



Sandia National Laboratories

Sandia Group Term Life Insurance Plans

Summary Plan Description

Effective: January 1, 2017



U.S. DEPARTMENT OF
ENERGY



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Section 1. Introduction

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, 2017. Please read this booklet carefully and share it with your family. All benefits and coverages described in this booklet are subject to the terms of the insurance policies under which the benefits are provided. **If there is any conflict between this booklet and the insurance policies, the insurance policies will always govern.**

The Group Term Life Insurance Plans are maintained at the discretion of Sandia and 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 its designated representative) reserves the right to amend (in writing) any or all provisions of the Group Term Life Insurance Plans and to terminate (in writing) the Plans at any time without prior notice, subject to applicable collective bargaining agreements. The Group Term Life Insurance Plans cannot be modified by written or oral statements to you from human resources representatives or HBE or other Sandia personnel.

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Primary Group Term Life Insurance Plan

Section 1. Eligibility

Eligible Employees

You are automatically covered if you are a Regular Employee, Post-Doctoral Appointee, Limited Term Employee, Year Round Faculty Sabbatical, or an eligible Retiree hired prior to 1/1/07 and with a retirement date after 12/31/2006.

Effective Date of Coverage

For active employees, your coverage becomes effective on the first day on which you are actively at work in an eligible job classification. For retirees after 12/31/2006, your primary group term life insurance as a retiree becomes effective the 1st of the month after your retirement date. Example: Date of retirement = June 15, 2008. Your retiree coverage effective start date = July 1, 2008.

Section 2. Costs and Amounts of 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 for Coverage

Full-time Employees

The amount of your Primary life insurance is equal to your Annual Base Pay (See definitions section of SPD).

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	Primary coverage factor	Primary life benefit
Up to 66	\$50,000	100%	\$50,000
66	51,000	90%	45,900
67	52,000	80%	41,600
68	53,000	70%	37,100
69	54,000	60%	32,400
70 and over	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 a % of the Annual Salary of a regular full-time employee in the same job classification + any individual performance you received in the prior 12 months.

Example: A regular full-time employee in your job classification has a salary of \$100,000 with a 40 hour week and you are on a 20 hour work week, your salary base would be \$50,000. Your coverage would be \$50,000 + eligible awards received in the prior 12 months.

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 retired in the period of 1/1/07 to 12/31/08 and were hired prior to 1/1/07, 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: Date of Retirement = January 15, 2009. Annual Base pay = \$100,000.

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%	45,00
67	50,000	80%	40,000
68	50,000	70%	35,000
69	50,000	60%	30,000
70 and over	50,000	50%	25,000

If you were hired or re-hired after December 31, 2006, there is no retirement coverage. If you previously retired and then re-hire greater than 6 months, you will become subject to current rules and will lose your prior coverage earned.

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 Primary life insurance will be paid to your designated beneficiary or beneficiaries. If there is not a beneficiary designation on file or if there is an invalid beneficiary designation, your policy would be payable according to Preferential Beneficiary (See Beneficiary Section of SPD).

In the event of claim, a family member should provide notice to Sandia HBE at 505-844-4237, option 2. After a claim is reported by a family member the Claim will be administered by Prudential Life Claims Unit and a claims examiner. Prudential Life Claims Unit phone # is 1-800- 524-0542.

Accelerated Death Benefit Option

If you become terminally ill (Declared by a physician to have a life expectancy of 6 months or less) while ensured under the Primary Term Life Insurance or while your death benefit is being extended under Long-Term Disability, Leave of Absence, or Layoff, you may elect to receive a portion of your life insurance to help pay for medical expenses.

The amount of employee term life insurance that you may elect to place under this option is equal to 50% of the amount in force on the date Prudential receives proof that you are terminally ill, but not more than \$50,000.

If you become terminally ill and would like to use this option, please contact Sandia HBE at 505-844-4237, option 2 and request an Accelerated Benefit Option Claim Form. A section of this form would need to be filled out by the employer.

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. You must access the Beneficiary Designation website at www.prudential.com/mybenefits in order to name your selected beneficiary or beneficiaries. If you are a first time user, you will need to register an account. After you input the web address click on register as a new user, enter 90373 in the Control Number field, complete the required information and create a personal User ID and Password. If you would prefer to receive a paper beneficiary form, contact Prudential's Customer Service Office at 800-778-3827. If you have already registered an account, you can access your account by entering in your previously established user id and password.

Minor Beneficiary(ies)

Before naming a minor or minor(s) as your beneficiary, it is recommended that you consult with an Estate Advisor and have a planned primary guardian. In the event of a claim and if a minor is named as a beneficiary, the primary guardian may gain access to your life policy in order to provide for the minor or minors. Prudential Life will administer any minor beneficiary benefits according to each state's law for minor beneficiaries and will require proof of guardianship from whomever is appointed legal guardian.

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. Your total % designated must equal 100% or Prudential may deny the designation and require you to correct. Otherwise, multiple named beneficiaries will share equally.

Changing Beneficiaries

You may change your beneficiary at any time either through the Prudential website or by filing a signed and dated paper beneficiary form with Prudential. The form must be obtained from Prudential's Customer Service Office at 800-778-3827. You do not need the beneficiary's consent to make a change. If you change your beneficiary through the Prudential website, the change becomes effective on the date recorded in Prudential's system. If you change your beneficiary by filing a paper form with Prudential, 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 according to Preferential Beneficiary: 1) Your surviving spouse, if none. 2) Your surviving child(ren) in equal shares, if none. 3) Your surviving parent(s) in equal shares, if none. 4) Your surviving sibling(s) in equal shares, if none. 5) Your estate.

Funeral Expenses

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

The Primary Group Life Insurance policy can be payable to a Funeral Home in the event the policy is used to pay for funeral expenses. Prudential Life Insurance Claims Unit will work with the Funeral Home to pay for funeral expenses and then distribute the remainder, if any, to eligible beneficiary(ies).

Section 5. Coverage During Disability, Layoff or Leave of Absence

Total Disability

If you become totally disabled, your Primary life insurance is continued until you have exhausted any available benefits and your employment is terminated. Once your employment is terminated, your Primary life insurance may be extended by the employer for a limited time while you remain totally disabled (see table below). The Long-Term Disability Carrier will determine if you qualify as totally disabled based on your submission of satisfactory proof or evidence. Your continuance period would start on the 1st of the month after terminating due to long-term disability and end on the last day of the month of either a 1, 2, or 3-year continuance period, depending on your years of service. If the Long Term Disability Carrier determines that you are no longer disabled and return to work with another employer, you lose eligibility for continuance.

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

Net Credited Service	Extension
Less than 5 years	1 year
5 years but less than 10 years	2 years
10 years or more	3 years

If you are eligible and choose to retire with a service pension rather than terminate employment, your coverage will continue in retirement according to the terms detailed in the Amounts of Coverage section (pages 12 and 13).

Your coverage ends on the last day of the month of the continuance extension. You may convert to an individual policy if you want to keep coverage (see Termination and Conversion of Coverage on page 19). Evidence of Insurability is not required for conversion.

Layoff

If you are laid off, you may continue your Primary life insurance for up to 2 months by paying the required premium for that period in advance. When your coverage terminates, you may convert to an individual policy within 31 days (see Termination and Conversion of Coverage on page 19). Evidence of insurability is not required for conversion to an individual policy.

Leave of Absence

If you are on an approved leave of absence, your Primary life insurance is automatically extended by the Employer for up to one year. If your leave of absence extends beyond one year and you want to keep coverage, you will have to convert to an individual policy (see Termination and Conversion of Coverage on page 19) for the amount of time you are away from work greater than one year and till you return to active work. After you return to active work, the employer will start to pay for premiums in the group policy. The employer does not pay for any conversion policy that you may have established outside of Sandia Corporation's Group Policy.

Section 6. 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. For insurance purposes, your coverage will end on the last day of the calendar month you are no longer eligible.

Conversion

If you lose coverage due to termination of job, end of long-term disability continuance period, end of Leave of Absence continuance period, end of employment due to retirement and you were ineligible for retiree life, or end of the Group Contract, 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 must apply for conversion and pay the first premium by the later of: the 31st day after you cease to be insured and the 15th day after you have been given written notice of conversion privilege. The premium will be based on Prudential's rate for the type and amount of insurance you choose, as well as your age. Conversion information is available from Prudential at (877) 889-2070 or www.prudential.com/giconversions.

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.

Section 7. 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. Please contact Prudential's Record Keeping Services at 800-778-3827 to request information about making an assignment. Prudential must be notified of the assignment. The completed assignment information should be mailed to Prudential Record Keeping Services (RKS), P.O. Box 13676, Philadelphia, PA 19176.

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 meets your intention.**

Basic and Basic Supplemental Group Term Life Insurance

Section 1. Eligibility

Eligible Retirees

You are covered with Basic and Basic Supplemental Group Term Life Insurance if you retired from Sandia with a service or disability pension before January 1, 2007.

Effective Date of Coverage

Your coverage becomes effective on the 1st day of the month after your retirement date.

Section 2. Costs and Amounts of 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 or \$500. This benefit is payable only to a qualified family member (see Beneficiaries, page 26). If there is not a qualified family member at the time of claim, \$500 is payable to your estate. **Note:** There is not a beneficiary designation on this policy as it is only payable to a qualified family member.

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, if not already a multiple of 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 w/ qual fam memb amt	Annual base pay raised to next \$1,000	Supplemental coverage factor	Basic Supplemental life amount	Total coverage w/ qual family member
Up to 66	\$49,100	\$49,100	\$50,000	100%	\$50,000	\$99,100
66	49,100	49,100	50,000	90%	45,000	\$94,100
67	49,100	49,100	50,000	80%	40,000	\$89,100
68	49,100	49,100	50,000	70%	35,000	\$84,100
69	49,100	49,100	50,000	60%	30,000	\$79,100
70 and over	49,100	49,100	50,000	50%	25,000	\$74,100

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 qualified family member or Estate and your designated beneficiary(ies) of your basic supplemental life insurance policy. In the event of claim, a family member should provide notice to Sandia by calling HBE at 505-844-4237, option 2. Any life insurance claims are administered by Prudential Life Claims Unit and a claims examiner.

Prudential Life Insurance Claims unit phone # is 1-800-524-0542.

Accelerated Death Benefit Option

If you become terminally ill (Declared by a physician to have a life expectancy of 6 months or less) while ensured under the Primary Term Life Insurance or while your death benefit is being extended under Long-Term Disability, Leave of Absence, or Layoff, you may elect to receive a portion of your life insurance to help pay for medical expenses.

The amount of employee term life insurance that you may elect to place under this option is equal to 50% of the amount in force on the date Prudential receives proof that you are terminally ill, but not more than \$50,000.

If you become terminally ill and would like to use this option, you may contact Sandia HBE at 505-844-4237, option 2 and request an Accelerated Benefit Option Claim Form. A section of this form would need to be filled out by the employer.

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. In general, your beneficiary can be any person, any association legally entitled to hold property, any corporation (except Sandia), your trust, or your estate. You must access the Beneficiary Designation website at www.prudential.com/mybenefits in order to name your selected beneficiary or beneficiaries. If you are a first time user, you will need to register an account. After you input the web address click on register as a new user, enter 90373 in the Control Number field, complete the required information and create a personal User ID and Password. If you would prefer to receive a paper beneficiary form, contact Prudential's Customer Service Office at 800-778-3827. If you have already registered an account, you can access your account by entering in your previously established user id and password. **Note:** There is not a beneficiary designation for the Basic Group Life Insurance as that policy is only payable to a qualified family member.

Minor Beneficiary(ies)

Before naming a minor or minor(s) as your beneficiary for the Basic Supplemental, it is recommended that you consult with an Estate Advisor and there is a planned primary guardian. In the event of a claim and if a minor is named as a beneficiary, the primary guardian may gain access to your life policy in order to provide for the minor or minors. Prudential Life will administer any minor beneficiary benefits according to each state's law for minor beneficiaries and will require proof of guardianship from whomever is appointed legal guardian.

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. Your total % designated must equal 100% or Prudential may deny the designation and require you to correct. Otherwise, multiple named beneficiaries will share equally.

Changing Beneficiaries

You may change your beneficiary at any time either through the Prudential website or by filing a signed and dated paper beneficiary form with Prudential. The form must be obtained from Prudential's Customer Service Office at 800-778-3827. You do not need the beneficiary's consent to make a change. If you change your beneficiary through the Prudential website, the change becomes effective on the date recorded in Prudential's system. If you change your beneficiary by filing a paper form with Prudential, 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 according to Preferential Beneficiary: 1) Your surviving spouse, if none. 2) Your surviving child(ren) in equal shares, if none. 3) Your surviving

parent(s) in equal shares, if none. 4) Your surviving sibling(s) in equal shares, if none. 5) Your estate.

Qualified Family Member

The Basic Group Life Insurance policy is only payable to a qualified family member. A qualified family member is defined as a spouse greater than 1 year of marriage prior to date of death, Dependent Child(ren), or Dependent Parent(s). If at the time of claim, there is not a qualified family member than

\$500 is payable to retiree's estate. Prudential Life Claims Unit will determine if there is an eligible qualified family member at the time of claim and may request certain documents as evidence of qualification. A dependent is defined as a person related to an eligible employee by blood, marriage, adoption, or under the employee's legal guardianship who receives more than one-half support from the employee and is dependent on them financially for their well-being.

Funeral Expenses

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

The Basic Supplemental Group Life Insurance policy can be payable to a Funeral Home in the event the policy is used to pay for funeral expenses. Prudential Life Insurance Claims Unit will work with the Funeral Home to pay for funeral expenses and then distribute the remainder, if any, to eligible beneficiary(ies).

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 you lose coverage due to previously being retired and then rehired greater than 6 months or due to the end of the Group Contract, you may convert all or part of your Basic and Basic Supplemental group term life insurance to individual life insurance without having to furnish evidence of good health. You must apply for conversion and pay the first premium by the later of: the 31st day after you cease to be insured and the 15th day after you have been given written notice of conversion privilege. The premium will be based on Prudential's rate for the type and amount of insurance you choose, as well as your age. Conversion information is available from Prudential at (877) 889-2070 or www.prudential.com/giconversions.

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 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.

Section 6. Assignment of Life Insurance

Assignment

No assignments are allowed for the Basic Group Life Insurance Policy.

Assignments are allowed for the Basic Supplemental Policy. 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. Please contact Prudential's Record Keeping Services at 800-778-3827 to request information about making an assignment. Prudential must be notified of the assignment. The completed assignment information should be mailed to Prudential Record Keeping Services (RKS), P.O. Box 13676, Philadelphia, PA 19176.

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 meets your intention.**

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Appendix A. Acronyms and Definitions

(Applies to All Plans)

Term	Definition
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.
Basic	Sandia Corporation Basic Group Term Life Insurance Plan.
Basic Supplemental	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 non-regular employee	Any full-time or part-time Sandia employee scheduled to work 20 or more hours a week as a 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.
Qualified Family Member	A spouse greater than 1 year of Marriage, Dependent Child(ren), or Dependent Parent(s).
Regular Employee	Any full-time or part-time 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 and were hired prior to 1/1/07.
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)

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 group insurance contract, to make factual findings, and to determine benefit coverage. 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:

- 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 that 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.)

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

A spouse or family member should provide notice of death by calling Sandia HBE at 505-844-4237, option 2 or by calling Prudential Life Claims at 800-524-0542. Prudential Life Claims Unit will work directly with the eligible beneficiary(ies) and will also assist the eligible beneficiary or beneficiaries in filing claims. In submitting claims for life benefits, the claimant must complete the appropriate claim form and submit the required proof as described in the certificate. To speed claim processing, follow the instructions on the claim forms carefully. Answer all questions fully and attach any required medical information. Claim forms must be submitted in accordance with the instructions on the claim form. Sandia will certify the insurance coverage in force and will forward the claim to Prudential.

How Benefits are Paid

You may arrange a payment option for payment of insurance proceeds by providing a written request to Prudential. At the time of a claim, if you have not arranged a payment option, your beneficiary and Prudential may then agree on a payment option. If you or your beneficiary do not elect a payment option, then the insurance proceeds will be distributed through the Prudential

Alliance Account, which is described below.

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), unless the beneficiary selects another payment option available at the time of claim or you have previously arranged for an alternate payment 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.

An Alliance Account does not apply to payments to individuals in foreign countries, including Canada and Puerto Rico; proceeds less than \$5,000; and payments to funeral homes, banks, trusts, courts, and guardians or conservators of minors, executors or administrators of estate, or any other tax exempt organizations (such as churches). These payments 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 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.

Contact Information for Claims Appeals

Send all claim appeals for benefits to Prudential. Determinations by Prudential, as the claims fiduciary, will be conclusive and not subject to review by Sandia.

Appeals Procedures Concerning Eligibility

You may use the eligibility appeals procedure to request an informal review, a formal review, or both, if:

- You had a benefit claim that was denied by a claims administrator based solely on eligibility; or
- You have been informed by Sandia that you are not eligible for participation in the Primary Group Term Life, Basic Group Term Life, or Basic Supplemental Group Term Life Insurance Plans.

Deadline for Submitting Review Requests

The deadline for submitting a request for an informal or formal review of your eligibility to the Benefits Department will be 180 days after you receive written notification of the denial of the claim by Prudential or denied participation by the Sandia Benefits Department in the Primary Group Term Life, Basic Group Term Life, or Basic Supplemental Group Term Life Insurance Plans.

Once a final determination has been reached on your eligibility appeal by Sandia, you then have 180 days (from the date of the written notification by Sandia) to appeal your denied claim for benefits with Prudential.

Request for Informal Review

You have the option to request an informal review of your appeal for eligibility by contacting Sandia HBE at (505) 844-HBES (4237). The Sandia Benefits Department will review all pertinent information and render a written decision as soon as possible but no later than 14 calendar days of the receipt of all material facts. If you are not satisfied with the decision of the Sandia Benefits Department, you can request a formal review.

Request for Formal Review

To request a formal review of a denial based solely on eligibility, you must submit an appeal in writing to the Secretary of the Employee Benefits Committee, c/o Benefits Department, PO Box 5800, Albuquerque, NM 87185, MS 1022. If the denied claim is based on any reason other than eligibility, you must file the appeal with Prudential.

If the appeal related solely to eligibility is denied, the notification will:

- Explain the specific reasons and specific Plan provisions on which the decision is based
- Include a statement describing any voluntary appeal procedures offered by the Plan and the claimant's right to obtain information about these procedures
- Include a statement regarding the claimant's right to bring a civil action under ERISA 502(a)
- Offer to provide the claimant, on request, free of charge, reasonable access to and copies of all documents, records, and other information relevant to the claimant's eligibility claim.

A claim or appeal regarding eligibility may be filed by an authorized representative on behalf of a claimant. If your appeal is denied by the Employee Benefits Committee (EBC), you can appeal to the Employee Benefits Claim Review Committee (EBCRC). The EBCRC will be the final and conclusive administrative review for claims pertaining to plan participation or eligibility under the Primary Group Term Life, Basic Group Term Life and Basic Supplemental Group Term Life Insurance Plans. The claimant is required to pursue all administrative appeals described above as a precondition to challenging the denial of the claim in a lawsuit.

Insurance Provisions by State

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.

Other Important Information

Plan Sponsor

Sandia Corporation is the Plan sponsor. Inquiries should be directed to:
Sandia Corporation
P.O. Box 5800, MS 1021
Albuquerque, NM 87185
(505) 844-4237, option 2.

Plan Administrator

Sandia Corporation is the Plan Administrator. Inquiries should be directed to:
Sandia Corporation
C/O Benefits Department
P.O. Box 5800, MS 1021
Albuquerque, NM 87185
(505) 844-4237, option 2.

Agent for Service of Legal Process

Sandia Corporation's agent for service of legal process is:
Corporation Service Company (CSC)

2711 Centerville Road, Suite 400
Wilmington, DE 19808

or

125 Lincoln Ave., Suite 223
Santa Fe, NM 87501
(505) 989-7500

or

2730 Gateway Oaks Dr. #100
Sacramento CA 95833
(916) 641-5100

Plan Names and Identification Numbers

The official names of the Plans are:

- Sandia Corporation Basic Group Term Life Insurance Plan, which Sandia has assigned identification number 506
- Sandia Corporation Basic Supplemental Group Term Life Insurance Plan, which Sandia has assigned identification number 507
- Sandia Corporation Primary Group Term Life Insurance Plan, which Sandia has assigned identification number 520

The Employer Identification Number assigned to Sandia by the IRS is 85-0097942.

Insurance Coverage

The insurance benefits for the plans described in this booklet are provided by The Prudential Insurance Company of America, 751 Broad Street, Newark, New Jersey, 07102 under Group Contract #G-90373.

Plan Type

The Group Term Life Insurance Plans are welfare plans providing employee term life insurance.

Plan Year

The plan year is a calendar year, beginning each January 1 and ending December 31.

Plan Documents

These Summary Plan Descriptions summarize the principal features of these Plans. Statements contained in this booklet are subject to the provisions of the insurance policies that set forth the benefits, terms, and conditions of the Plans and that legally govern the Plans' operations. If there is any conflict between this booklet and the applicable policy, the applicable insurance policy with Prudential will govern. These contracts are available for inspection upon your request.

Other plan documents include 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.

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.

