

Lawrence Livermore National Security, LLC

Generic Web Retirement Estimate

(Based on higher TCP2 non-elective contributions, Includes TCP2 Employee Deferrals)

LLNS Sample Retirement Estimates for TCP1 and TCP2

LLNS is pleased to offer two comprehensive benefits packages to employees who join LLNS on October 1, 2007, who were employed by the University of California (UC) on September 30, 2007, and who have not retired from UC (“Transition Employees”).

The TCP1 package offers benefits that are substantially equivalent in the aggregate (“substantially equivalent”) to UC benefits currently offered to LLNL employees. The TCP2 package is a market-driven package based on a DOE approved group of comparator companies.

Transition Employees will need to choose one benefits package, either:

- Total Compensation Package 1 (TCP1), or
- Total Compensation Package 2 (TCP2).

Your Compensation Package decision, as well as your acceptance of employment with LLNS, must be made by September 17, 2007.

The compensation package you choose — TCP1 or TCP2 — will affect the amount of the benefits you receive when you retire and the form of payment options available to you. Your choice will also impact the share of your retiree healthcare premiums that will be paid by LLNS. The following information provides examples of estimated retirement benefits under both TCP1 and TCP2, and the implications of your plan choice on retiree healthcare cost-sharing. The estimates provided here are subject to qualifications and assumptions.

Important Note!

LLNS reserves the right to amend or terminate all LLNS plans and programs.

DOE/NNSA has determined that, through September 30, 2008, LLNS may offer the TCP2 program benefits described in this summary. DOE/NNSA has, however, asked LLNS to inform you that if LLNS is unable to obtain DOE/NNSA approval of LLNS' list of comparator companies by December 31, 2007, certain TCP2 program benefits must revert back to using the originally proposed contract package from the May 2007 BenVal study effective the first pay period of January 2008. In addition, LLNS is required to perform benefit cost comparisons in 2008 and subsequent years. If these cost comparisons indicate that TCP2 program benefits exceed the comparator group by more than 5% in the aggregate, then LLNS must provide DOE/NNSA with a corrective action plan to modify TCP2 benefits so they are no more than 5% above the group average.

Retirement Income Benefits

The following estimates were developed for a sample employee with **five, 10 or 20** years of service credit who earns \$80,000 per year. While your current pay may differ, the chart provides a comparison of the **relative value of the benefits from TCP1 and TCP2**. For example, if your current pay is \$60,000, your monthly annuity amounts will be approximately 75% of the amounts illustrated below (\$60,000 divided by \$80,000).

In addition, the relative difference between TCP1 and TCP2 for your situation is designed to be proportional to the differences shown in the chart below for a participant earning \$80,000 per year. Also, the chart provides estimated benefits at ages 35 through 60, in 5-year increments. If you are age 42, you can assume that your benefit would be about half-way between the benefits shown for ages 40 and 45.

Defined contribution benefits under TCP2 have been converted to a monthly annuity to provide an “apples-to-apples” comparison with the monthly annuity provided under TCP1. TCP2 includes the vested monthly University of California Retirement Plan (UCRP) benefit plus the future LLNS defined contribution benefits. In the following examples, two estimates of the TCP2 benefits are shown. The first TCP2 row includes only the value of the employer-provided match and service-based contribution. The second row includes the value of the employer-provided match and service-based contribution, together with the value of your elected deferrals (assumed to be 6%). Other assumptions and methods are described in the “Assumptions” section at the end of this document. Please note that illustrations provided in this document are for non-Safety Members only.

5 Years of Service Credit

<i>If your current age is...</i>		35	40	45	50	55	60
<i>And you...</i>							
terminate or retire on October 2, 2007, you would receive this monthly amount at age 60.	TCP1	\$1,350	\$1,220	\$1,100	\$1,000	\$900	\$820
	TCP2 ²	\$1,350 ¹	\$1,220 ¹	\$1,100 ¹	\$1,000 ¹	\$900 ¹	\$820 ¹
	TCP2 ³	\$1,350 ¹	\$1,220 ¹	\$1,100 ¹	\$1,000 ¹	\$900 ¹	\$820 ¹
work only 5 more years, you would receive this monthly amount at age 60 (at age 65 if you are currently age 60).	TCP1	\$2,730	\$2,470	\$2,240	\$2,020	\$1,830	\$1,830
	TCP2 ²	\$2,150	\$1,820	\$1,550	\$1,330	\$1,170	\$1,210
	TCP2 ³	\$2,590	\$2,140	\$1,790	\$1,510	\$1,330	\$1,390
work until age 50 and retire (or retire now if you are age 50 or older) you would receive this monthly amount.	TCP1	\$2,170	\$1,400	\$800	\$360	\$590	\$820
	TCP2 ²	\$1,550	\$990	\$610	\$360 ¹	\$590 ¹	\$820 ¹
	TCP2 ³	\$2,140	\$1,310	\$740	\$360 ¹	\$590 ¹	\$820 ¹
work until age 60 and retire, you would receive this monthly amount.	TCP1	\$9,990	\$7,170	\$4,940	\$3,190	\$1,830	\$820
	TCP2 ²	\$4,870	\$3,440	\$2,410	\$1,680	\$1,170	\$820 ¹
	TCP2 ³	\$6,800	\$4,670	\$3,140	\$2,070	\$1,330	\$820 ¹

¹ This represents only the vested UCRP benefit. No LLNS TCP2 Defined Contribution 401(k) benefit would have accumulated yet.

² This estimate is based on the employer match and service-based contribution only, including the vested UCRP benefit.

³ This estimate is based on the employer match and service-based contribution, plus 6% employee contribution, including the vested UCRP benefit.

10 Years of Service Credit

<i>If your current age is...</i>		35	40	45	50	55	60
<i>And you.....</i>							
terminate or retire on October 2, 2007, you would receive this monthly amount at age 60.	TCP1	\$2,700	\$2,440	\$2,210	\$2,000	\$1,810	\$1,630
	TCP2²	\$2,700 ¹	\$2,440 ¹	\$2,210 ¹	\$2,000 ¹	\$1,810 ¹	\$1,630 ¹
	TCP2³	\$2,700 ¹	\$2,440 ¹	\$2,210 ¹	\$2,000 ¹	\$1,810 ¹	\$1,630 ¹
work only 5 more years, you would receive this monthly amount at age 60 (at age 65 if you are currently age 60).	TCP1	\$4,100	\$3,710	\$3,360	\$3,040	\$2,740	\$2,740
	TCP2²	\$3,540	\$3,070	\$2,680	\$2,350	\$2,090	\$2,130
	TCP2³	\$3,980	\$3,400	\$2,920	\$2,530	\$2,240	\$2,310
work until age 50 and retire (or retire now if you are age 50 or older) you would receive this monthly amount.	TCP1	\$2,720	\$1,870	\$1,210	\$720	\$1,180	\$1,630
	TCP2²	\$2,080	\$1,460	\$1,020	\$720 ¹	\$1,180 ¹	\$1,630 ¹
	TCP2³	\$2,680	\$1,780	\$1,150	\$720 ¹	\$1,180 ¹	\$1,630 ¹
work until age 60 and retire, you would receive this monthly amount.	TCP1	\$11,660	\$8,610	\$6,180	\$4,250	\$2,740	\$1,630
	TCP2²	\$6,330	\$4,740	\$3,570	\$2,710	\$2,090	\$1,630 ¹
	TCP2³	\$8,260	\$5,970	\$4,310	\$3,100	\$2,240	\$1,630 ¹

¹ This represents only the vested UCRP benefit. No LLNS TCP2 Defined Contribution 401(k) benefit would have accumulated yet.

² This estimate is based on the employer match and service-based contribution only, including the vested UCRP benefit.

³ This estimate is based on the employer match and service-based contribution, plus 6% employee contribution, including the vested UCRP benefit.

20 Years of Service Credit

If your current age is...		35	40	45	50	55	60
And you.....							
terminate or retire on October 2, 2007, you would receive this monthly amount at age 60.	TCP1	\$5,400	\$4,890	\$4,420	\$4,000	\$3,610	\$3,270
	TCP2 ²	\$5,400 ¹	\$4,890 ¹	\$4,420 ¹	\$4,000 ¹	\$3,610 ¹	\$3,270 ¹
	TCP3 ³	\$5,400 ¹	\$4,890 ¹	\$4,420 ¹	\$4,000 ¹	\$3,610 ¹	\$3,270 ¹
work only 5 more years, you would receive this monthly amount at age 60 (at age 65 if you are currently age 60).	TCP1	\$6,840	\$6,180	\$5,590	\$5,060	\$4,570	\$4,570
	TCP2 ²	\$6,320	\$5,570	\$4,930	\$4,380	\$3,920	\$3,960
	TCP3 ³	\$6,750	\$5,890	\$5,170	\$4,560	\$4,080	\$4,140
work until age 50 and retire (or retire now if you are age 50 or older) you would receive this monthly amount.	TCP1	\$3,800	\$2,810	\$2,010	\$1,440	\$2,350	\$3,270
	TCP2 ²	\$3,110	\$2,380	\$1,840	\$1,440 ¹	\$2,350 ¹	\$3,270 ¹
	TCP3 ³	\$3,700	\$2,700	\$1,970	\$1,440 ¹	\$2,350 ¹	\$3,270 ¹
work until age 60 and retire, you would receive this monthly amount.	TCP1	\$13,320	\$11,480	\$8,650	\$6,380	\$4,570	\$3,270
	TCP2 ²	\$9,150	\$7,280	\$5,850	\$4,760	\$3,920	\$3,270 ¹
	TCP3 ³	\$11,080	\$8,500	\$6,590	\$5,150	\$4,080	\$3,270 ¹

¹ This represents only the vested UCRP benefit. No LLNS TCP2 Defined Contribution 401(k) benefit would have accumulated yet.

² This estimate is based on the employer match and service-based contribution only, including the vested UCRP benefit.

³ This estimate is based on the employer match and service-based contribution, plus 6% employee contribution, including the vested UCRP benefit.

Your TCP1 monthly annuity is adjusted each year after retirement for changes in the Consumer Price Index (CPI). If you elect TCP2, your vested UCRP monthly annuity is also adjusted each year after retirement for changes in the Consumer Price Index.

Under TCP1, you also will receive a temporary Social Security Supplement, payable until you reach age 65. For members formerly ineligible for Social Security, your temporary Social Security Supplement will be based on service after October 1, 2007, only.

Although the above chart illustrates monthly retirement benefits, you may request payment of your TCP2 Defined Contribution 401(k) account balance as a lump sum. If you elect TCP2, you may receive your vested UCRP benefit in any of the forms of payment provided by the UCRP.

The LLNS TCP1 retirement plan allows you to choose among several annuity forms of payment. (Note: There will be no lump sum payment option in the TCP1 pension plan.)

Life Annuity

If you are single (or you have a domestic partner), your normal payment form is a life annuity. Under this payment method, you will receive a monthly benefit payment that will continue for the rest of your lifetime. No benefit payments are made after your death.

100%, 75%, 66-2/3% or 50% Joint & Contingent Annuity

Under these payment methods, you receive a monthly benefit payment for the rest of your life. If you die before your contingent annuitant does, he/she will receive 50%, 66-2/3%, 75% or 100% of your monthly benefit for life. Because the plan is paying a benefit over the lifetimes of two people, the initial monthly benefit amount is smaller than it would be if it were paid as a single life annuity, shown in the tables above. You may name anyone as your contingent annuitant, including your domestic partner. However, if you are married and want to name a beneficiary other than your spouse, you must have your spouse's written consent. Under the joint and contingent annuity options, your benefit will be increased by 2.4% (4.8% for those who were not eligible for coordinated benefits with Social Security while a UCRP participant, and who demonstrate they are not eligible for Social Security at retirement) because the post-retirement survivor continuance benefit previously provided by the UCRP has been eliminated.

If you are married, your normal payment form is a 50% joint and contingent annuity with your spouse. If you are married and want to elect a life annuity or name a beneficiary other than your spouse, you must have your spouse's written consent.

Example 1 – 100% Joint & Contingent Annuity

Let's assume the monthly single life annuity was \$2,000. Let's also assume you are retiring at age 60 with a spouse 3 years younger.

First, your benefit will be increased by 2.4% (4.8% for those not currently eligible for Social Security).

$$1.024 \times \$2,000 = \$2,048$$

Then a reduction factor is applied.

$$0.847 \times \$2,048 = \$1,735$$

The reduction factor varies according to the option chosen as well as the average life expectancy of both you and your contingent annuitant.

Your retirement benefit is **\$1,735** to be paid every month for life. Your spouse would receive 100% of this amount, **\$1,735** for life (the same amount you received) when you die.

Example 2 – 75% Joint & Contingent Annuity

Let's again assume the monthly single life annuity was \$2,000 and you are retiring at age 60 with a spouse 3 years younger.

First, your benefit will be increased by 2.4% (4.8% for those not currently eligible for Social Security).

$$1.024 \times \$2,000 = \$2,048$$

Then a reduction factor is applied.

$$0.880 \times \$2,048 = \$1,802$$

The reduction factor varies according to the option chosen as well as the average life expectancy of both you and your contingent annuitant.

Your retirement benefit is **\$1,802** to be paid every month for life. Your spouse will receive 75% of this amount, **\$1,352** for life when you die.

Example 3 – 66-2/3% Joint & Contingent Annuity

Let's again assume the monthly single life annuity was \$2,000 and you are retiring at age 60 with a spouse 3 years younger.

First, your benefit will be increased by 2.4% (4.8% for those not currently eligible for Social Security).

$$1.024 \times \$2,000 = \$2,048$$

Then a reduction factor is applied.

$$0.892 \times \$2,048 = \$1,827$$

The reduction factor varies according to the option chosen as well as the average life expectancy of both you and your contingent annuitant.

Your retirement benefit is **\$1,827** to be paid every month for life. Your spouse will receive 66-2/3% of this amount, **\$1,218** for life when you die.

Example 4 – 50% Joint & Contingent Annuity

Let's again assume the monthly single life annuity was \$2,000 and you are retiring at age 60 with a spouse 3 years younger.

First, your benefit will be increased by 2.4% (4.8% for those not currently eligible for Social Security).

$$1.024 \times \$2,000 = \$2,048$$

Then a reduction factor is applied.

$$0.917 \times \$2,048 = \$1,878$$

The reduction factor varies according to the option chosen as well as the average life expectancy of both you and your contingent annuitant.

Your retirement benefit is **\$1,878** to be paid every month for life. Your spouse would receive 50% of this amount, **\$939** for life when you die.

Retirement Healthcare Benefits

In addition to the retirement income benefits available under TCP1 and TCP2, LLNS may pay a portion of your healthcare premiums in retirement. The retiree healthcare premium subsidy that LLNS will pay depends on the *LLNS Maximum Contribution* and your service credit contribution percentage under either TCP1 or TCP2. Please note that under TCP1 and TCP2, eligibility for the LLNS retiree healthcare premium subsidy is lost if you leave LLNS without meeting relevant eligibility requirements.

For 2007, the *LLNS Maximum Contribution* is \$320.20 per month for a retiree with single coverage, \$576.36 for adult plus child, \$633.68 for 2 adults and \$889.84 for family coverage. The *LLNS Maximum Contribution* is applied against premium costs (including Medicare Part B premiums) and will vary from year to year in line with the future general LLNS healthcare budget.

If You Elect TCP1

Under TCP1, your LLNS retiree healthcare premium subsidy will depend on the date you entered UCRP and your total service at retirement (UC service credit on September 30, 2007, plus future LLNS service credit). Plus, you must be receiving monthly retirement income from the LLNS pension plan.

If you entered UCRP *before* January 1, 1990, you will receive 100 percent of the *LLNS Maximum Contribution* toward your healthcare premium, subject to the following:

- you retire before age 55 with at least 10 years of service credit (UC service credit on September 30, 2007, plus future LLNS service credit), or
- you retire at age 55 or later with at least 5 years of service credit (UC service credit on September 30, 2007, plus future LLNS service credit).

If you entered UCRP *on or after* January 1, 1990, and *before* October 1, 2007, LLNS will pay a percentage of the *LLNS Maximum Contribution* toward your healthcare premium based on your total service, subject to the following:

- you retire at age 50 or later with at least 10 years of service credit (UC service credit on September 30, 2007, plus future LLNS service credit), or
- you retire with at least 5 years of service credit (UC service credit on September 30, 2007, plus future LLNS service credit) and the total of your age, which must be greater than 50, and service credit is at least 75.

The percentage of the *LLNS Maximum Contribution* is determined as follows:

TCP1 - Service Credit Contribution Percentage		Future LLNS Service				
		0 years	5 years	10 years	15 years	20 years
UC Service Credit on September 30, 2007	5 years	50%*	50%	75%	100%	100%
	10 years	50%	75%	100%	100%	100%
	15 years	75%	100%	100%	100%	100%
	20 years	100%	100%	100%	100%	100%

* Only if your age plus service credit equals at least 75.

For example, if you meet the eligibility requirements and retire during 2007 under TCP1 with 10 years of UC service and have elected single coverage, you will receive a LLNS retiree healthcare premium subsidy of \$160.10 per month for 2007 (50% of \$320.20 per month). Your premium subsidy in future years will vary based on the LLNS healthcare budget. Note that if you work another 5 years, your LLNS retiree healthcare premium subsidy would be 75% of the *LLNS Maximum Contribution* in 5 years, an amount which will be based on the LLNS healthcare budget in 2012.

If You Elect TCP2

Under TCP2, your LLNS retiree healthcare premium subsidy is based only on your UC service credit on September 30, 2007. However, your eligibility for subsidized retiree healthcare benefits is based on total service, including future LLNS service credit, and is subject to the following:

- you retire at or after age 55 with at least 10 years of service credit (UC service credit on September 30, 2007, plus future LLNS service credit), or
- you retire with at least 5 years of service credit (UC service credit on September 30, 2007, plus future LLNS service credit) and the total of your age, which must be greater than 50, and service credit is at least 75.

In order to be eligible for subsidized retiree healthcare benefits, you must elect to receive your vested UCRP benefit in the form of a monthly annuity. **If you elect a lump sum payment from the UCRP, you will not be eligible for subsidized retiree healthcare benefits from LLNS.**

Your LLNS retiree healthcare premium subsidy, based on your UC service credit on September 30, 2007, is a percentage of the *LLNS Maximum Contribution*, as follows:

TCP2 - Service Credit Contribution Percentage		Future LLNS Service				
		0 years	5 years	10 years	15 years	20 years
UC Service Credit on September 30, 2007	5 years	50%*	50%	50%	50%	50%
	10 years	50%	50%	50%	50%	50%
	15 years	75%	75%	75%	75%	75%
	20 years	100%	100%	100%	100%	100%

* Only if your age plus service credit equals at least 75.

Note: Your TCP2 service credit contribution percentage will not increase based on future LLNS service. However, your future LLNS service is considered for purposes of determining whether you will be eligible for the LLNS retiree healthcare premium subsidy at retirement, as outlined above.

Remember, before making your decision, be sure to evaluate all of the materials offered to you by UC, LLNL and LLNS. You must make your choice by September 17, 2007. If you do not, and you accept employment with LLNS, you will have TCP2 as your Total Compensation Package from LLNS.

If you have further questions, please contact the LLNS hotline at (925) 424-5567.

Assumptions

The following assumptions have been used to develop the projected benefits under TCP1 and TCP2. These assumptions are estimates for projection purposes only and are not a guarantee of benefits. Actual benefits may vary significantly, depending on actual pay, service, contributions, pre-retirement distributions, the age of your contingent annuitant and investment returns.

Monthly benefit amounts were developed for non-Safety members eligible for Social Security. Benefits for members not previously eligible for Social Security will be slightly different. Members with Safety Benefits should refer to the materials prepared specifically for them.

Future service will be earned at the rate of 1 year of service credit for each future year. This service projection applies to both the TCP1 defined benefit plan and the TCP2 service-based employer contribution.

Future compensation increases by 3% per year.

For purposes of projecting Cost of Living Adjustments for the TCP1 monthly annuity and future IRS limits, future inflation is assumed to be 2.5% per year. This rate (limited to 2%) is also used to adjust Highest Average Plan Compensation in estimating future LLNS or UCRP retirement benefits for vested members who terminate employment then retire at a later date.

For purposes of estimating TCP2 defined contribution benefits, projected benefits were developed assuming you contribute at least 6% of your pay to the plan to receive the maximum employer match of 6%. Two rows of benefits are shown in the table. The first row is based only on the employer match and service-based contribution. The second includes the employer match and service-based contribution, together with your elective deferrals (assumed to be 6%). Illustrations for TCP2 are based on investment returns of 6%. Actual investment performance will depend on your investment decisions and future returns.

To provide a basis for plan comparison, TCP2 defined contribution account balances were converted to actuarially equivalent monthly annuities. Actuarial equivalence was determined assuming 6% interest, a 2.5% future increase in cost-of-living and the 50% male/50% female unisex 1994 Group Annuity Mortality Table. Since TCP2 defined contribution 401(k) account balances will not be converted to annuities at retirement, actual post-retirement payments will depend upon post-retirement investment returns.

Important Notices

This document is for illustrative purposes only. The amounts shown are estimates only and are subject to future changes in plan terms and in your employment status. The actual benefit you receive at retirement will depend on your actual pay, service, contributions, pre-retirement distributions, the age of your contingent annuitant and investment returns.

While great care has been taken to develop this document, it is based on various assumptions and is not guaranteed. In particular:

- The terms and conditions of the plans may change at any time.
- The plans may be terminated or amended at any time.
- The U.S. federal government may change terms under which the Social Security system provides retirement income or the laws (including tax laws) applicable to employer-sponsored retirement plans.
- Your employment relationship may be voluntarily or involuntarily changed or terminated before the date used in this statement.

The benefits ultimately payable to you will be determined in accordance with the rules of the LLNS benefit plans, actual investment returns and applicable law.

Any plans referenced in this statement are governed by formal plan documents. Should any discrepancy exist between the information in this document and the plans, the plans will govern.

Your participation in retirement plan choice does not create any contractual or other rights to receive any benefits, nor does your participation or projections of benefit growth constitute a condition or right of future employment.

Some special situations are not reflected. For example, your retirement benefit could be affected by personal circumstances such as a Qualified Domestic Relations Order (QDRO) in the event of a divorce.