



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

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

Date: December 15, 2008

To: Participants in Sandia Corporation's Benefit Plans

Subject: 2007 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 2007 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
- Primary Group Term Life Insurance Plan
- Pension Security Plan
- Retirement Income Plan
- Savings and Security Plan
- Savings and Income Plan

Pension Fund and Savings Plans Dept. (10520)  
Benefits Department (3332)

### 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, 2007:

***Health and Work/Family Benefit Plans*** including the insured Lovelace Senior Plan, Kaiser Permanente Health Maintenance Organization, Kaiser Permanente Senior Advantage Plan, Presbyterian Medicare PPO, and the Long-Term Disability/Disability Plus Plans. Non insured, self funded plans including UnitedHealthcare (UHC) Premier Preferred Provider Organization (PPO) Plan, the UHC Standard PPO Plan, the UHC Senior Premier PPO Plan, the UHC High Deductible Health Plan, the CIGNA Premier PPO Plan, the CIGNA Senior Premier PPO Plan, the CIGNA In-Network Plan, the Dental Expense/Deluxe Plans, and the Vision Care Plan are no longer required to submit Summary Annual Reports.

***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***

***Primary 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).

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### Health and Work/Family Benefit Plans, PN 519

#### Lovelace Senior Plan, Kaiser Permanente Health Maintenance Organization, Kaiser Permanente Senior Advantage Plan, and Presbyterian MediCare PPO

Sandia has contracts with Lovelace, Kaiser Permanente, and Presbyterian to pay all covered health care claims incurred under the terms of the Plans. The total premiums paid under these contracts for the Plan year ending December 31, 2007, were:

- |   |             |
|---|-------------|
| • Lovelace Senior Plan HMO                    | \$ 488,406  |
| • Kaiser Permanente HMO/Senior Advantage Plan | \$4,443,063 |
| • Presbyterian MediCare PPO                   | \$ 690,515  |

### **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, 2007, were \$735,849.

#### 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.

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### **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, 2007, were \$34,290.

#### 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.

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### **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, 2007, were \$35,000.

#### 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.

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### **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, 2007, were \$11,875.

#### 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.

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**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, 2007, were \$4,865,291.

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, 2007, the premiums paid under such “experience-rated” contract were \$4,755,927, and the total of all benefit claims paid under the experience-rated contract during the plan year was \$5,309,966.

**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.

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**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, 2007 was \$4,853,965.

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, 2007, the premiums paid under such an “experience rated” contract were \$4,853,965. The total of all benefit claims paid under the experience-rated contract during the plan year were \$4,457,592.

**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.

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**Primary Group Term Life Insurance, PN 520**

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, 2007, were \$1,106,130.

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, 2007, the premiums paid under such “experience-rated” contract were \$1,106,130, and the total of all benefit claims paid under the experience-rated contract during the plan year was \$1,105,854.

#### 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.

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### **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 \$12,492,731. These expenses included \$954,443 in administrative expenses and \$11,538,288 in benefits paid to participants and beneficiaries. A total of 2,531 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 liabilities<sup>1</sup> of the Plan, was \$324,660,476, as of December 31, 2007, compared to \$321,655,923 as of January 1, 2007. During the plan year, the Plan experienced an increase in its net assets of \$3,004,553<sup>2</sup>. 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 \$22,467,122, including employer contributions of \$0, employee contributions of \$0, gains of \$0 from the sale of assets, and earnings from investments of \$22,467,122.

#### 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:

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<sup>1</sup> 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.

<sup>2</sup> Some participants transferred from the Pension Security Plan to the Retirement Income Plan. These transfers totaled \$6,969,838.

1. An accountant's report;
2. Assets held for investment<sup>3</sup>;
3. Transactions in excess of 5 percent of the plan assets<sup>3</sup>;
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.

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### **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 \$157,611,308. These expenses included \$9,479,872 in administrative expenses and \$148,131,436 in benefits paid to participants and beneficiaries. A total of 14,486 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 liabilities<sup>4</sup> of the Plan, was \$3,531,161,110 as of December 31, 2007, compared to \$3,437,415,050 as of January 1, 2007. During the plan year, the Plan experienced an increase in its net assets of \$93,746,060<sup>5</sup>. 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 \$245,406,077 including employer contributions of \$0, employee contributions of \$2,767, gains of \$0 from the sale of assets, and earnings from investments of \$245,403,310.

#### 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

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

<sup>4</sup> 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.

<sup>5</sup> 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 \$6,969,838. Lockheed Martin trust-to-trust transfers to the Retirement Income Plan totaled \$181,089. There were \$1,199,636 in trust-to-trust transfers to Lockheed Martin.

2. Assets held for investment<sup>6</sup>;
3. Transactions in excess of 5 percent of plan assets<sup>6</sup>;
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.

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### **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 \$9,422,414. These expenses included \$16,090 in administrative expenses and \$9,406,324 in benefits paid to participants and beneficiaries. A total of 1,560 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 \$62,827,021 as of December 31, 2007, compared to \$62,567,465 as of January 1, 2007. During the plan year, the Plan experienced an increase in its net assets of \$259,556<sup>7</sup>. 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 \$11,080,075 including employer contributions of \$1,416,164, employee contributions of \$3,969,701, gains of \$0 from the sale of assets, and earnings from investments of \$5,694,210.

#### 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 investment<sup>8</sup>;
3. Transactions in excess of 5% of plan assets<sup>8</sup>;
4. Financial information and information on payments to service providers;
5. Information regarding any common or collective trusts, pooled separate accounts, master trusts or 103-12 investment entities in which the plan participates.

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

<sup>7</sup> Some participants transferred from the Savings and Security Plan to the Savings and Income Plan. These transfers totaled \$1,398,105.

<sup>8</sup> 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 and the Sandia Corporation Savings and Security Plan. Information in the Sandia Corporation Master Savings Plan Trust filing pertains to both Plans on a combined basis.

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

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### **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 \$177,011,510. These expenses included \$176,936,555 in benefits paid to participants and beneficiaries, and \$74,955 in other expenses. A total of 9,807 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 \$2,140,788,606 as of December 31, 2007, compared to \$2,001,920,014 as of January 1, 2007. During the plan year, the Plan experienced an increase in its net assets of \$138,868,592<sup>9</sup>. 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 \$314,481,997 including employer contributions of \$27,486,509, employee contributions of \$83,745,715, gains of \$0 from the sale of assets, and earnings from investments of \$203,249,773.

#### 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 investment<sup>10</sup>;
3. Transactions in excess of 5% of plan assets<sup>10</sup>;
4. Financial information and information on payments to service providers;
5. 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.

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<sup>9</sup> Some participants transferred from the Savings and Security Plan to the Savings and Income Plan. These transfers totaled \$1,398,105.

<sup>10</sup> 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 and the Sandia Corporation Savings and Security Plan. 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 (including Lovelace Senior Plan, Kaiser Permanente Health Maintenance Organization, Kaiser Permanente Senior Advantage Plan, Presbyterian Medicare PPO, and the Long-Term Disability/Disability Plus Plans, UnitedHealthcare (UHC) Premier Preferred Provider Organization (PPO) Plan, the UHC Standard PPO Plan, the UHC Senior Premier PPO Plan, the UHC High Deductible Health Plan, the CIGNA Premier PPO Plan, the CIGNA Senior Premier PPO Plan, the CIGNA In-Network Plan, the Dental Expense/Deluxe Plans, and the Vision Care Plan)</i>	<i>\$1.10</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>\$0.70</i>
<i>Primary Group Term Life Insurance, PN 520</i>	<i>\$0.70</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>\$16.80</i>
<i>Retirement Income Plan, PN 006</i>	<i>\$17.20</i>
<i>Savings and Security Plan, PN 007</i>	<i>\$1.90</i>
<i>Savings and Income Plan, PN 008</i>	<i>\$1.90</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, 3332, and 8527, located in Albuquerque or Livermore 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.