay equal to \$49,000, your *Primary* life insurance is equal to \$24,500.

The amount of coverage for an eligible part-time employee with 10 or more years of service who is scheduled to work at least 20 hours per week will be based upon the employee's full annual base pay rate.

Retirees

If you retire before January 1, 2009, the amount of your *Primary* life insurance is equal to your annual base pay on the day before retirement. When you turn age

66, your *Primary* coverage factor is reduced 10% per year for five years, as shown below. This change is effective each year on your birthday. When you reach age 70 and thereafter, coverage is continued at 50%.

If you retire after December 31, 2008, and were hired before January 1, 2007, the amount of your *Primary* life insurance is equal to the lesser of the following:

- a. Your annual base pay on the day before your retirement, or
- b. \$50,000.

When you turn age 66, your coverage factor is reduced 10% per year for five years.

Example:

Age	Annual base pay in effect at retirement	Percentage of initial coverage	Amount of coverage
up to 66	\$50,000	100%	\$50,000
66	50,000	90%	45,000
67	50,000	80%	40,000
68	50,000	70%	35,000
69	50,000	60%	30,000
70 & up	50,000	50%	25,000

If you were hired or re-hired after December 31, 2006, there is no retirement coverage.

Non-Medical Limit on Amount of Coverage

There is a limit on the amount for which you may be insured without submitting evidence of good health. This is called the non-medical limit. If the annual amount of coverage based on your annual base pay exceeds \$500,000, you must provide evidence of good health that is satisfactory to Prudential in order to be insured for the amount of your pay over \$500,000. Evidence of good health is required only if your life insurance amount exceeds \$500,000 at the time you enter or re-enter the Plan. Proof of good health is *not* required if your coverage increases during the course of your employment to exceed \$500,000 because you received raises or other increases in your annual base pay.

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Section 3. Payments of Benefits

Life Insurance

In the event of your death from any cause, your *Primary* life insurance will be paid to your beneficiary.

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Section 4.

Beneficiaries

Choosing a Beneficiary

You have the right to select the beneficiary or beneficiaries of your choice for your *Primary* life insurance. In general, your beneficiary can be any person, any association legally entitled to hold property, any corporation (except Sandia), your trust, or your estate.

Multiple Beneficiaries

If you want to select more than one beneficiary, you must indicate the share or percentage of your coverage payable to each beneficiary. Otherwise, multiple named beneficiaries will share equally.

Changing Beneficiaries

You may change your beneficiary at any time. Beneficiary designation forms are available on Sandia's internal web or from your Sandia Benefits representative. The change becomes effective on the date the form is signed (except that it will not apply to any amount paid by Prudential prior to receipt of the change).

If No Surviving Beneficiary

If the beneficiary or beneficiaries you have selected die before you do or if you have not completed a beneficiary form, your insurance will be payable to the first of the following classes: your surviving spouse, your surviving child(ren), your surviving parent(s), your surviving sibling(s), or your estate.

Funeral Expenses

Prudential may, at its option, pay up to \$500 of your *Primary* life insurance to any person appearing to be equitably entitled to the payment as reimbursement for funeral expenses.

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Section 5. Coverage During Disability

Total Disability

If you become totally disabled, your *Primary* life insurance is continued until you have exhausted your benefits from the Sickness Absence Plan or Job-Incurred Accident Disability Plan. If, at that time, you are not yet eligible to retire with a service or disability pension and your employment at Sandia is terminated, your *Primary* life insurance may be extended for a limited time while you remain totally disabled, as provided below. Prudential will determine if you qualify as totally disabled based on your submission of satisfactory proof or evidence.

Your *Primary* life insurance will be extended for one to three years based on your length of service, as follows:

Net Credited Service	Extension
Less than 5 years	1 year
5 to 10 years	2 years
10 to 15 years	3 years

You may convert to an individual policy within 31 days after the extension period (see Termination and Conversion of Coverage on page 20).

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Section 6. Coverage During Layoff or Leave of Absence

Layoff

If you are laid off, you may continue your *Primary* life insurance for a limited period by paying the required premium for that period in advance. *Primary* life insurance may be continued for up to two months. When your coverage terminates, you may convert to an individual policy within 31 days (see Termination and Conversion of Coverage on page 20).

Leave of Absence

If you are granted a leave of absence, your *Primary* life insurance is automatically extended for up to one year. You may arrange to extend your coverage beyond the first year of leave by paying the required premium for that period of leave in advance.

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Section 7. Termination and Conversion of Coverage

Termination

Your *Primary* life insurance will terminate if you cease to be an eligible employee or if the Primary Group Term Life Insurance Plan is discontinued.

Conversion

If your employment is terminated, you may convert all or part of your *Primary* group term life insurance to individual life insurance without having to furnish evidence of good health. You may select any type of individual life policy usually issued by Prudential except for a term policy or a policy with disability or supplementary life benefits. You must apply for conversion and pay the first premium within 31 days after the end of the month in which your coverage terminates. The premium will be based on Prudential's rate for the form and amount of insurance you choose, as well as your class of risk and age at the time. Conversion information is available from your local Prudential representative.

If the Group policy is terminated and your coverage has been in effect at least five years, you may convert the lesser of the following:

- (a) The total amount of your *Primary* coverage, reduced by the amount of group life insurance you are eligible for within the 31 days following the termination of the policy, or
- (b) \$10,000.

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Section 8. Assignment of Life Insurance

Assignment

You may make an irrevocable gift assignment of your *Primary* life insurance. This means you can name someone else as the owner (or assignee) of the policy even though it is your life that is insured. Sandia must be notified of the assignment.

If you made an assignment, you cannot revoke it later. The person to whom you assign your insurance has the absolute and continuing right to name beneficiaries or to exercise any other privileges that otherwise would have been available to you.

Because legal and tax issues are involved, please consult with your lawyer and tax advisor before taking such an action. **Neither Sandia nor Prudential can determine or confirm if an assignment does what it is intended to do.**

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***Basic and Basic
Supplemental
Group Term Life
Insurance***

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Section 1. Eligibility

Eligible Retirees

You are automatically covered if you retired from Sandia with a service or disability pension before January 1, 2007.

Effective Date of Coverage

Your coverage was effective on your first day of retirement.

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Section 2. Costs and Amounts for Coverage

Costs for Coverage

The premiums for your coverage are paid in full by Sandia.

Tax Aspects

IRS Code Section 79 requires employers to include in the gross income reported for each employee and retiree the cost of life insurance coverage provided in excess of \$50,000. The taxable amount of this imputed income is calculated using IRS stipulated rates from the following table:

Age bracket	Monthly cost per \$1,000
Under 25	\$.05
25 to 29	.06
30 to 34	.08
35 to 39	.09
40 to 44	.10
45 to 49	.15
50 to 54	.23
55 to 59	.43
60 to 64	.66
65 to 69	1.27
70 and over	2.06

Employees who retired prior to January 1, 1984, and employees on roll as of January 1, 1984, who were at least age 55 at that time and subsequently retired, are not subject to this tax. The cost of life insurance coverage provided in excess of \$50,000 to employees who retired after December 31, 1988, will also be subject to Social Security FICA tax.

Amounts of Coverage

The amount of your *Basic* life insurance is equal to your annual base pay on the day before retirement. This benefit is payable only to qualified family members (see Beneficiaries, page 33). If there are no qualified surviving family members, \$500 is payable to your estate.

The amount of your *Basic Supplemental* life insurance is equal to your annual base pay on the day before your retirement, raised to the next higher \$1,000. When you turn age 66, your *Basic Supplemental* coverage factor is reduced 10% per year for five years, as shown below. This change is effective each year on your birthday. When you reach age 70 and thereafter, coverage is continued at 50%.

Example:

Age	Annual base pay in effect at retirement	Basic life	Annual base pay raised to next \$1,000	Supplemental coverage factor	Basic Supplemental life
up to 66	\$49,000	\$49,000	\$50,000	100%	\$50,000
66	49,000	49,000	50,000	90%	45,000
67	49,000	49,000	50,000	80%	40,000
68	49,000	49,000	50,000	70%	35,000
69	49,000	49,000	50,000	60%	30,000
70 & up	49,000	49,000	50,000	50%	25,000

Non-Medical Limit on Amount of Coverage

There is a limit on the amount for which you may be insured without submitting evidence of good health. This is called the non-medical limit. If the annual amount of coverage based on your annual base pay exceeds \$500,000, you must provide evidence of good health that is satisfactory to Prudential in order to be insured for the amount of your pay over \$500,000. Evidence of good health is required only if your life insurance amount exceeds \$500,000 at the time you enter or re-enter the Plan. Proof of good health is *not* required if your coverage

increases during the course of your employment to exceed \$500,000 because you received raises or other increases in your annual base pay.

Section 3. Payments of Benefits

Life Insurance

In the event of your death from any cause, your *Basic* and *Basic Supplemental* life insurance will be paid to your beneficiary.

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Section 4.

Beneficiaries

Choosing a Beneficiary

You have the right to select the beneficiary or beneficiaries of your choice for your *Basic Supplemental* life insurance.

Your *Basic* life insurance is payable only to the first surviving class of the following qualified family members:

- Spouse (if married to you for the entire 12-month period before your death),
- Dependent child(ren),
- Dependent parent(s).

If there is more than one beneficiary in a class, they will share equally. If there are no qualified surviving family members, \$500 is payable to your estate.

Multiple Beneficiaries

If you want to select more than one beneficiary, you must indicate the share or percentage of your coverage payable to each beneficiary. Otherwise, multiple named beneficiaries will share equally.

Changing Beneficiaries

You may change your beneficiary at any time. Beneficiary designation forms are available on Sandia's internal web or from your Sandia Benefits representative. The change becomes effective on the date the form is signed (except that it will not apply to any amount paid by Prudential prior to receipt of the change).

If No Surviving Beneficiary

If the beneficiary or beneficiaries you have selected die before you do or if you have not completed a beneficiary form, your insurance will be payable to the first of the following classes: your surviving spouse, your surviving child(ren), your surviving parent(s), your surviving sibling(s), or your estate. If there is more than one beneficiary in a class, they will share equally.

Funeral Expenses

Prudential may, at its option, pay up to \$500 of your *Basic* life insurance to any person appearing to be equitably entitled to the payment as reimbursement for funeral expenses.

Section 5.

Termination and Conversion of Coverage

Termination

Your *Basic* and *Basic Supplemental* life insurance will terminate if you cease to be an eligible retiree or if the Plans are discontinued.

Conversion

If the Group policy is terminated and your coverage has been in effect at least five years, you may convert the lesser of the following:

- (a) The total amount of your *Basic* and *Basic Supplemental* coverage reduced by the amount of group life insurance you are eligible for within the 31 days following the termination of the policy, or
- (b) \$10,000.

You must apply for conversion and pay the first premium within 31 days after the end of the month in which your coverage terminates. The premium will be based on Prudential's rate for the form and amount of insurance you choose, as well as your class of risk and age at the time. Conversion information is available from your local Prudential representative.

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Section 6.

Assignment of Life Insurance

Assignment

You may make an irrevocable gift assignment of your *Basic Supplemental* life insurance. This means you can name someone else as the owner (or assignee) of the policy even though it is your life that is insured. Sandia must be notified of the assignment.

If you made an assignment, you cannot revoke it later. The person to whom you assign your insurance has the absolute and continuing right to name beneficiaries or to exercise any other privileges that otherwise would have been available to you.

Because legal and tax issues are involved, please consult with your lawyer and tax advisor before taking such an action. If you decide to make an assignment, you may obtain the appropriate forms from Prudential or your Sandia Benefits representative.

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Appendix A

Acronyms and Definitions

(Applies to All Plans)

annual base pay	Your annual rate of pay plus any lump sums that you received during the past 12 months (such as Individual Performance Awards, Sandia Awards for Excellence, and promotion and appointment awards). Supplemental payments other than lump sum awards (such as premiums, allowances, and overtime payments) are not included. If your annual base pay changes, your insurance coverage will change on the same date your new pay rate or lump sum award is scheduled to take effect. You are not required to be actively at work on the date of the change in pay.
<i>Basic</i>	Sandia Corporation Basic Group Term Life Insurance Plan.
<i>Basic Supplemental</i>	Sandia Corporation Basic Supplemental Group Term Life Insurance Plan.
dependent	A person who is related to you by blood, marriage, or adoption, or is under your legal guardianship and who receives more than one-half support from you at the time of your death.

eligible nonregular employee	Any full-time or part-time Sandia employee scheduled to work 20 or more hours a week in the Limited-Term Employee, Post Doctoral appointee, or Year-Round-Faculty Sabbatical job classifications.
ERISA	Employee Retirement Income Security Act of 1974.
IRS	Internal Revenue Service.
Primary	Sandia Corporation Primary Group Term Life Insurance Plan
Prudential	The Prudential Insurance Company of America.
regular employee	Any full-time or part-time Sandia employee scheduled to work 20 or more hours a week for an indefinite period of time.
retiree	A former employee retired from Sandia and receiving a service or disability pension.
Sandia	Sandia Corporation.
total disability	A condition resulting from sickness or injury that prevents the employee from performing for wage or profit the material and substantial duties of any job for which he or she is reasonably fitted by education, training, or experience.

Appendix B General Information

(Applies to All Plans)

Contracts and Certificate

Plan benefits are provided by the Prudential Insurance Company of America, 751 Broad Street, Newark, New Jersey, 07102.

The Group Term Life Insurance Plans have been described in general terms on the preceding pages. The extent of the insurance for each individual is governed at all times by the complete terms of the master group insurance contracts issued by Prudential. These contracts and certificates are available for inspection upon your request.

Your Rights Under ERISA

As a participant in the Group Term Life Insurance Plans, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). The Prudential Insurance Company of America as Claims Administrator has the sole discretion to interpret the terms of the groups insurance contract, to make factual findings, and to determine eligibility for benefits. Prudential's decision shall not be overturned unless arbitrary and capricious.

Rights and Protections Provided by ERISA

ERISA provides that you, as a Plan participant, shall be entitled to:

Receive Information about Your Plan and Benefits

- Examine, without charge, at the plan administrator's office and at other specified locations, such as worksites and union halls, all documents governing the plan, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.
- Obtain, upon written request to the plan administrator, copies of documents governing the operation of the plan, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated summary plan description. The plan administrator may make a reasonable charge for the copies.
- Receive a summary of the plan's annual financial report. The plan administrator is required by law to furnish each participant with a copy of this summary annual report.

Prudent Actions by Plan Fiduciaries

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of this Plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other plan participants and beneficiaries.

No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your rights under ERISA.

Enforce Your Rights

If your claim for a welfare benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of plan documents or the latest annual report from the plan and do not receive them within 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 pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator.

If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court after exhausting the appeals mechanisms provided in the Plan. (See Appeals of Adverse Determination, page B-5.)

If it should happen that 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 you 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 you have 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 your claim is frivolous).

Assistance with Your Questions

If you have any questions about these Plans, contact your Benefits representative at Sandia National Laboratories in Albuquerque at 505-844-4237. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, DC 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

Claims Information

How to File a Claim

You may obtain all the forms you need to claim benefits from your Sandia Benefits representative. Your Benefits representative will also assist you or your beneficiary in filing claims.

To speed claim processing, follow the instructions on the claim forms carefully. Answer all questions fully and attach any required medical information.

Sandia will certify the insurance coverage in force and will forward the claim to Prudential.

How Benefits are Paid

Prudential's Alliance Account is a personalized interest-bearing account for beneficiaries of group life insurance proceeds. When a claim for benefits is approved, life insurance proceeds will be deposited into an Alliance Account in the beneficiary's name (or the employee's name in the event of a Living Benefit Option). Beneficiaries will receive an explanation of the Alliance Account and an initial supply of personalized checks for immediate access to their funds. They can leave it in the account to earn interest, withdraw the entire account, or write checks on the account (subject to a \$250 minimum).

Payments for amounts of less than \$10,000 or to individuals residing outside the United States and its territories will be made in a single lump sum check rather than being deposited into an Alliance Account.

Living Benefit Option

The *Primary* and the *Basic Supplemental* life insurance provide a "Living Benefit" payment option that allows terminally ill participants to receive a portion of their life insurance benefits before death. (This option is not available from the *Basic* life insurance.) The benefit available for advance payment under the Living Benefit Option is equal to the lesser of 50% of your *Primary* life insurance or your *Basic Supplemental* coverage, or \$50,000. You may receive payment either in one lump sum or split into six equal payments. How you use the money is up to you. The benefits not paid in advance will remain with the plan and will be payable to your beneficiary after your death. You are eligible to use the Living Benefit Option if you furnish certification by a qualified physician that your life expectancy is six months or less. Prudential reserves the right to investigate further to verify your eligibility for this benefit.

Your Sandia Benefits representative will assist you with applying for this benefit.

Determination of Benefits

Prudential shall notify you of the claim determination within 45 days of the receipt of your claim. This period may be extended by 30 days if such an extension is necessary due to matters beyond the control of the Plan. A written notice of the extension, the reason for the extension, and the date by which the Plan expects to decide your claim will be furnished to you within the initial 45-day period. This period may be extended for an additional 30 days beyond the original 30-day extension, if necessary due to matters beyond the control of the Plan. A written notice of the additional extension, the reason for the additional extension, and the date by which the Plan expects to decide on your claim will be

furnished to you within the first 30-day extension period if an additional extension of time is needed. However, if a period of time is extended due to your failure to submit information necessary to decide your claim, the period for making the benefit determination by Prudential will be tolled from the date on which the notification of the extension is sent to you until the date you respond to the request for additional information.

If your claim for benefits is denied, in whole or in part, you or your authorized representative will receive a written notice from Prudential of your denial. The notice will be written calculated to be understood by you and shall include

- (a) the specific reason(s) for the denial,
- (b) references to the specific Plan provisions on which the benefit determination was based,
- (c) a description of any additional material or information necessary for you to perfect a claim and an explanation of why such information is necessary,
- (d) a description of Prudential's appeals procedures and applicable time limits, including a statement of your right to bring a civil action under section 502(a) of ERISA following your appeals, and
- (e) if an adverse benefit determination is based on a medical necessity or experimental treatment or similar exclusion or limit, an explanation of the scientific or clinical judgment for the determination will be provided free of charge upon request.

Appeals of Adverse Determination

You have the right to appeal an adverse determination on your claim, as described below.

First Appeal

If your claim for benefits is denied or if you do not receive a response to your claim within the appropriate time (which means your claim is deemed to have been denied), you or your representative may appeal your denied claim in writing to Prudential within 180 days of receiving the written notice of denial or 180 days from the date such claim is deemed denied. You may submit with your appeal any written comments, documents, records, and any other information relating to your claim. Upon your request, you will also have access to, and the right to obtain copies of all documents, records and information relevant to your claim free of charge.

A full review of the information in the claim file, and any new information submitted to support the appeal will be conducted by Prudential, using individuals not involved in the initial benefit determination. This review will not afford any deference to the initial benefit determination.

Prudential shall make a determination on your claim appeal within 45 days of receiving your appeal request. This period may be extended by up to an additional 45 days if Prudential determines that special circumstances require an extension of time. A written notice of the extension, the reason for the extension, and the date that Prudential expects to make a decision will be furnished to you within the initial 45-day period. However, if the period of time is extended because you failed to submit information necessary to decide the appeal, the period for making the benefit determination will be suspended beginning on the date that notification of the extension is sent to you until the date on which you respond to the request for additional information.

If the first claim appeal is denied in whole or in part, you will receive a written notification of the denial from Prudential. The notice will be written in a manner calculated to be understood by the applicant and shall include

- (a) the specific reason(s) for the adverse determination;
- (b) references to the specific Plan provisions on which the determination was based;
- (c) a statement that you are entitled to receive, upon request and free of charge, reasonable access to and copies of all records, documents, and other information relevant to your benefit claim;
- (d) a description of Prudential's review procedures and applicable time limits;
- (e) a statement that you have the right to obtain, upon request and free of charge, a copy of internal rules or guidelines relied upon in making this determination; and
- (f) a statement describing any appeals procedures offered by the Plan, and your right to bring a civil suit under ERISA.

If a decision on your appeal is not furnished to you within the time periods mentioned above, the claim will be deemed to have been denied upon appeal.

Second Appeal

If the appeal of your benefit claim is denied or if you do not receive a response to your appeal within the appropriate time (in which case your the appeal is deemed to have been denied), you or your representative may make a second appeal of

your denial in writing to Prudential within 180 days of the receipt of the written notice of denial or 180 days from the date such claim is deemed denied. You may submit with your second appeal any written comments, documents, records, and any other information relating to your claim. Upon your request, you will also have access to and the right to obtain copies of all documents, records, and information relevant to your claim free of charge.

Prudential shall make a determination on your second claim appeal within 45 days of receiving your appeal request. This period may be extended by up to an additional 45 days if Prudential determines that special circumstances require an extension of time. A written notice of the extension, the reason for the extension, and the date by which Prudential expects to make a decision shall be furnished to you within the initial 45-day period. However, if the period of time is extended due to your failure to submit information necessary to decide the appeal, the period for making the benefit determination will be suspended from the date on which the notification of the extension is sent to you until the date on which you respond to the request for additional information.

Your decision to submit a benefit dispute to this voluntary second level of appeal has no effect on your right to any other benefits under this Plan. If you elect to initiate a lawsuit without submitting to a second level of appeal, the Plan waives any right to assert that you failed to exhaust administrative remedies. If you elect to submit the dispute to the second level of appeal, the Plan agrees that any statute of limitations or other defense based on timeliness is suspended during the time that the appeal is pending.

If the claim on appeal is denied in whole or in part for a second time, you will receive a written notice from Prudential of the denial. The notice will be written in a manner calculated to be understood by the applicant and shall include the same information that was included in the first adverse determination letter. If a decision on your appeal is not furnished to you within the time periods mentioned above, the claim shall be deemed denied on appeal.

Insurance Provisions by State

IMPORTANT INFORMATION FOR RESIDENTS OF CERTAIN STATES EFFECTIVE NOVEMBER 1, 2007: There are state-specific requirements that may change the provisions under the plans described in this Summary Plan Description. If you live in a state that has such requirements, those requirements will apply to your Coverage(s). Prudential has a website that describes these state-specific requirements. You may access the website at www.prudential.com/etonline. When you access the website, you will be asked to enter your state of residence and your Access Code. **Your Access Code is 90373.**

If you are unable to access this website, want to receive a printed copy of these requirements, or have any questions, call Prudential at 1-866-439-9026.

Except as described above, all provisions in your SPD remain unchanged.

Plan Identification Information

The Sandia Group Term Life Insurance Plans are sponsored by Sandia Corporation. Sandia's Employer ID Number is 85-0097942. The Plan ID Numbers assigned by Sandia are 506 for the Sandia Corporation Basic Group Term Life Insurance Plan, 507 for the Sandia Corporation Basic Supplemental Group Term Life Insurance Plan, and 520 for the Sandia Primary Group Term Life Insurance Plan.

Sandia Corporation is the Plan Administrator, located at Sandia National Laboratories, P. O. Box 5800, Albuquerque, New Mexico 87185-0141.

Plan Documents

The Summary Plan Description summarizes the principal features of these Plans. Statements contained in this booklet are subject to the provisions of the official Plan documents that set forth the benefits, terms, and conditions of the Plans and that legally govern the Plans' operations.

Plan documents include the official Plan text, the annual report, and other documents and reports maintained by the Plan or filed with a federal government agency. You or your beneficiaries can review copies of the documents during normal working hours in the offices of the Pension Fund and Savings Plan Department at Sandia National Laboratories in New Mexico. You can also request copies of any Plan documents by writing to Sandia at the address above. Copies of Plan documents will be furnished within 30 days at a reasonable charge.

Legal Service

Direct process of legal service is to Sandia at the address above. Process can be served on any of these benefit plans by directing such notice to the Plan Administrator (as identified above) at one of the following addresses:

Sandia Corporation
P.O. Box 5800, MS0141
Albuquerque, NM 87185

Sandia Corporation
1515 Eubank SE, MS0141
Albuquerque, NM 87123

Plan Continuation

Sandia intends to continue these benefit Plans indefinitely, but reserves the right to amend or terminate them at any time, subject to applicable collective bargaining agreements. Written notification of Plan termination will be given at least 30 days in advance of termination.