

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). ► Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089
		2011
		This Form is Open to Public Inspection

Part I	Annual Report Identification Information
For calendar plan year 2011 or fiscal plan year beginning <u>01/01/2011</u> and ending <u>12/31/2011</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☒
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information
1a Name of plan <u>SANDIA CORPORATION SAVINGS AND SECURITY PLAN</u>	1b Three-digit plan number (PN) ► <u>007</u> 1c Effective date of plan <u>06/01/1993</u>
2a Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan) <u>SANDIA CORPORATION</u> <u>PO BOX 5800, MAIL STOP 1382</u> <u>ALBUQUERQUE, NM 87185-1382</u>	2b Employer Identification Number (EIN) <u>85-0097942</u> 2c Sponsor's telephone number <u>505-845-8350</u> 2d Business code (see instructions) <u>541700</u>

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	<u>Filed with authorized/valid electronic signature.</u>	<u>10/15/2012</u>	<u>JANE FARRIS</u>
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	<u>Filed with authorized/valid electronic signature.</u>	<u>10/15/2012</u>	<u>BONNIE APODACA, CFO</u>
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Form 5500 (2011)
v.012611

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") SANDIA CORPORATION PO BOX 5800, MAIL STOP 1382 ALBUQUERQUE, NM 87185-1382	3b Administrator's EIN 85-0097942 3c Administrator's telephone number 505-845-8350
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4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
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5 Total number of participants at the beginning of the plan year	5	1461
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6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	1272
b Retired or separated participants receiving benefits.....	6b	52
c Other retired or separated participants entitled to future benefits.....	6c	168
d Subtotal. Add lines 6a , 6b , and 6c	6d	1492
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	3
f Total. Add lines 6d and 6e	6f	1495
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	1030
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	1

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
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8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:

2E 2F 2G 2J 2K 3F 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply)	9b Plan benefit arrangement (check all that apply)
(1) ☐ Insurance	(1) ☐ Insurance
(2) ☐ Code section 412(e)(3) insurance contracts	(2) ☐ Code section 412(e)(3) insurance contracts
(3) ☒ Trust	(3) ☒ Trust
(4) ☐ General assets of the sponsor	(4) ☐ General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1)** ☒ **R** (Retirement Plan Information)

(2) ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary

(3) ☐ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1)** ☒ **H** (Financial Information)
(2) ☐ **I** (Financial Information – Small Plan)
(3) ☐ **A** (Insurance Information)
(4) ☒ **C** (Service Provider Information)
(5) ☒ **D** (DFE/Participating Plan Information)
(6) ☐ **G** (Financial Transaction Schedules)

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2011
		This Form is Open to Public Inspection.

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan <u>SANDIA CORPORATION SAVINGS AND SECURITY PLAN</u>	B Three-digit plan number (PN) ▶ <u>007</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>SANDIA CORPORATION</u>	D Employer Identification Number (EIN) <u>85-0097942</u>

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☐ Yes ☒ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
64 37 65	RECORDKEEPER	15910	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
<div style="display: flex; justify-content: space-between;"> <div style="width: 60%;"> <p>(d) Enter name and EIN (address) of source of indirect compensation</p> <p>TEMPLETON FOREIGN AD</p> <p>94-3167260</p> </div> <div style="width: 40%;"> <p>(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.</p> <p>.15%</p> </div> </div>		
<div style="display: flex; justify-content: space-between;"> <div style="width: 60%;"> <p>(a) Enter service provider name as it appears on line 2</p> <p>FIDELITY INVESTMENTS INSTITUTIONAL</p> </div> <div style="width: 20%;"> <p>(b) Service Codes (see instructions)</p> <p style="text-align: center;">60</p> </div> <div style="width: 20%;"> <p>(c) Enter amount of indirect compensation</p> <p style="text-align: center;">0</p> </div> </div>		
<div style="display: flex; justify-content: space-between;"> <div style="width: 60%;"> <p>(d) Enter name and EIN (address) of source of indirect compensation</p> <p>NB GUARDIAN TRUST ONE LINCOLN STREET BOSTON, MA 02111</p> <p>26-3663778</p> </div> <div style="width: 40%;"> <p>(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.</p> <p>0.40%</p> </div> </div>		
<div style="display: flex; justify-content: space-between;"> <div style="width: 60%;"> <p>(a) Enter service provider name as it appears on line 2</p> </div> <div style="width: 20%;"> <p>(b) Service Codes (see instructions)</p> </div> <div style="width: 20%;"> <p>(c) Enter amount of indirect compensation</p> </div> </div>		
<div style="display: flex; justify-content: space-between;"> <div style="width: 60%;"> <p>(d) Enter name and EIN (address) of source of indirect compensation</p> </div> <div style="width: 40%;"> <p>(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.</p> </div> </div>		

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE D (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small>	DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500.	OMB No. 1210-0110 <div style="text-align: center; font-size: 1.2em; font-weight: bold;">2011</div> This Form is Open to Public Inspection.
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For calendar plan year 2011 or fiscal plan year beginning	01/01/2011	and ending	12/31/2011
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A Name of plan SANDIA CORPORATION SAVINGS AND SECURITY PLAN	B Three-digit plan number (PN)	007
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C Plan or DFE sponsor's name as shown on line 2a of Form 5500 SANDIA CORPORATION	D Employer Identification Number (EIN) 85-0097942
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Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a Name of MTIA, CCT, PSA, or 103-12 IE:	SANDIA CORP. MASTER SAVINGS PLAN TR
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b Name of sponsor of entity listed in (a):	SANDIA CORPORATION
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c EIN-PN	04-3241850-008	d Entity code	M	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	53907009
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a Name of MTIA, CCT, PSA, or 103-12 IE:	
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b Name of sponsor of entity listed in (a):	
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c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
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a Name of MTIA, CCT, PSA, or 103-12 IE:	
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b Name of sponsor of entity listed in (a):	
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c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
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a Name of MTIA, CCT, PSA, or 103-12 IE:	
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b Name of sponsor of entity listed in (a):	
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c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
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a Name of MTIA, CCT, PSA, or 103-12 IE:	
--	--

b Name of sponsor of entity listed in (a):	
---	--

c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
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a Name of MTIA, CCT, PSA, or 103-12 IE:	
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b Name of sponsor of entity listed in (a):	
---	--

c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
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a Name of MTIA, CCT, PSA, or 103-12 IE:	
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b Name of sponsor of entity listed in (a):	
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c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
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a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name SANDIA CORP SAVINGS & SECURITY PLAN**b** Name of plan sponsor SANDIA CORPORATION**c** EIN-PN 85-0097942-007**a** Plan name SANDIA CORP SAVINGS & INCOME PLAN**b** Name of plan sponsor SANDIA CORPORATION**c** EIN-PN 85-0097942-008**a** Plan name**b** Name of plan sponsor**c** EIN-PN**a** Plan name**b** Name of plan sponsor**c** EIN-PN**a** Plan name**b** Name of plan sponsor**c** EIN-PN**a** Plan name**b** Name of plan sponsor**c** EIN-PN**a** Plan name**b** Name of plan sponsor**c** EIN-PN**a** Plan name**b** Name of plan sponsor**c** EIN-PN**a** Plan name**b** Name of plan sponsor**c** EIN-PN**a** Plan name**b** Name of plan sponsor**c** EIN-PN**a** Plan name**b** Name of plan sponsor**c** EIN-PN**a** Plan name**b** Name of plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2011
		This Form is Open to Public Inspection

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011		
A Name of plan SANDIA CORPORATION SAVINGS AND SECURITY PLAN	B Three-digit plan number (PN) ►	007
C Plan sponsor's name as shown on line 2a of Form 5500 SANDIA CORPORATION	D Employer Identification Number (EIN) 85-0097942	

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities.....	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	2113576	2228607
(9) Value of interest in common/collective trusts.....	1c(9)		
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)	54341314	53907009
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	56454890	56135616

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	56454890	56135616
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	1653965	
(B) Participants	2a(1)(B)	3268356	
(C) Others (including rollovers)	2a(1)(C)	357289	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		5279610
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	78816	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		78816
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		943798
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		6302224

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	6373084	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		6373084
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	15910	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		15910
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		6388994

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		-86770
l Transfers of assets:			
(1) To this plan.....	2l(1)		793810
(2) From this plan	2l(2)		1026314

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☒ Unqualified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☐ Yes ☒ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: MITCHELL & TITUS, LLP

(2) EIN: 13-2781641

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		500000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.		X	

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?

If "Yes," enter the amount of any plan assets that reverted to the employer this year..... ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)

SANDIA CORP SAVINGS & INCOME PLAN

5b(2) EIN(s)	5b(3) PN(s)
85-0097942	008

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2011 This Form is Open to Public Inspection.
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For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan <u>SANDIA CORPORATION SAVINGS AND SECURITY PLAN</u>	B Three-digit plan number (PN) ▶ <u>007</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>SANDIA CORPORATION</u>	D Employer Identification Number (EIN) <u>85-0097942</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>04-2647786</u> Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.	
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☐ No	☒ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☒ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☒ No
--	-----------------------------------	-----------------------------------	-------------------------------	--

Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.).....	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Schedule R (Form 5500) 2011
v.012611

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. Complete as many entries as needed to report all applicable employers.

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

a Enter the percentage of plan assets held as:
 Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate item 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

FINANCIAL STATEMENTS AND SUPPLEMENTAL
SCHEDULE

Sandia Corporation Savings and Security Plan
*As of December 31, 2011 and 2010, and for the year ended
December 31, 2011*
With Report of Independent Auditors

Sandia Corporation Savings and Security Plan

Financial Statements and Supplemental Schedule

As of December 31, 2011 and 2010,
And for the year ended December 31, 2011

Contents

Report of Independent Auditors.....	1
Financial Statements	
Statements of Net Assets Available for Benefits.....	2
Statement of Changes in Net Assets Available for Benefits.....	3
Notes to Financial Statements.....	4
Supplemental Schedule	
Schedule H, Line 4i – Schedule of Assets (Held at End of Year)	15

Report of Independent Auditors

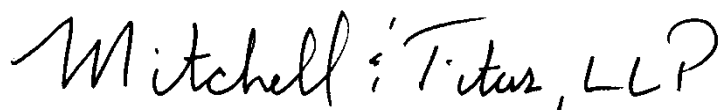
Plan Administrator of the Sandia Corporation
Savings and Security Plan and the Sandia
Corporation Investment Committee

We have audited the accompanying statements of net assets available for benefits of the Sandia Corporation Savings and Security Plan (the "Plan") as of December 31, 2011 and 2010, and the related statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2011 and 2010, and the changes in its net assets available for benefits for the year then ended, in conformity with generally accepted accounting principles in the United States.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2011, is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of the Plan's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Washington, DC
June 22, 2012

Sandia Corporation Savings and Security Plan
Statements of Net Assets Available for Benefits

	December 31,	
	2011	2010
Assets		
Interest in Master Trust	\$ 54,789,276	\$ 55,039,489
Notes receivable from participants	2,228,607	2,113,576
Net assets available for benefits at fair value	57,017,883	57,153,065
Adjustment from fair value to contract value for interest in Master Trust relating to fully benefit- responsive investment contracts	(882,267)	(698,175)
Net assets available for benefits	\$ 56,135,616	\$ 56,454,890

See accompanying notes to the financial statements.

Sandia Corporation Savings and Security Plan

Statement of Changes in Net Assets Available for Benefits

	<u>Year Ended December 31, 2011</u>
Additions:	
Contributions:	
Employer	\$ 1,653,965
Participants	3,268,356
Rollover	<u>357,289</u>
	5,279,610
Interest income on notes receivable from participants	78,816
Net investment gain from participation in Master Trust	<u>943,799</u>
Total additions	6,302,225
Deductions:	
Benefit payments	6,373,085
Net transfers to other plans	232,504
Administrative expenses	<u>15,910</u>
Total deductions	<u>6,621,499</u>
Net decrease	(319,274)
Net assets available for benefits at beginning of year	<u>56,454,890</u>
Net assets available for benefits at end of year	<u><u>\$ 56,135,616</u></u>

See accompanying notes to the financial statements.

Sandia Corporation Savings and Security Plan

Notes to Financial Statements

December 31, 2011

1. Description of Plan

General

The Sandia Corporation Savings and Security Plan (the Plan) was adopted June 1, 1993, as a defined contribution plan offered to all employees in a bargaining unit represented by a union of Sandia Corporation (the Corporation) who are eligible for the Sandia Corporation Pension Security Plan. The Corporation is a wholly owned subsidiary of Lockheed Martin Corporation (Lockheed Martin). A complete description of the Plan is contained in the Summary Plan Description that is provided to all participants. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

The Plan generally transfers assets to the Sandia Corporation Savings and Income Plan as employees in a bargaining unit represented by a union transfer into a regular nonunion employment position with Sandia Corporation. Asset transfers to the Sandia Corporation Savings and Security Plan occur when an employee in a nonunion employment position transfers to a union position. Asset transfers to the Sandia Corporation Savings and Security Plan also occur when an employee transfers from a Lockheed Martin Corporation entity to Sandia Corporation, and the employee elects to transfer their balance from the Lockheed Martin Salaried Savings Plan.

Contributions

Annually participants may contribute from 2% to 25% of their eligible earnings, as defined in the Plan document, in 1% increments, on a pre-tax, Roth and after-tax basis. The total allotment of pre-tax, Roth and after-tax basic and supplemental contributions can not exceed the maximum amount permitted under the Internal Revenue Code.

In addition, the Corporation, for each payroll period, contributes 66 2/3% of the sum of each participant's pretax, Roth and after-tax basic contribution up to the first 6% of eligible earnings. The Plan allows participants aged 50 or older to make catch-up contributions as permitted by the provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001.

Office and Professional Employees International Union (OPEIU) members hired on or after July 1, 2009 are eligible for Enhanced Contributions, which are contributions made by the Corporation in the amount of 6% of eligible earnings per pay period until 15 years of service and then 7% is contributed thereafter. Metal Trades Council (MTC) and Security Police Association (SPA) members hired on or after July 1, 2010 are eligible for Enhanced Contributions as stated above.

Sandia Corporation Savings and Security Plan

Notes to Financial Statements (continued)

1. Description of Plan *(continued)*

Benefit Payments

The Plan provides for the payment of benefits upon termination, death, disability, or retirement based on the balance in the participant's vested account. Lump-sum or annual payment elections may be made as provided for in the Plan Document. Hardship and in-service withdrawals are also permitted, if certain conditions are met, as outlined in the Summary Plan Description.

Vesting

All participants are immediately vested in their regular contributions, the Corporation match and actual earnings thereon. Enhanced Contributions are 100% vested after the completion of 3 years of vesting service.

Forfeited Balances

At December 31, 2011 and 2010 forfeited nonvested accounts totaled \$3,960 and \$0, respectively. These accounts will be used to reduce future employer contributions, Enhanced Program Contributions, and/or pay administrative expenses of the Plan. However, during 2011 no forfeited amounts were used.

Investment Elections

The assets of the Plan are held in the Sandia Corporation Master Savings Plan Trust ("Master Trust" or "Trust") along with the assets of the Sandia Corporation Savings and Income Plan. Participants may elect to have their contributions and the Corporation matching contributions invested in any of the current 22 available funds including seven mutual funds, 12 commingled funds, a common/collective trust, an interest income fund and the Company Common Stock Fund. The Company Common Stock Fund consists primarily of Lockheed Martin common stock.

Primarily as a result of the Master Trust's participation in certain commingled funds, Plan assets may be invested from time to time in derivative financial instruments. These financial instruments are generally used for liquidity purposes. The Master Trust's exposure to such securities is limited to its proportional interest in these commingled funds. At December 31, 2011 and 2010, the financial exposure related to derivative financial instruments of the Master Trust was not material.

Notes Receivable from Participants

Participants may borrow from their accounts a minimum of \$1,000 up to a maximum of the lesser of \$50,000 less the highest loan balance in the past 12 months or 50% of their

Sandia Corporation Savings and Security Plan

Notes to Financial Statements (continued)

1. Description of Plan (continued)

vested account balance. Loan terms range from one year to 56 months. The loans are secured by the balance in the participant's account and bear interest at the prime rate at the date of the loan. Principal and interest are paid ratably through payroll deductions. A maximum of two loans are permitted at one time. Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest.

Administrative Expenses

The Plan is administered by the Corporation. Fidelity Management Trust Company (FMTTC) serves as trustee, and Fidelity Investments Institutional Operations Company, Inc. (FIIOC) serves as record-keeper.

The Corporation pays substantially all administrative expenses of the Plan, except for investment-related expenses, which are paid by the Plan.

Plan Termination

While it has not expressed any intent to do so, the Corporation may terminate the Plan at any time upon submission of written notice to the investment custodian, subject to the provisions of ERISA and any applicable collective bargaining agreements. In the event of the Plan's termination, participants will receive a payment equal to the total value of their accounts.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting. Benefit payments are recorded when paid.

Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Plan invests in investment contracts through the Master Trust. The Statements of Net Assets Available for Benefits present the fair value of the interest in the Master Trust relating to fully benefit-responsive investment contracts as well as the adjustment of the interest in the Master Trust relating to fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

Sandia Corporation Savings and Security Plan

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies *(continued)*

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

The Plan's interest in the Master Trust is stated at the fair value of the underlying net assets of the Master Trust, except for the Interest Income Fund (as described below). Investments by the Master Trust in shares of mutual funds, commingled funds, and common/collective trusts are stated at fair value. See Note 4 for discussion of fair value measurements.

The Master Trust is invested in certain synthetic guaranteed investment contracts (GICs) with insurance companies and other third parties through the Interest Income Fund. The investment manager of these investment contracts is Fidelity Management Trust Company. Since the synthetic GICs are fully benefit-responsive, contract value is the most relevant measurement attribute for that portion of net assets available for benefits attributable to synthetic GICs. Contract value represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value. There are no reserves against the contract value for credit risk of the contract issuer or otherwise.

A synthetic GIC is a wrap contract paired with an underlying investment or investments, usually a portfolio, owned by the Master Trust, of high-quality, intermediate term fixed income securities. The Master Trust purchases wrap contracts from certain financial services institutions. A synthetic GIC credits a stated interest rate for a specified period of time. Investment gains and losses are amortized over the expected duration through the calculation of the interest rate applicable to the Master Trust on a prospective basis. Synthetic GICs provide for a variable crediting rate and the issuer of the wrap contract provides assurance that future adjustments to the crediting rate can not result in a crediting rate less than zero. The crediting rate is primarily based on the current yield-to-maturity of the covered investments, plus or minus amortization of the difference between the market value and contract value of the covered investments over the duration of the covered investments at the time of computation. The crediting rate is most impacted by the change in the annual effective yield to maturity of the underlying securities, but is also affected by the differential between the contract value and the market value of the covered investments. This difference is amortized over the duration

Sandia Corporation Savings and Security Plan

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies *(continued)*

of the covered investments. Depending on the change in duration from reset period to reset period, the magnitude of the impact to the crediting rate of the contract to market difference is heightened or lessened. The crediting rate can be adjusted periodically and was usually adjusted quarterly, but now is adjusted monthly.

Certain events limit the ability of the Plan to transact at contract value. Upon the occurrence of certain events, such as the Plan's failure to maintain its tax qualified status, market value of the investment in the GICs (if lower than its book value) may be repaid. No such events are currently known to have occurred, nor are any such events contemplated as probable by management of the Plan.

Under certain circumstances investment contracts may be terminated. Settlement upon termination will be at contract value unless the terms of the contract were not met or other events as described above trigger payment at market value.

The Master Trust owns the assets underlying the synthetic GICs, which consist primarily of U.S. government securities, corporate debt obligations, and mortgage-backed and other asset-backed securities. The fair values of the wrap contracts were not material. The average yield earned on the synthetic GICs was approximately 2.21% and 2.45% for the years ended December 31, 2011 and 2010, respectively. The average yield credited to participants' accounts was approximately 2.11% and 2.40% for the years ended December 31, 2011 and 2010, respectively.

Purchases and shares of investments are recorded on a trade-date basis. Dividend income is recorded on the ex-dividend date. Interest income is recorded on the accrual basis.

3. Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service (IRS) dated April 7, 2009, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related trust is exempt from taxation. Subsequent to this determination by the Internal Revenue Service, the Plan was amended. The Corporation believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan is qualified and the related trust is tax-exempt. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. Management has indicated that it will take the necessary steps, if any, to maintain the Plan's qualified tax status.

Accounting principles generally accepted in the United States require plan management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. The plan administrator has

Sandia Corporation Savings and Security Plan

Notes to Financial Statements (continued)

3. Income Tax Status *(continued)*

analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2011, there are no uncertain positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions. The Plan is subject

to routine audits by taxing jurisdictions. The IRS is currently auditing the 2009 plan year. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2007.

4. Master Trust

General

The assets of the Plan are held in a Master Trust along with the assets of the Sandia Corporation Savings and Income Plan. The Plan's interest in the Master Trust's net assets is adjusted for certain plan-specific transactions, including contributions and benefit payments. The assets, realized and unrealized gains and losses, and investment income of the Master Trust are allocated to each plan based on the number of participant units outstanding at each month-end during the year for the Interest Income Fund and the Company Common Stock Fund, and on a pro rata basis for all other funds. The Plan's interest in the Master Trust's net assets as of December 31, 2011 and 2010 was approximately 2.7%.

Fair Value of Assets

The accounting standard for fair value measurements defines fair value, establishes a market-based framework or hierarchy for measuring fair value, and expands disclosures about fair value measurements. The standard is applicable whenever assets and liabilities are measured and included in the financial statements at fair value.

The fair value hierarchy established in the standard prioritizes the inputs used in the valuation techniques into three levels as follows:

Level 1 – Observable inputs – quoted prices in active markets for identical assets and liabilities;

Level 2 – Observable inputs other than the quoted prices in active markets for identical assets and liabilities – includes quoted prices for similar instruments, quoted prices for identical or similar instruments in inactive markets, and amounts derived from valuation models where all significant inputs are observable in active markets; and

Level 3 – Unobservable inputs – includes amounts derived from valuation models where one or more significant inputs are unobservable and require use to develop relevant assumptions.

Sandia Corporation Savings and Security Plan

Notes to Financial Statements (continued)

4. Master Trust (continued)

The following table presents the fair value of the assets in the Master Trust by asset category and their level within the fair value hierarchy as of December 31, 2011 and their appreciation (depreciation) for the year ended December 31, 2011:

	Level 1	Level 2	Total	Appreciation (Depreciation)
Company Common Stock Fund	\$ 40,492,310	\$ -	\$ 40,492,310	\$ 7,787,175
Mutual funds:		-		
U.S. equities	751,155,820	-	751,155,820	(7,782,938)
International equities	49,830,477	-	49,830,477	(8,702,096)
U.S. bonds	90,226,618	-	90,226,618	2,514,292
Common/collective trusts	-	322,121,853	322,121,853	4,505,202
Commingled funds	-	352,772,817	352,772,817	(11,474,646)
Guaranteed investment contracts	-	504,708,065	504,708,065	-
Total investment assets at fair value	\$ 931,705,225	\$ 1,179,602,735	\$ 2,111,307,960	\$ (13,153,011)
Adjustment from fair value to contract value for fully-benefit responsive investment contracts			(23,564,840)	
Total net assets			\$ 2,087,743,120	

Interest and dividend income for the year ended December 31, 2011 was \$26,598,596.

Sandia Corporation Savings and Security Plan

Notes to Financial Statements (continued)

4. Master Trust (continued)

The following table presents the fair value of the assets in the Master Trust by asset category and their level within the fair value hierarchy as of December 31, 2010:

	Level 1	Level 2	Total
Company Common Stock Fund	\$ 40,555,840	\$ -	\$ 40,555,840
<i>Mutual funds:</i>		-	
U.S. equities	855,299,768	-	855,299,768
International equities	65,730,126	-	65,730,126
U.S. bonds	84,683,432	-	84,683,432
Common/collective trusts	-	291,591,956	291,591,956
Commingled funds	-	281,905,701	281,905,701
Guaranteed investment contracts	-	486,284,273	486,284,273
Total investment assets at fair value	\$ 1,046,269,166	\$ 1,059,781,930	\$ 2,106,051,096
Adjustment from fair value to contract value for fully-benefit responsive investment contracts			(17,765,280)
Total net assets			\$ 2,088,285,816

At December 31, 2011 and 2010, the Master Trust had no financial assets or liabilities that are categorized as Level 3. During 2011, the Master Trust had no financial assets or liabilities that were transferred in or out of the Level 3 category.

Valuation Techniques

The following is a description of the valuation methodologies used for assets measured at fair value.

Company Common Stock Fund: The fair value of the fund is the combined fair value of the underlying common stock and short-term cash position of the fund. The fair value of the common stock portion of the fund is based on the closing price of the common stock on its primary exchange. The short-term cash portion of the fund is recorded at cost, which approximates fair value.

Mutual funds: Valued at the net asset value of shares held by the Master Trust at year end reported on the active market on which the individual securities are traded.

Common/collective trusts and commingled funds: Valued at the net asset value of units/shares held by the Master Trust at year end.

Sandia Corporation Savings and Security Plan

Notes to Financial Statements (continued)

4. Master Trust *(continued)*

Guaranteed investment contracts: Individual assets of the synthetic GIC are valued at representative quoted market prices.

The valuation methods described in above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

5. Parties-in-Interest Transactions

The transactions between the following parties are considered to be party-in-interest transactions for which a statutory exemption from the prohibited transaction regulations exist:

The Master Trust held 500,523 and 580,115 shares of Lockheed Martin common stock as of December 31, 2011 and 2010, respectively. Dividends earned by the Master Trust on Lockheed Martin common stock were \$1,687,287 for the year ended December 31, 2011.

Fidelity Investments Institutional Operations Company, Inc. (FIIOC), the record-keeper, is a related party for which a statutory exemption exists. The Plan paid \$15,910 in expenses to FIIOC for the year ended December 31, 2011.

In addition, notes receivable from participants are considered to be party-in-interest transactions for which a statutory exemption from the prohibited transaction regulation exists.

Sandia Corporation Savings and Security Plan

Notes to Financial Statements (continued)

6. New Accounting Pronouncements

Effective with the Plan's 2011 financial statements, the Plan adopted new guidance issued by the Financial Accounting Standards Board (FASB) which requires the presentation of purchases, sales, issuances, and settlements on a gross basis in the reconciliation of Level 3 assets.

In May 2011, the FASB issued amended guidance to converge the fair value measurement guidance in GAAP and International Financial Reporting Standards. Some of the amendments clarify the application of existing fair value measurement requirements, while other amendments change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements. The amendments are to be applied prospectively and are effective for annual periods beginning after December 15, 2011. The Plan's management is currently evaluating the impact that the amended guidance will have on the Plan's financial statements.

7. Risks and Uncertainties

The Plan, through the Master Trust, invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

Supplemental Schedule

Sandia Corporation Savings and Security Plan

Schedule H, Line 4i – Schedule of Assets (Held at End of Year)

EIN: 85-0097942

Plan #: 007

December 31, 2011

(a)	(b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	(d) Cost	(e) Current Value
*	Notes receivable from participants	Interest rates ranging from 3.25% to 8.25%; varying maturities	–	\$2,228,607

*Indicates party-in-interest to the Plan.

Attachment to 2011 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name SANDIA CORPORATION SAVINGS AND SECURITY PLAN

EIN: 85-0097942

Plan Sponsor's Name SANDIA CORPORATION

PN: 007

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	INTEREST INCOME FUND	GUARANTEED INVESTMENT CONTRACTS	20,857,150	20,857,150
	DFA US SMALL CAP	REGISTERED INVESTMENT COMPANY SHARES	850,832	917,220
	LIFEPATH RET M	REGISTERED INVESTMENT COMPANY SHARES	624,886	671,349
	LIFEPATH RET 2015 M	REGISTERED INVESTMENT COMPANY SHARES	1,460,880	1,583,305
	LIFEPATH RET 2020 M	REGISTERED INVESTMENT COMPANY SHARES	1,521,078	1,625,752
	LIFEPATH RET 2025 M	REGISTERED INVESTMENT COMPANY SHARES	1,246,787	1,308,239
	LIFEPATH RET 2030 M	REGISTERED INVESTMENT COMPANY SHARES	574,241	611,016

Attachment to 2011 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name SANDIA CORPORATION SAVINGS AND SECURITY PLAN

EIN: 85-0097942

Plan Sponsor's Name SANDIA CORPORATION

PN: 007

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	LIFEPATH RET 2035 M	REGISTERED INVESTMENT COMPANY SHARES	511,936	519,852
	LIFEPATH RET 2040 M	REGISTERED INVESTMENT COMPANY SHARES	217,672	224,909
	LIFEPATH RET 2045 M	REGISTERED INVESTMENT COMPANY SHARES	237,562	243,757
	SSGA BOND MKT SL L	BANK COMMINGLED FUND	471,615	518,506
	FRANK RUSS SM CP H	REGISTERED INVESTMENT COMPANY SHARES	204,605	219,031
	NB GUARDIAN INVT	REGISTERED INVESTMENT COMPANY SHARES	582,156	544,911
	TEMPLETON FOREIGN AD	REGISTERED INVESTMENT COMPANY SHARES	1,092,972	806,120

Attachment to 2011 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name SANDIA CORPORATION SAVINGS AND SECURITY PLAN

EIN: 85-0097942

Plan Sponsor's Name SANDIA CORPORATION

PN: 007

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	COMPANY COMMON STOCK	LOCKHEED MARTIN	2,057,018	2,362,941
	BCT ACWI XUS INDEX	REGISTERED INVESTMENT COMPANY SHARES	857,648	946,460
	FID INTERMED BOND	REGISTERED INVESTMENT COMPANY SHARES	1,724,282	1,802,863
	FID BALANCED K	REGISTERED INVESTMENT COMPANY SHARES	2,992,463	3,742,135
	FID CONTRAFUND K	REGISTERED INVESTMENT COMPANY SHARES	5,695,365	7,537,830
	FID GROWTH CO K	REGISTERED INVESTMENT COMPANY SHARES	2,366,600	3,136,984
	FID US EQ INDX CL 2	COMMON/COLLECTIVE TRUST FUND	3,264,781	3,629,100

Plan Name	SANDIA CORPORATION SAVINGS AND SECURITY PLAN
Plan Sponsor's Name	SANDIA CORPORATION

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