



July 2007

Dear Sandia Group Accident Plan Participant:

The information provided in this letter is a summary of material modifications to the current Sandia Corporation Group Accident Plans summary plan description, dated May 1, 2004 and should be kept as a supplement with your Summary Plan Description (SPD). The Job-Incurred Accidental Death (JIAD) Plan was amended in 2006.

Before Change:

Page 12 of the Group Accident Plan SPD stated, in part, the following under ‘Who is the Beneficiary?’ for the JIAD plan:

“Benefits are Payable only to the first surviving class of the following dependent family members;

- Spouse (if married to you for one year at the time of your death)
- Children
- Other Dependent Family Members...

Change:

The section above was amended effective April 21, 2006 to allow you to choose any beneficiary. The beneficiary no longer is required to be a dependent family member.

Your current beneficiary or beneficiaries for the JIAD policy automatically default to the beneficiary election you have made for Sandia’s Primary Group Term Life Insurance Plan. You do not need to make a separate election for the JIAD policy.

For more information about this change, you may contact: Barton J. Brooks,

- By phone at 505-844-3760,
- Or by mail at
P.O. Box 5800 MS 1302
Albuquerque, NM 87185-1302

Sincerely,

Pension Fund and Savings Plans Management Department 10520



Sandia National Laboratories
A Department of Energy National Laboratory

Sandia Group Accident Plans

Summary Plan Descriptions

Effective: May 1, 2004

SAND 2004-2783 W

Special Risk Accident Insurance
Job-Incurred Accidental Death Insurance
High-Risk Foreign Travel Insurance

The Sandia Corporation Group Accident Plans are designed to help protect you and your family from the financial hardships associated with a job-related accident that results in your death or disability. The Sandia Group Accident Plans supplement the insurance available under the Sandia Group Term Life Insurance Plans. Sandia pays the total cost of this insurance. The Group Accident Plans consist of three separate plans:

- Special Risk Accident Insurance,
- Job-Incurred Accidental Death Insurance, and
- High-Risk Foreign Travel Insurance.

This booklet is a summary of these three Plans as of May 1, 2004. Continental Casualty Company of America (CNA) is the underwriter for the Job-Incurred Accidental Death Insurance, and the American International Group, Inc. (AIG) is the underwriter for the Special Risk Accident Insurance and the High-Risk Foreign Travel Insurance.

Sandia Corporation's Group Accident Plans are maintained at the discretion of Sandia and are not intended to create a contract of employment. The Sandia Board of Directors (or designated representative) reserves the right to suspend, change, modify, or terminate the plans at any time without prior notice, subject to applicable collective bargaining agreements.

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Special Risk Accident Insurance

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Highlights

Summary of Plan Changes

- AIG replaced CNA as the insurance underwriter for this coverage on January 1, 2003.

Eligibility

Eligible Employees

You are eligible for coverage if you are a regular or non-regular employee working full or part time.

A “regular employee” is any full-time or part-time employee scheduled to work 20 or more hours a week for an indefinite period.

A “non-regular employee” is an employee who is scheduled to work for a definite period, for a specific program, or on a recurrent or on-call basis.

Effective Date of Coverage

Your coverage becomes effective immediately when you start employment as a regular or non-regular Sandia employee.

When Are Benefits Paid?

Qualification for Benefits

Benefits for Special Risk Accident Insurance are paid if you die or become disabled as the direct result of a covered job-related accident. The accident is covered if (1) the loss occurs within one year after the accident, and (2) the accident involves one of the following special risks:

- Air travel anywhere in the world unless you are the pilot or a crew member (observers and instrument handlers are not considered crew members);
- Other means of travel (non-air) outside the United States;

- Special hazards or environmental factors encountered because of (1) work with high explosives or radioactive material, or (2) work with devices not common to normal industrial practice;
- Any act of war (declared or undeclared) anywhere in the world except in the United States, including the District of Columbia;
- Exposure to the elements resulting from the hazards above.

Prospective new hires are also covered while they are on Sandia-authorized flights.

Exclusions

Special Risk Accident Insurance does not cover losses caused by:

- Piloting or serving as a crew member in any form of aircraft;
- Suicide or attempted suicide (except in very unusual circumstances involving threat of death or torture);
- Intentionally inflicted injury, attempt at intentionally self-inflicted injury, or auto-eroticism;
- Military service for any country or international authority, excluding short-term National Guard or reserve duty for scheduled training purposes;
- Illness, disease, or nonaccident-related bacterial infections, or mental incapacity;
- Any act of war within the United States including the District of Columbia, or your country of permanent residence;
- Operation of any vehicle or conveyance while under the influence of intoxicants;
- Being under the influence of drugs (except under the advice of a physician);
or
- Commission of or attempt to commit a felony.

What is the Amount of the Benefit?

The amount of your benefit depends on the type of loss sustained, as shown in the following table:

Type of Loss	Percentage of Principal Sum
Loss of Life	100%
Permanent Total Disability	100%
Both Hands or Both Feet	100%
Sight of Both Eyes	100%
One Hand and One Foot	100%
One Hand and the Sight of One Eye	100%
One Foot and the Sight of One Eye	100%
Speech and Hearing in Both Ears	100%
One Hand or One Foot	50%
Sight of One Eye	50%
Speech or Hearing in Both Ears	50%
Hearing in One Ear	25%
Thumb and Index Finger of Same Hand	25%
Quadriplegia	100%
Paraplegia	75%
Hemiplegia	50%
Uniplegia	25%

“Permanent total disability” refers to a determination by AIG that you are unable to perform the duties of your job or any other job suitable to your education, training, and experience. The disability must start within 365 days of the accident and be considered permanent. This benefit is paid at the rate of \$500 dollars per month, beginning in the 13th month, up to a \$50,000 maximum.

“Loss of hand” means severance at or above the wrist joint. “Loss of foot” means severance at or above the ankle joint. “Loss of sight” means total and irrecoverable loss of sight.

The maximum benefit is \$50,000 per accident. For example, your beneficiary cannot file a claim for a loss-of-life benefit upon your death if you have already been paid for the loss of two or more members.

Special Risk Invalidation Provision

The Special Risk Accident Insurance Plan also contains a provision in case your individual life or accident insurance is invalidated. “Invalidated” means that the benefit under your personal policy is uncollectible because of an exclusion for work hazards. The maximum benefit payable is \$150,000 per employee.

Who is the Beneficiary?

If you are living, benefits are payable to you. Otherwise, benefits are payable to the beneficiary(ies) of your choice.

Your selected beneficiary(ies) under the Sandia Basic Group Term Life Insurance Plan automatically become(s) your selected beneficiary(ies) under the Special Risk Accident Insurance Plan. If this is not acceptable, you may change your beneficiary at any time by contacting your Benefits representative at Sandia in Albuquerque or Sandia in Livermore and completing a beneficiary change form. The change becomes effective on the date the form is signed (except that it will not apply to any amount paid by AIG prior to receipt of the change).

If the beneficiary(ies) you have selected predeceases you and you have not completed a beneficiary change form (either under the Sandia Basic Group Term Life Insurance Plan or this plan), your insurance will be payable to your surviving spouse, children, parents, sibling, or estate (in that order). If the payee is a minor child with no legal guardian for his or her property, the benefit will not exceed \$1000, payable to a custodial relative of the child. The payee will be determined by the AIG.

How Are Claims Filed?

To File a Claim

Sandia’s Benefits Department must be notified within 20 days (or as soon thereafter as possible) after an insured person’s loss. Your Benefits representative will also assist you or your beneficiary in filing claims.

AIG has the right to require you to have a medical examination as often as reasonably necessary while a claim is pending. AIG may also request an autopsy unless prohibited by law.

How Benefits Are Paid

Generally, benefits are paid in a lump sum. However, benefits for permanent total disability are paid in monthly installments, beginning in the 13th month, for up to 100 months. When the claim has been processed and allowed by AIG, you or your beneficiary will receive payment.

If a Claim is Denied

If a claim is denied either in whole or in part, you or your beneficiary will receive written notification from AIG stating the reason for the denial. This request may be appealed by submitting a written request for review (including an explanation and any documentation in support of the appeal) within 60 days after receiving the rejection notice. AIG must provide a written response to the appeal within 60 days after it is received. AIG has the exclusive right to interpret the provisions of this Plan.

General Information

Termination

Your insurance will terminate if you cease to be an eligible employee or if the Special Risk Accident Insurance Plan is discontinued.

ERISA Information

As a participant in the Special Risk Accident Insurance Plan, you are entitled to certain rights and protections under the Employee Retirement Income and Security Act (ERISA) of 1974. The information, as well as certain general information concerning the Plan, is included as a separate booklet called *ERISA Information*.

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Job-Incurred Accidental Death Insurance

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Job-Incurred Accidental Death Insurance

Eligibility

Eligible Employees

You are eligible for coverage if you are a regular or non-regular Sandia employee working full or part time.

A “regular employee” is any full-time or part-time employee scheduled to work 20 or more hours a week for an indefinite period.

A “non-regular employee” is an employee who is scheduled to work for a definite period, for a specific program, or on a recurrent or on-call basis.

Effective Date of Coverage

Your coverage becomes effective immediately when you start employment as a Sandia employee.

When Are Benefits Paid?

Qualification for Benefits

Benefits for Job-Incurred Accidental Death Insurance are paid if you die as the direct result of any type of job-related accident. These benefits are payable if (1) your death occurs within two years after the accident, and (2) you are survived by a dependent family member.

Exclusions

Job-Incurred Accidental Death Insurance does not cover losses caused by:

- Piloting or serving as a crew member in any form of aircraft;
- Suicide or attempted suicide (except in very unusual circumstances involving threat of death or torture);
- Military service lasting beyond two months;
- Illness, disease, or nonaccident-related bacterial infections; or

- Any act of war (excluding acts of terrorism) within the United States, including the District of Columbia.

What is the Amount of the Benefit?

The amount of your benefit is equal to two times your annual base pay, subject to a maximum of \$500,000. This benefit is reduced by like payments received under Workers' Compensation or similar laws.

To calculate annual base pay, start with your annual rate (if applicable, multiply your hourly rate by 2088 or your weekly rate by 52.2). Then add any lump sum awards you have received in the past twelve months (such as Individual Performance Awards or Distinguished Staff Appointment Awards). Supplemental payments other than lump sum awards (such as premiums, allowances, and overtime payments) are not included.

Who is the Beneficiary?

Benefits are payable only to the first surviving class of the following dependent family members:

- Spouse (if married to you for at least one year at the time of your death),
- Children,
- Other dependent family members.

“Dependent” means a person related to you by blood, marriage, adoption, or under your legal guardianship who receives more than half of his or her support from you at the time of your death.

If there is more than one beneficiary in a class, they will share equally.

If you are not survived by a dependent family member, no benefits are payable.

How Are Claims Filed?

To File a Claim

All forms needed to file a claim may be obtained from your Sandia Benefits representative. Your Benefits representative will also assist your beneficiary in filing claims.

Sandia will certify the insurance coverage in force and will forward the claim to CNA. CNA may request an autopsy unless prohibited by law.

How Benefits Are Paid

Generally, benefits are paid in a lump sum. When the claim has been processed and allowed by CNA, your beneficiary will receive payment.

If a Claim is Denied

If a claim is denied either in whole or in part, your beneficiary will receive written notification from CNA stating the reason for the denial. This request may be appealed by submitting a written request for review (including an explanation and any documentation in support of the appeal) within 60 days after receiving the rejection notice. CNA must provide a written response to the appeal within 60 days after it is received. CNA has the exclusive right to interpret the provisions of this Plan.

General Information

Termination

Your insurance will terminate if you cease to be an eligible employee or if the Job-Incurred Accidental Death Plan is discontinued.

ERISA Information

As a participant in the Job-Incurred Accidental Death Plan, you are entitled to certain rights and protections under the Employee Retirement Income and Security Act (ERISA) of 1974. The information, as well as certain general information concerning the Plan, is included as a separate booklet called *ERISA Information*.

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High-Risk Foreign Travel Insurance

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High-Risk Foreign Travel Insurance

Highlights

This section contains a brief description of the highlights of the High-Risk Foreign Travel Insurance Plan.

- This insurance became effective January 1, 2003.
- This insurance is applicable only for designated work-related assignments in foreign high-risk areas.
- Coverage under this policy requires advance approval, on an individual basis, by the Sandia Executive Vice President's (EVP) office.
- The cost is paid in full by Sandia.
- The principal amount of this policy is \$950,000.

Eligibility

Eligible Employees

You are eligible for this coverage if:

- You are a regular or non-regular employee working full or part time;
- You travel on Sandia business to a foreign location where civil order cannot be maintained by the local authorities or where hostile military operations are already in progress or imminently threatened; and
- Sandia's Executive Vice President approves your travel and insurance coverage prior to departure.

A "regular employee" is any full-time or part-time employee scheduled to work 20 or more hours a week for an indefinite period.

A "non-regular employee" is an employee who is scheduled to work for a definite period, for a specific program, or on a recurrent or on-call basis.

Effective Date of Coverage

Your insurance becomes effective upon departure on a foreign trip approved for coverage under this Plan by Sandia's Executive Vice President.

When Are Benefits Paid?

Qualification for Benefits

Benefits for High-Risk Foreign Travel Insurance are paid if you die or become disabled as the direct result of a covered incident while on a specific job-related assignment. The incident is covered if (1) the loss occurs within one year after the injury, and (2) the injury occurs while on a covered foreign assignment.

Exclusions

High-Risk Foreign Travel Insurance does not cover losses caused by:

- Piloting or serving as a crew member in any form of aircraft;
- Suicide or attempted suicide (except in very unusual circumstances involving threat of death or torture);
- Any intentionally self-inflicted injury, attempt at intentionally self-inflicted injury, or auto-eroticism;
- Military service for any country or international authority, excluding short-term National Guard or reserve duty for scheduled training purposes;
- Illness, disease, or nonaccident-related bacterial infections, or mental incapacity;
- Any act of war within the United States including the District of Columbia, or your country of permanent residence;
- Operation of any vehicle or conveyance while under the influence of intoxicants;
- Being under the influence of drugs (except under the advice of a physician); or
- Commission of or attempt to commit a felony.

What is the Amount of the Benefit?

The amount of your benefit depends on the type of loss sustained, as shown in the following table:

Type of Loss	Percentage of Principal Sum
Loss of Life	100%
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Both Hands or Both Feet	100%
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Speech and Hearing in Both Ears	100%
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Hearing in One Ear	25%
Thumb and Index Finger of Same Hand	25%
Quadriplegia	100%
Paraplegia	75%
Hemiplegia	50%
Uniplegia	25%

“Permanent total disability” refers to a determination by AIG that you are unable to perform the duties of your job or any other job suitable to your education, training, and experience. The disability must start within 365 days of the accident and be considered permanent. This benefit is paid at the rate of \$9,500 dollars per month, beginning in the 13th month, up to a \$950,000 maximum.

“Loss of hand” means severance at or above the wrist joint. “Loss of foot” means severance at or above the ankle joint. “Loss of sight” means total and irrecoverable loss of sight.

The maximum benefit is \$950,000 per accident. For example, your beneficiary cannot file a claim for a loss-of-life benefit upon your death if you have already been paid for the loss of two or more members.

Who is the Beneficiary?

If you are living, benefits are payable to you. Otherwise, benefits are payable to the beneficiary(ies) of your choice.

Your selected beneficiary(ies) under the Sandia Basic Group Term Life Insurance Plan automatically become(s) your selected beneficiary(ies) under the High-Risk Foreign Travel Plan. If this is not acceptable, you may change your beneficiary at any time by contacting your Benefits representative at Sandia in Albuquerque or Sandia in Livermore and completing a beneficiary change form. The change becomes effective on the date the form is signed (except that it will not apply to any amount paid by AIG prior to receipt of the change).

If the beneficiary(ies) you have selected predeceases you and you have not completed a beneficiary change form (either under the Sandia Basic Group Term Life Insurance Plan or this Plan), your insurance will be payable to your surviving spouse, children, parents, sibling, or estate (in that order). If the payee is a minor child with no legal guardian for his or her property, the benefit will not exceed \$1000, payable to a custodial relative of the child. The payee will be determined by AIG.

How Are Claims Filed?

To File a Claim

Sandia's Benefits Department must be notified within 20 days (or as soon thereafter as possible) after an insured person's loss. Your Benefits representative will also assist you or your beneficiary in filing claims.

AIG has the right to require you to have a medical examination as often as reasonably necessary while a claim is pending. AIG may also request an autopsy unless prohibited by law.

How Benefits Are Paid

Generally, benefits are paid in a lump sum. However, benefits for permanent total disability are paid in monthly installments, for up to 100 months. When the claim has been processed and allowed by AIG, you or your beneficiary will receive payment.

If a Claim is Denied

If a claim is denied either in whole or in part, you or your beneficiary will receive written notification from AIG stating the reason for the denial. This request may be appealed by submitting a written request for review (including an explanation and any documentation in support of the appeal) within 60 days after receiving the rejection notice. AIG must provide a written response to the appeal within 60 days after it is received. AIG has the exclusive right to interpret the provisions of this Plan.

General Information

Termination

Your insurance will terminate if you cease to be on designated foreign travel or if the High-Risk Foreign Travel Insurance Plan is discontinued.

ERISA Information

As a participant in the High-Risk Foreign Travel Insurance Plan, you are entitled to certain rights and protections under the Employee Retirement Income and Security Act (ERISA) of 1974. The information, as well as certain general information concerning the Plan, is included as a separate booklet called *ERISA Information*.

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