



Sandia National Laboratories

Operated for the U.S. Department of Energy by
Sandia Corporation

Pension Fund and Savings Plan Deptment (10520)
Benefits Department (3332)

Date: December 15, 2007
To: Participants in Sandia Corporation's Benefit Plans
Subject: 2006 Summary Annual Reports

The Employee Retirement Income Security Act of 1974 (ERISA) requires Sandia Corporation to furnish a Summary Annual Report for covered benefit plans to all participants and beneficiaries. The attached Summary Annual Reports summarize the financial information for the following benefit plans for plan year 2006 as required by the Department of Labor:

- Health and Work/Family Benefit Plans
- Special Risk Accident Insurance Plan
- Job Incurred Accidental Death Insurance Plan
- High-Risk Foreign Travel Plan
- Basic Group Term Life Insurance Plan
- Basic Supplemental Group Term Life Insurance Plan
- Pension Security Plan
- Retirement Income Plan
- Savings and Security Plan
- Savings and Income Plan

Summary Annual Reports

These are summaries of the Annual Reports for the following Sandia Corporation benefit plans, Employee Identification Number (EIN) 85-0097942, for the plan year ending December 31, 2006:

Health and Work/Family Benefit Plans (including UHC Premier Plan, UHC Standard Plan, UHC Senior Premier Plan, UHC High Deductible Plan, TOP PPO Plan, Intermediate PPO Plan, Basic PPO Plan, Prescription Drug Program, CIGNA Network POS Plan, Lovelace Senior Plan, Kaiser Foundation Health Plan, Presbyterian MediCare PPO, Dental Expense/Deluxe Plans, Vision Care Plan, and the Long-Term Disability/Disability Plus Plans)

Special Risk Accident Insurance Plan

Job Incurred Accidental Death Insurance Plan

High-Risk Foreign Travel Plan

Basic Group Term Life Insurance Plan

Basic Supplemental Group Term Life Insurance Plan

Pension Security Plan

Retirement Income Plan

Savings and Security Plan

Savings and Income Plan

The Annual Reports for these Plans have been filed with the Pension Welfare and Benefits Administration, as required under the Employee Retirement Income Security Act of 1974 (ERISA).

Health and Work/Family Benefit Plans, PN 519

UHC Premier, Standard, Senior Premier & High Deductible Health Plans

Sandia has committed itself to pay all covered medical claims incurred under the terms of the Plans. The Plans have an Administrative Services Agreement with United Healthcare Insurance Company to process medical claims. For the plan year ending December 31, 2006, expenses totaled \$48,852,328.21. These expenses included \$4,581,968.02 in administrative services expenses and \$44,270,360.19 in benefits paid to participants and beneficiaries.

TOP, Intermediate, Basic Medical Plans

Sandia has committed itself to pay all covered medical claims incurred under the terms of the Plans. The Plans had an Administrative Services Agreement with United of Omaha Life Insurance Company to process medical claims. For the plan year ending December 31, 2006, expenses totaled \$7,519,966.00. These expenses included \$1,013,045.00 in administrative services expenses and \$6,506,921.00 in benefits paid to participants and beneficiaries.

Prescription Drug Program

Sandia has committed itself to pay all covered prescription claims incurred under the terms of the Plan. The Plan has a contract with Pharmicare to provide a pharmacy network including mail-order pharmacy and drug management services. For the plan year ending December 31, 2006, expenses totaled \$18,004,848.98. These expenses included \$80,733.40 in administrative services expenses and \$17,924,115.58 in prescription benefits paid to participants and beneficiaries.

CIGNA Network POS Plan

Sandia has committed itself to pay all covered medical and prescription drug claims incurred under the terms of the Plan. The Plan has an Administrative Services Agreement with Connecticut General Life Insurance Company to process such claims. For the plan year ending December 31, 2006, expenses totaled \$16,168,528.81. These expenses included \$1,018,143.07 in administrative services expenses and \$15,150,385.74 in benefits paid to participants and beneficiaries.

Lovelace Senior Plan, Kaiser Health Plan and Presbyterian MediCare PPO

Sandia has contracted with certain HMO (Health Maintenance Organizations) plans to provide health care services. Specifically, Sandia has contracts with Lovelace Senior Plan HMO, Kaiser Foundation Health Plan HMO and Presbyterian MediCare PPO to pay covered health care claims incurred under the terms of the Plan. The total premiums paid under these contracts for the Plan year ending December 31, 2006, were:

• Lovelace Senior Plan HMO	\$ 532,062
• Kaiser Foundation Health Plan HMO	\$3,909,836
• Presbyterian MediCare PPO	\$ 457,686

Dental Expense/Deluxe Plans

Sandia has committed itself to pay all covered dental claims incurred under the terms of the Plans. The Plans have an Administrative Services Agreement with Delta Dental Plan of New Mexico for 2006 to process such claims. For the plan year ending December 31, 2006, expenses totaled \$10,014,264. These expenses included \$532,595 in administrative services expenses and \$9,481,669 in benefits paid to participants and beneficiaries.

Vision Care Plan

Sandia has committed itself to pay all covered vision care claims incurred under the terms of the Plan. The Plan has an Administrative Services Agreement with Superior Vision Services, Inc. to process such claims. For the plan year ending December 31, 2006, expenses totaled \$752,186.13. These expenses included \$121,381.10 in administrative expenses and \$630,805.03 in benefits paid to participants and beneficiaries.

Long Term Disability/Disability Plus Plans

Sandia has a contract with UNUM Life Insurance Company of America to pay all covered long-term disability claims incurred under the terms of the Plans. The total premiums paid for the plan year ending December 31, 2006, were \$688,003.

Your Rights to Additional Information

You have the right to receive a copy of the full Annual Report, or any part thereof, on request. The insurance information, including sales commissions paid by insurance carriers, is included in Schedule A of that report. To obtain this information, please refer to pages 10 and 11 of this report for instructions.

Special Risk Accident Insurance Plan, PN 509

The Plan has a contract with National Union Fire Insurance Company to pay all covered accidental death and dismemberment claims incurred under the terms of the Plan. The total premiums paid for the plan year ending December 31, 2006, were \$31,915.

Your Rights to Additional Information

You have the right to receive a copy of the full Annual Report, or any part thereof, on request. The insurance information, including sales commissions paid by insurance carriers, is included in Schedule A of that report. To obtain this information, please refer to pages 10 and 11 of this report for instructions.

Job Incurred Accidental Death Insurance Plan, PN 508

This Plan has a contract with The Hartford Insurance Company to pay all covered accidental death and dismemberment claims incurred under the terms of the Plan. The total premiums paid for the plan year ending December 31, 2006, were \$114,670.

Your Rights to Additional Information

You have the right to receive a copy of the full Annual Report, or any part thereof, on request. The insurance information, including sales commissions paid by insurance carriers, is included in Schedule A of that report. To obtain this information, please refer to pages 10 and 11 of this report for instructions.

High-Risk Foreign Travel Plan, PN 530

The Plan has a contract with National Union Fire Insurance Company to pay all covered accidental death and dismemberment claims incurred under the terms of the Plan. The total premiums paid for the plan year ending December 31, 2006, were \$9,500.

Your Rights to Additional Information

You have the right to receive a copy of the full Annual Report, or any part thereof, on request. The insurance information, including sales commissions paid by insurance carriers, is included in Schedule A of that report. To obtain this information, please refer to pages 10 and 11 of this report for instructions.

Basic Group Term Life Insurance, PN 506

The Plan has a contract with the Prudential Insurance Company of America to pay all covered life insurance claims incurred under the terms of the Plan. The total premiums paid for the plan year ending December 31, 2006, were \$5,664,243.

Because it is a so called “experience-rated” contract, the premium costs are affected by, among other things, the number and size of claims. Of the total insurance premiums paid for the plan year ending December 31, 2006, the premiums paid under such “experience-rated” contract were \$5,554,919 and the total of all benefit claims paid under the experience-rated contract during the plan year was \$4,828,143.

Your Rights to Additional Information

You have the right to receive a copy of the full Annual Report, or any part thereof, on request. The insurance information, including sales commissions paid by insurance carriers, is included in Schedule A of that report. To obtain this information, please refer to pages 10 and 11 of this report for instructions.

Basic Supplemental Group Term Life Insurance, PN 507

The Plan has a contract with the Prudential Insurance Company of America to pay all covered life insurance claims incurred under the terms of the Plan. The total premium paid for the plan year ending December 31, 2006 was \$5,211,277.

Because it is a so called “experience-rated” contract, the premium costs are affected by, among other things, the number and size of claims. Of the total insurance premiums paid for the plan year ending December 31, 2006, the premiums paid under such an “experience rated” contract were \$5,211,277. The total of all benefit claims paid under the experience-rated contract during the plan year was \$4,165,656.

Your Rights to Additional Information

You have the right to receive a copy of the full Annual Report, or any part thereof, on request. The insurance information, including sales commissions paid by insurance carriers, is included in Schedule A of that report. To obtain this information, please refer to pages 10 and 11 of this report for instructions.

Pension Security Plan, PN 005

Basic Financial Information

Benefits under the Plan were provided by the Sandia Corporation Pension Trust and are paid by Prudential Financial. Plan expenses were \$12,223,603. These expenses included \$917,133 in administrative expenses and \$11,306,470 in benefits paid to participants and beneficiaries. A total of 2,614 persons were participants in or beneficiaries of the Plan at the end of the plan year, although not all of these persons had yet earned the right to receive benefits.

The value of the Plan assets, after subtracting liabilities¹ of the Plan, was \$321,655,923, as of December 31, 2006, compared to \$298,179,080 as of January 1, 2006. During the plan year, the Plan experienced an increase in its net assets of \$23,476,843². This increase includes unrealized appreciation or depreciation in the value of the Plan assets; that is, the difference between the value of the Plan's assets at the end of the year and the value of the assets at the beginning of the year or the cost of assets acquired during the year. The Plan had total income of \$42,358,827, including employer contributions of \$0, employee contributions of \$0, gains of \$0 from the sale of assets, and earnings from investments of \$42,358,827.

Minimum Funding Standards

An actuary's statement shows that enough money was contributed to the Plan to keep it funded in accordance with the minimum funding standards of ERISA.

Your Rights to Additional Information

You have the right to receive a copy of the full Annual Report, or any part thereof, on request. The items listed below are included in that report:

1. An accountant's report;
2. Assets held for investment³;
3. Transactions in excess of 5 percent of the plan assets³;
4. Actuarial information regarding the funding of the Plan;
5. Financial information and information on payments to service providers;
6. Information regarding any common or collective trusts pooled separate accounts, master trusts or 103-12 investment entities in which the plan participates.

To obtain this information, please refer to pages 10 and 11 of this report for instructions.

¹ The term "liabilities" includes the total amount of claims which have been processed and approved for payment but have not been paid. It does not include the value of future pension payments.

² Some participants transferred from the Pension Security Plan to the Retirement Income Plan. These transfers totaled \$6,658,381.

³ This item is provided with the portion of the Annual Report for the Sandia Corporation Pension Trust, PN008. This Trust holds certain assets of both the Sandia Pension Security Plan Trust and the Sandia Retirement Income Plan Trust. Information in the Sandia Pension Plan Trust filing pertains to both Plans on a combined basis.

Retirement Income Plan, PN 006

Basic Financial Statement

Benefits under the plan were provided by the Sandia Corporation Pension Trust and are paid by Prudential Financial. Plan expenses were \$146,801,349. These expenses included \$8,877,352 in administrative expenses and \$137,923,997 in benefits paid to participants and beneficiaries. A total of 14,562 persons were participants in or beneficiaries of the Plan at the end of the plan year, although not all of these persons had yet earned the right to receive benefits.

The value of the Plan assets, after subtracting liabilities⁴ of the Plan, was \$3,437,415,050 as of December 31, 2006, compared to \$ 3,115,853,225 as of January 1, 2006. During the plan year, the Plan experienced an increase in its net assets of \$321,561,825⁵. This increase includes unrealized appreciation or depreciation in the value of the Plan assets; that is, the difference between the value of the Plan's assets at the end of the year and the value of the assets at the beginning of the year or the cost of assets acquired during the year. The Plan had total income of \$461,038,466 including employer contributions of \$0, employee contributions of \$491, gains of \$0 from the sale of assets, and earnings from investments of \$461,037,975

Minimum Funding Standards

An actuary's statement shows that enough money was contributed to the Plan to keep it funded in accordance with the minimum funding standards of ERISA.

Your Rights to Additional Information

You have the right to receive a copy of the full Annual Report, or any part thereof; on request. The items listed below are included in that report.

1. An accountant's report
2. Assets held for investment⁶;
3. Transactions in excess of 5 percent of plan assets⁶;
4. Actuarial information regarding the funding of the Plan;
5. Financial information and information on payments to service providers;
6. Information regarding any common or collective trusts pooled separate accounts, master trusts or 103-12 investment entities in which the plan participates.

To obtain this information, please refer to pages 10 and 11 of this report for instructions.

⁴ The term "liabilities" includes the total amount of claims which have been processed and approved for payment but have not been paid. It does not include the value of future pension payments.

⁵ Some participants transferred from the Retirement Income Plan to the Pension Security Plan. However, net transfers from the Pension Security Plan to the Retirement Income Plan totaled \$6,658,381. Lockheed Martin Companies trust-to-trust transfers to RIP totaled \$704,586. There were \$38,259 in trust-to-trust transfers to Lockheed Martin.

⁶ This item is provided with the portion of the Annual Report for the Sandia Corporation Pension Trust, PN008. This Trust holds certain assets of both the Sandia Pension Security Plan Trust and the Sandia Retirement Income Plan Trust. Information in the Sandia Pension Plan Trust filing pertains to both Plans on a combined basis.

Savings and Security Plan, PN 007

Basic Financial Statement

Benefits under the Plan were provided by the Sandia Corporation Master Savings Plan Trust. Plan expenses were \$5,157,400. These expenses included \$14,106 in administrative expenses and \$5,143,294 in benefits paid to participants and beneficiaries. A total of 1,749 persons were participants in or beneficiaries of the Plan at the end of the plan year, although not all of these persons had yet earned the right to receive benefits.

The value of Plan assets, after subtracting liabilities of the Plan, was \$62,567,465 as of December 31, 2006, compared to \$57,249,592 as of January 1, 2006. During the plan year, the Plan experienced an increase in its net assets of \$5,317,873⁷. This increase includes unrealized appreciation and depreciation in the value of Plan assets; that is, the difference between the value of the Plan assets at the end of the year and the value of the assets at the beginning of the year or the cost of assets acquired during the year. The Plan had total income of \$11,394,905 including employer contributions of \$1,379,522, employee contributions of \$4,093,784, gains of \$0 from the sale of assets, and earnings from investments of \$5,921,599.

Your Rights to Additional Information

You have the right to receive a copy of the full annual report, or any part thereof, on request.

The items listed below are included in that report:

1. An accountant's report;
2. Assets held for investment⁸;
3. Transactions in excess of 5% of plan assets⁸;
5. Financial information and information on payments to service providers;
6. Information regarding any common or collective trusts pooled separate accounts, master trusts or 103-12 investment entities in which the plan participates.

To obtain this information, please refer to pages 10 and 11 of this report for instructions.

⁷ Some participants transferred from the Savings and Security Plan to the Savings and Income Plan. These transfers totaled \$919,632.

⁸ This item is provided with the portion of the Annual Report for the Sandia Corporation Master Savings Plan Trust, PN 008. This Trust holds certain assets of both the Sandia Corporation Savings and Income Plan Trust and the Sandia Corporation Savings and Security Plan Trust. Information in the Sandia Corporation Master Savings Plan Trust filing pertains to both Plans on a combined basis.

Savings and Income Plan, PN 008

Basic Financial Information

Benefits under the Plan were provided by the Sandia Corporation Master Savings Plan Trust. Plan expenses were \$136,243,907. These expenses included \$136,182,008 in benefits paid to participants and beneficiaries, and \$61,899 in other expenses. A total of 9,981 persons were participants in or beneficiaries of the Plan at the end of the plan year, although not all of these persons had yet earned the right to receive benefits.

The value of Plan assets, after subtracting liabilities of the Plan, was \$2,001,920,014 as of December 31, 2006, compared to \$1,822,908,224 as of January 1, 2006. During the plan year, the Plan experienced an increase in its net assets of \$179,011,790⁹. This increase includes unrealized appreciation and depreciation in the value of Plan assets; that is the difference between the value of the Plan assets at the end of the year and the value of the assets at the beginning of the year or the cost of assets acquired during the year.

The Plan had total income of \$314,064,965 including employer contributions of \$26,700,774, employee contributions of \$81,363,666, gains of \$0 from the sale of assets, and earnings from investments of \$206,000,525.

Your Rights to Additional Information

You have the right to receive a copy of the full annual report, or any part thereof, on request. The items listed below are included in that report:

1. An accountant's report;
2. Assets held for investment¹⁰;
3. Transactions in excess of 5% of plan assets¹⁰;
5. Financial information and information on payments to service providers;
6. Information regarding any common or collective trusts pooled separate accounts, master trusts or 103-12 investment entities in which the plan participates.

To obtain this information, please refer to pages 10 and 11 of this report for instructions.

⁹ Some participants transferred from the Savings and Security Plan to the Savings and Income Plan. These transfers totaled \$919,632. Lockheed Martin trust-to-trust transfers totaled \$271,100.

¹⁰ This item is provided with the portion of the Annual Report for the Sandia Corporation Master Savings Plan Trust, PN 008. This Trust holds certain assets of both the Sandia Corporation Savings and Income Plan Trust and the Sandia Corporation Savings and Security Plan Trust. Information in the Sandia Corporation Master Savings Plan Trust filing pertains to both Plans on a combined basis.

HOW TO OBTAIN COPIES OR EXAMINE REPORTS

To obtain a copy of a full Annual Report, or any part thereof, write or call the office of:

Mark Biggs, Senior Manager

Pension Fund & Savings Plans Management Dept. 10520
 P.O. Box 5800, MS 1302
 Albuquerque, NM 87185
 (505) 844-1511

or,

Mary Romero Hart, Manager

Benefits Department 3332
 P.O. Box 5800, MS 1463
 Albuquerque, NM 87185
 (505) 284-1800

The charge to cover copying costs will be \$.10 per page (first ten pages free) or as follows for the full Annual Report:

<i>Health and Work/Family Benefit Plans, PN 519</i> (including UHC Premier Plan, UHC Standard Plan, UHC Senior Premier Plan, UHC High Deductible Plan, TOP PPO Plan, Intermediate PPO Plan, Basic PPO Plan, Prescription Drug Program, CIGNA Network POS Plan, Lovelace Senior Plan, Kaiser Foundation Health Plan, Presbyterian MediCare PPO, Dental Expense/Deluxe Plans, Vision Care Plan, and the Long-Term Disability/Disability Plus Plans)	<i>\$0.90</i>
<i>Basic Group Term Life Insurance Plan, PN 506</i>	<i>\$1.10</i>
<i>Basic Supplemental Group Term Life Insurance Plan, PN 507</i>	<i>\$.70</i>
<i>Special Risk Accident Death Insurance Plan, PN 509</i>	<i>Free</i>
<i>Job Incurred Accidental Death Insurance Plan, PN 508</i>	<i>Free</i>
<i>High-Risk Foreign Travel Plan, PN 530</i>	<i>Free</i>
<i>Pension Security Plan, PN 005</i>	<i>\$21.70</i>
<i>Retirement Income Plan, PN 006</i>	<i>\$21.70</i>
<i>Savings and Security Plan, PN 007</i>	<i>\$2.70</i>
<i>Savings and Income Plan, PN 008</i>	<i>\$6.20</i>

You also have the right to receive from the plan administrator, on request and at no charge, a statement of the assets and liabilities of the Plans and accompanying notes, or a statement of income and expenses of the Plans and accompanying notes, or both. If you request a copy of the full Annual Report from the plan administrator, these two statements and accompanying notes will be included as part of that report. The charge to cover copying costs given above does not include a charge for the copying of these portions of the report because these portions are furnished without charge.

You also have the legally protected right to examine the Annual Reports at the Sandia Offices of Departments 10520 and 3332 located in Albuquerque and at the U.S. Department of Labor in Washington, D.C., or to obtain a copy from the U.S. Department of Labor upon payment of copying costs. Requests to the Department should be addressed to Public Disclosure Room, N5638, Pension and Welfare Benefits Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C. 20210.

