

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 PENSION SECURITY PLAN</u>	1b Three-digit plan number (PN) ► <u>005</u> 1c Effective date of plan <u>01/01/1982</u>
2a Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan) <u>SANDIA CORPORATION</u> <u>P.O. 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 P.O. 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	2284
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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	705
b Retired or separated participants receiving benefits.....	6b	988
c Other retired or separated participants entitled to future benefits.....	6c	284
d Subtotal. Add lines 6a , 6b , and 6c	6d	1977
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	235
f Total. Add lines 6d and 6e	6f	2212
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	0

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:

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

SCHEDULE A (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <hr/> <small>Department of Labor Employee Benefits Security Administration</small> <hr/> <small>Pension Benefit Guaranty Corporation</small>	Insurance 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. ► Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).	OMB No. 1210-0110 <hr/> 2011 <hr/> 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 SANDIA CORPORATION PENSION SECURITY PLAN	B Three-digit plan number (PN) ►	005
C Plan sponsor's name as shown on line 2a of Form 5500 SANDIA CORPORATION	D Employer Identification Number (EIN) 85-0097942	

Part I	Information Concerning Insurance Contract Coverage, Fees, and Commissions Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.
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1 Coverage Information:

(a) Name of insurance carrier
THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
22-1211670	68241	GA-008779	2212	01/01/2011	12/31/2011

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in item 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid	(b) Total amount of fees paid
0	0

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4 Current value of plan's interest under this contract in the general account at year end	4	19825652
5 Current value of plan's interest under this contract in separate accounts at year end	5	6287987

6 Contracts With Allocated Funds:**a** State the basis of premium rates ▶

b Premiums paid to carrier	6b	
c Premiums due but unpaid at the end of the year	6c	
d If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount. Specify nature of costs ▶	6d	

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity
(3) ☐ other (specify) ▶

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan check here ▶ ☐**7 Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)**

a Type of contract: (1) ☐ deposit administration (2) ☒ immediate participation guarantee
(3) ☐ guaranteed investment (4) ☐ other ▶

b Balance at the end of the previous year	7b	19227783
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c Additions: (1) Contributions deposited during the year	7c(1)		
(2) Dividends and credits	7c(2)		
(3) Interest credited during the year	7c(3)	1252753	
(4) Transferred from separate account	7c(4)		
(5) Other (specify below)	7c(5)		
▶			

(6) Total additions	7c(6)	1252753
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d Total of balance and additions (add b and c(6))	7d	20480536
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e Deductions:			
(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	594286	
(2) Administration charge made by carrier	7e(2)	60598	
(3) Transferred to separate account	7e(3)		
(4) Other (specify below)	7e(4)		
▶			

(5) Total deductions	7e(5)	654884
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f Balance at the end of the current year (subtract e(5) from d)	7f	19825652
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Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

- a** ☐ Health (other than dental or vision)
 b ☐ Dental
 c ☐ Vision
 d ☐ Life insurance
e ☐ Temporary disability (accident and sickness)
 f ☐ Long-term disability
 g ☐ Supplemental unemployment
 h ☐ Prescription drug
i ☐ Stop loss (large deductible)
 j ☐ HMO contract
 k ☐ PPO contract
 l ☐ Indemnity contract
m ☐ Other (specify) ▶

9 Experience-rated contracts:

a Premiums: (1) Amount received.....	9a(1)		
(2) Increase (decrease) in amount due but unpaid.....	9a(2)		
(3) Increase (decrease) in unearned premium reserve.....	9a(3)		
(4) Earned ((1) + (2) - (3)).....		9a(4)	
b Benefit charges (1) Claims paid.....	9b(1)		
(2) Increase (decrease) in claim reserves.....	9b(2)		
(3) Incurred claims (add (1) and (2)).....		9b(3)	
(4) Claims charged.....		9b(4)	
c Remainder of premium: (1) Retention charges (on an accrual basis) --			
(A) Commissions.....	9c(1)(A)		
(B) Administrative service or other fees.....	9c(1)(B)		
(C) Other specific acquisition costs.....	9c(1)(C)		
(D) Other expenses.....	9c(1)(D)		
(E) Taxes.....	9c(1)(E)		
(F) Charges for risks or other contingencies.....	9c(1)(F)		
(G) Other retention charges.....	9c(1)(G)		
(H) Total retention.....		9c(1)(H)	
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.).....		9c(2)	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement.....		9d(1)	
(2) Claim reserves.....		9d(2)	
(3) Other reserves.....		9d(3)	
e Dividends or retroactive rate refunds due. (Do not include amount entered in c(2).).....		9e	

10 Nonexperience-rated contracts:

a Total premiums or subscription charges paid to carrier.....	10a	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, item 2 above, report amount.	10b	

Specify nature of costs ▶

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☒ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	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

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>SANDIA CORPORATION PENSION SECURITY PLAN</u>	B Three-digit plan number (PN) ▶ <u>005</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>SANDIA CORPORATION</u>	D Employer Identification Number (EIN) <u>85-0097942</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information
1 Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2011</u>	
2 Assets:	
a Market value	2a <u>282781376</u>
b Actuarial value	2b <u>263837238</u>
3 Funding target/participant count breakdown:	
	(1) Number of participants (2) Funding Target
a For retired participants and beneficiaries receiving payment	3a <u>1200</u> <u>121363832</u>
b For terminated vested participants	3b <u>304</u> <u>8072603</u>
c For active participants:	
(1) Non-vested benefits	3c(1) <u>4919810</u>
(2) Vested benefits	3c(2) <u>47178908</u>
(3) Total active	3c(3) <u>798</u> <u>52098718</u>
d Total	3d <u>2302</u> <u>181535153</u>
4 If the plan is in at-risk status, check the box and complete lines (a) and (b)	☐
a Funding target disregarding prescribed at-risk assumptions	4a
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b
5 Effective interest rate	5 <u>6.23 %</u>
6 Target normal cost	6 <u>3303051</u>

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	<u>10/02/2012</u>
Signature of actuary	Date
<u>BRIAN P. LEVINE</u>	<u>11-06424</u>
Type or print name of actuary	Most recent enrollment number
<u>HEWITT ASSOCIATES LLC</u>	<u>214-989-2661</u>
Firm name	Telephone number (including area code)
<u>2711 NORTH HASKELL AVENUE</u>	
<u>SUITE 800</u>	
<u>DALLAS, TX 75204</u>	
Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

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

**Schedule SB (Form 5500) 2011
v.012611**

Part II		Beginning of year carryover and prefunding balances	
		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	44210654	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9	Amount remaining (line 7 minus line 8)	44210654	0
10	Interest on line 9 using prior year's actual return of _____ %		
11	Prior year's excess contributions to be added to prefunding balance:		
a	Present value of excess contributions (line 38 from prior year)		0
b	Interest on (a) using prior year's effective rate of <u>6.64</u> % except as otherwise provided (see instructions)		0
c	Total available at beginning of current plan year to add to prefunding balance		0
d	Portion of (c) to be added to prefunding balance		
12	Other reductions in balances due to elections or deemed elections	0	
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	44210654	0

Part III		Funding percentages	
14	Funding target attainment percentage	14	120.98 %
15	Adjusted funding target attainment percentage	15	145.33 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	162.71 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV		Contributions and liquidity shortfalls	
18 Contributions made to the plan for the plan year by employer(s) and employees:			
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	
Totals ▶		18(b)	0
		18(c)	0

19	Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:	
a	Contributions allocated toward unpaid minimum required contributions from prior years.	19a 0
b	Contributions made to avoid restrictions adjusted to valuation date	19b 0
c	Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c 0
20	Quarterly contributions and liquidity shortfalls:	
a	Did the plan have a "funding shortfall" for the prior year?	☐ Yes ☒ No
b	If 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☐ Yes ☐ No
c	If 20a is "Yes," see instructions and complete the following table as applicable:	
Liquidity shortfall as of end of quarter of this plan year		
(1) 1st	(2) 2nd	(3) 3rd

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: 3.78%	2nd segment: 6.31%	3rd segment: 6.57%	☐ N/A, full yield curve used
b Applicable month (enter code)				21b 4
22 Weighted average retirement age				22 55
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.....	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)	31a	3303051	
b Excess assets, if applicable, but not greater than 31a	31b	3303051	
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment	0	0	
b Waiver amortization installment	0	0	
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33		
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)...	34	0	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....	0	0	0
36 Additional cash requirement (line 34 minus line 35)	36	0	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	0	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	0	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	0	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years.....	40	0	

Part IX Pension funding relief under Pension Relief Act of 2010 (see instructions)

41 If a shortfall amortization base is being amortized pursuant to an alternative amortization schedule:			
a Schedule elected	☐ 2 plus 7 years ☐ 15 years		
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011		
42 Amount of acceleration adjustment	42		
43 Excess installment acceleration amount to be carried over to future plan years	43		

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 PENSION SECURITY PLAN</u>	B Three-digit plan number (PN) ▶ <u>005</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)

PRUDENTIAL FINANCIAL

22-1211670

(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?
13	NONE	139116	Yes ☒ No ☐	Yes ☒ No ☐	0	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
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

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

A Name of plan <u>SANDIA CORPORATION PENSION SECURITY PLAN</u>	B Three-digit plan number (PN) ►	<u>005</u>
C Plan or DFE 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	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)
--------	--

a Name of MTIA, CCT, PSA, or 103-12 IE: SANDIA CORP. PENSION PLANS TRUST

b Name of sponsor of entity listed in (a): SANDIA CORPORATION

c EIN-PN <u>36-3291356-008</u>	d Entity code <u>M</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>285995744</u>
---------------------------------------	-------------------------------	--

a Name of MTIA, CCT, PSA, or 103-12 IE: TEMPORARY INVESTMENT ACCOUNT

b Name of sponsor of entity listed in (a): PRUDENTIAL FINANCIAL

c EIN-PN <u>22-1211670-044</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>2571949</u>
---------------------------------------	-------------------------------	--

a Name of MTIA, CCT, PSA, or 103-12 IE: CONSERVATIVE STOCK FUND

b Name of sponsor of entity listed in (a): PRUDENTIAL FINANCIAL

c EIN-PN <u>22-1211670-007</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>3716038</u>
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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:

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:

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:

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:**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)**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)**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)**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**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**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 PENSION SECURITY PLAN	B Three-digit plan number (PN) ►	005
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)		
(9) Value of interest in common/collective trusts.....	1c(9)		
(10) Value of interest in pooled separate accounts.....	1c(10)	5563563	6287987
(11) Value of interest in master trust investment accounts	1c(11)	257990030	285995744
(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)	19227783	19825653
(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	282781376	312109384

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	282781376	312109384
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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)		
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		0
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)		
(F) Other	2b(1)(F)	1311012	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		1311012
(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)		-318599
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		42474257
(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		43466670

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	12731004	
(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)		12731004
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)	139116	
(3) Investment advisory and management fees	2i(3)	363637	
(4) Other	2i(4)	167985	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		670738
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		13401742

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		30064928
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		736920

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. RETIREMENT INCOME PLAN

5b(2) EIN(s)	5b(3) PN(s)
85-0097942	006

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 PENSION SECURITY PLAN</u>	B Three-digit plan number (PN) ▶ <u>005</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
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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	<u>0</u>
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>22-1211670</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	<u>0</u>

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.
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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

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: 60% Investment-Grade Debt: 40% High-Yield Debt: 0% Real Estate: 0% Other: 0%

- 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):

**SANDIA CORPORATION PENSION SECURITY
PLAN**

**Financial Statements and Supplemental Schedule
For the Years Ended December 31, 2011 and 2010
With Report of Independent Auditors**

SANDIA CORPORATION PENSION SECURITY PLAN
December 31, 2011 and 2010

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Note: Other supplemental schedules required by 29 CFR 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

REPORT OF INDEPENDENT AUDITORS

We have audited the accompanying statements of net assets available for benefits of Sandia Corporation Pension 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 years ended December 31, 2011 and 2010. 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.

Except as discussed in the following paragraph, we conducted our 2011 audit in accordance with auditing standards generally accepted 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 audit 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 2011 audit provides a reasonable basis for our opinion.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, investment assets held by the Northern Trust Company and Prudential Life Insurance Company of America, the trustees of the Plan, and transactions in those assets were excluded from the scope of our audit of the Plan's 2010 financial statements, except for comparing the investment information certified by the trustee, which is summarized in Note 4, with the related information included in the financial statements.

Because of the significance of the information that we did not audit as discussed in the preceding paragraph, we are unable to, and do not, express an opinion on the statement of net assets available for benefits of the Plan at December 31, 2010. The form and content of the information included in the statement of net assets available for benefits as of December 31, 2010, other than that derived from the investment information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under Employee Retirement Income Security Act of 1974.

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

Our audit of the Plan's financial statements as of and for the year ended December 31, 2011, was conducted for the purpose of forming an opinion on the financial statements 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 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.

Mitchell & Titus, LLP

August 13, 2012

SANDIA CORPORATION PENSION SECURITY PLAN

Statements of Net Assets Available for Benefits

As of December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
<i>Assets held in insurance company pooled separate accounts, at fair value</i>		
Short-term fund	\$ 2,571,949	\$ 1,551,226
Conservative stock fund	<u>3,716,038</u>	<u>4,012,337</u>
	6,287,987	5,563,563
 Assets held in unallocated insurance contract, at contract value	 19,825,653	 19,227,783
 Plan's interest in Master Trust held by the Northern Trust Company, at fair value	 <u>285,995,744</u>	 <u>257,990,030</u>
 Net assets available for benefits	 <u><u>\$ 312,109,384</u></u>	 <u><u>\$ 282,781,376</u></u>

The accompanying notes are an integral part of these financial statements.

SANDIA CORPORATION PENSION SECURITY PLAN
Statements of Changes in Net Assets Available for Benefits
For the Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ADDITIONS		
<i>Investment income (loss)</i>		
Interest and dividend income	\$ 1,311,012	\$ 1,326,950
Plan's interest in net investment gain of Master Trust	42,474,257	30,172,785
Net appreciation in fair value of pooled separate accounts	(318,599)	359,985
Total additions	<u>43,466,670</u>	<u>31,859,720</u>
DEDUCTIONS		
Transfers to Retirement Income Plan, net	736,920	1,342,843
Benefit payments	12,731,004	12,338,447
Administrative expenses	670,738	848,098
Total deductions	<u>14,138,662</u>	<u>14,529,388</u>
Net increase	29,328,008	17,330,332
Net assets available for benefits		
Beginning of year	<u>282,781,376</u>	<u>265,451,044</u>
End of year	<u><u>\$ 312,109,384</u></u>	<u><u>\$ 282,781,376</u></u>

The accompanying notes are an integral part of these financial statements.

SANDIA CORPORATION PENSION SECURITY PLAN

Notes to Financial Statements

December 31, 2011 and 2010

NOTE 1 DESCRIPTION OF THE PLAN

General

The Sandia Corporation Pension Security Plan (the Plan) is a non-contributory defined benefit pension plan covering union employees in specific job classifications (as defined) who have one year of service and are at least age 21, and all retired and terminated vested employees in such job classifications. Sandia Corporation (the Company) is a wholly owned subsidiary of Lockheed Martin Corporation (Lockheed Martin, or the Corporation). A description of the Plan is contained in the Summary Plan Description, which is provided to all participants.

The Plan was amended to close the plan to the Office and Professional Employees International Union (OPEIU) represented employees hired on or after July 1, 2009 and Metal Trades Council (MTC) or Security Police Association (SPA) represented employees hired on or after July 1, 2010.

Funding Policy

The Company makes annual contributions to the Plan in amounts equal to the minimum funding requirements of the Employee Retirement Income Security Act of 1974 (ERISA), as determined by the Plan's actuary, sufficient to fund the Plan's current service cost on a current basis and to fund the unfunded accrued liability plus interest thereon over a period of up to 30 years. No contributions were required for 2011 and 2010. Participant contributions were required prior to July 1, 1975. The participants' accumulated contributions pertaining to years prior to 1975, included interest credited at an annually compounded rate of 2.34% and 2.95% for the years ended December 31, 2011 and 2010, respectively, were \$49,551 and \$49,824 at January 1, 2011 and 2010, respectively.

Benefit Payments

Based on plan provisions, the Plan provides for monthly pension payments to participating employees upon their attaining the minimum age and service requirements specified in the Plan document. The amount of such payments depends on length of service and pension band amounts that are a function of job title and classification. Participants become fully vested after five years of credited service.

As changes in employee job categories result in changes in eligibility between the Plan and the Sandia Corporation Retirement Income Plan (RIP), actuarially determined amounts of assets are transferred between the plans. These transfers are shown as transfers from/to Retirement Income Plan in the statements of changes in net assets available for benefits.

SANDIA CORPORATION PENSION SECURITY PLAN

Notes to Financial Statements

December 31, 2011 and 2010

NOTE 1 DESCRIPTION OF THE PLAN *(continued)*

Plan Termination

Although the intent has not been expressed, the Company has the right under the Plan to discontinue contributions, if any, at any time and to terminate the Plan subject to provisions set forth in ERISA. Upon any Plan termination, the assets will be allocated first, to participants' contributions; second, to benefits payable as an annuity; third, to other nonforfeitable benefits; fourth, to all other benefits; and fifth, in the event there is any remaining balance and to the extent permitted by law, to the Department of Energy.

Certain benefits under the Plan are secured by Pension Benefit Guaranty Corporation (PBGC) if the Plan terminates. Generally, the PBGC guarantees most vested normal age retirement benefits, early retirement benefits, and certain survivors' pensions. However, PBGC does not guarantee all benefits under the Plan and the amount of benefit protection is subject to certain limitations.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan are prepared based on the accrual method of accounting.

Payment of Benefits

Benefits are recorded when paid.

Use of Estimates

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

SANDIA CORPORATION PENSION SECURITY PLAN

Notes to Financial Statements

December 31, 2011 and 2010

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investment Contracts

Under the contract terms between Prudential Insurance Company of America (Prudential) and the Plan, Prudential manages funds on behalf of the Plan. Prudential has been granted discretionary authority concerning purchases and sales of investments in the funds within the separate accounts. The investments in the pooled separate accounts represent ownership of units of participation in various commingled funds rather than ownership of specific assets. The investments in the pooled separate accounts are stated at fair value.

The Plan's assets held in an unallocated insurance contract are valued at contract value as certified by Prudential. Contract value represents contributions made under the contract, plus interest and less funds used to pay retirement benefits and administrative expenses. These investments are carried at contract value, which approximates fair value.

A minimum balance requirement, determined annually by Prudential, exists under the contract for the conservative stock fund pooled separate account and the unallocated insurance contract.

Master Trust Investments

Under the terms of a trust agreement between Northern Trust Company (the Master Trustee) and the Plan, the Master Trustee holds funds on behalf of the Plan, which are combined with funds of the RIP in one Sandia Corporation Pension Plans Trust (Master Trust). The Master Trustee maintains records reflecting the net assets in the Master Trust and details of changes therein for each plan. Assets held by the Master Trustee are segregated into investment manager accounts and a cash account. The investment managers have investment authority over assets in their accounts and the Master Trustee has authority over the cash account. The realized and unrealized gains and losses, and investment income of the Master Trust are allocated to the Plan based on the number of units outstanding at each month-end during the year.

Investments are reported at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 6 for a discussion of fair value measurements.

SANDIA CORPORATION PENSION SECURITY PLAN

Notes to Financial Statements

December 31, 2011 and 2010

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Master Trust Investments *(continued)*

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation/(depreciation) include the Plan's gains and losses on investments bought and sold as well as held during the year.

Derivative Instruments

Derivative financial instruments may be used by the investment managers of the Master Trust as part of their respective strategies, which include the use of futures contracts, interest rate swaps, options on futures, and options as substitutes for certain types of securities. Notional amounts disclosed below do not quantify risk or represent assets or liabilities of the Master Trust, but are used in the calculation of the cash settlements under the contracts.

The fair values of these instruments are recorded as investments of the Master Trust. To the extent that a gain has been recognized, these instruments are recorded as assets and to the extent that a loss has been recognized, these instruments are recorded as liabilities. Changes in the fair value of the derivative instrument are reflected in investment income as net investment gain/(loss) in the Master Trust. As of December 31, 2011 and 2010, these derivative financial instruments were held for trading purposes. The notional amounts and fair values are presented as gross assets and liabilities as of December 31, 2011 and 2010:

	2011		2010	
	Notional Amount	Amount Included in Fair Value of Asset	Notional Amount	Amount Included in Fair Value of Asset
Cash and cash Equivalent				
Future Contracts	\$ 44,126,800		\$118,468,438	
Foreign Currency				
Forward Contracts -Payable		(15,251,395)		(10,477,638)
Forward Contracts -Receivable		15,175,034		10,506,740
Fixed Income				
Futures Contracts				
Alternative Investments				
Swaps Contracts		-		(51,717)
Options Contracts		(331,534)		(107,047)

SANDIA CORPORATION PENSION SECURITY PLAN

Notes to Financial Statements

December 31, 2011 and 2010

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign Currency Forward Contracts

To help reduce the risk of foreign currency exchange rate losses related to international equity securities held by the Master Trust, the Master Trust holds foreign currency forward contracts that represent commitments either to purchase or sell foreign currencies at a specified future date and at a specific price. Such contracts are recorded at fair value as a receivable or payable for foreign currency forward contracts in the net assets of the Master Trust. Realized and unrealized gains and losses on the forward contracts, resulting from the settlement of contracts and changes in the exchange rates, are reflected in plan interest in net investment gain of Master Trust.

Risks and Uncertainties

The Plan invests in investment securities that are exposed to various risks, such as interest rate, market, and credit risks. From the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term. The value changes could materially affect the amounts reported in the statements of net assets available for benefits.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, which are all subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is quite possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

Tax Status

The Plan received a determination letter from the Internal Revenue Service (IRS) dated December 8, 2008 that stated the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Company's management 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.

SANDIA CORPORATION PENSION SECURITY PLAN

Notes to Financial Statements

December 31, 2011 and 2010

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Tax Status *(continued)*

U.S. GAAP requires the Plan's management to evaluate uncertain tax positions taken by the Plan. The financial statement effect of a tax position is 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 analyzed the tax positions taken by the Plan, and 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 jurisdiction; however, there are currently no audits for any tax period in progress. The Plan administrator believes it is no longer subject to income and examination for years prior to 2004.

Subsequent Events

The Company evaluated subsequent events and transactions through August 13, 2012, the date these financial statements were available to be issued. The Company is not aware of any subsequent events that would require recognition or disclosure in the financial statements other than those described below.

The Company has received necessary approvals and plans to merge the defined benefit Pension Security Plan into the Retirement Income Plan, effective January 1, 2013.

Recent Accounting Pronouncement

In May 2011, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2011-04, *Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRSs*. ASU 2011-04 amended Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, to converge the fair value measurement guidance in U.S. GAAP and International Financial Reporting Standards (IFRSs). Some of the amendments clarify the application of existing fair value measurement requirements, while other amendments change a particular principle in ASC 820. In addition, ASU 2011-04 requires additional fair value disclosures, although certain of these new disclosures will not be required for nonpublic entities. The amendments are to be applied prospectively and are effective for annual periods beginning after December 15, 2011. The Plan's adoption of this guidance did not have a material impact on measurement of the Plan's net assets.

SANDIA CORPORATION PENSION SECURITY PLAN

Notes to Financial Statements

December 31, 2011 and 2010

NOTE 3 ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS

Accumulated plan benefits are those estimated future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to the service rendered by employees from the date of eligibility to the valuation date. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries to the extent they are deemed attributable to employee service rendered to the valuation date.

The Plan's enrolled actuary determines the actuarial present value of accumulated plan benefits, which is the amount that results from applying the actuarial assumptions (shown below) to adjust the accumulated plan benefits earned by the participants, reflecting the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, withdrawal, or retirement) between the valuation date and the expected payment date.

The actuarial valuation for the Plan was made by Aon Hewitt. Actuarial assumptions are based on the presumption that the Plan will continue. If the Plan terminates, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits. Significant assumptions underlying the actuarial computations included: (a) discount rates of 7.00% and 6.76% for the years ended December 31, 2010 and December 31, 2009, respectively, and (b) assumed mortality (the IRS prescribed 2011 PPA static mortality table for the year ended December 31, 2010, and the modified RP-2000 Mortality Table and standard RP-2000 Mortality Table for the year ended December 31, 2009), and (c) retirement ages, disability, and turnover rates based upon published statistical data and the Plan's experience. Starting with the year ended December 31, 2010, the interest rate assumption used to calculate the actuarial present value of accumulated plan benefits is based on the expected long-term investment return on Plan assets. In prior years, the interest rate reflected a more current, market-based interest rate.

SANDIA CORPORATION PENSION SECURITY PLAN

Notes to Financial Statements

December 31, 2011 and 2010

NOTE 3 **ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS** *(continued)*

The actuarial present value of accumulated plan benefit information as of beginning of the year was as follows:

	December 31, 2010
Vested benefits of participants currently receiving payments	\$ 112,452,250
Other vested benefits	50,062,279
Non-vested benefits	4,477,488
Total	<u><u>\$ 166,992,017</u></u>

The net change in the actuarial present value of accumulated plan benefits is the result of the following for the year ended December 31, 2010:

Change in actuarial assumptions and methods	\$ (3,720,997)
Plan amendments	
Interest due to a decrease in discount rate	10,811,433
Benefits accrued (including transfers to the Retirement Income Plan)	6,239,247
Benefits paid	<u>(12,338,447)</u>
Net increase	991,236
<i>Actuarial present value of accumulated plan benefits</i>	
Beginning of year	<u>166,000,781</u>
End of year	<u><u>\$ 166,992,017</u></u>

Consistent with prior-year activity, changes in employee job categories of active participants result in changes in eligibility between the Plan and the RIP. During 2011 and 2010, the impact of the active participant transfers between the Plan and the RIP was immaterial to the Plan.

SANDIA CORPORATION PENSION SECURITY PLAN

Notes to Financial Statements

December 31, 2011 and 2010

NOTE 4 MASTER TRUST

The Plan's interest in the Master Trust's net assets as of December 31, 2011 and 2010 was approximately 7.3% and 7.7%, respectively. The Plan's interest in the Master Trust represented more than 5% of the Plan's net assets.

All investment information for the Master Trust disclosed in the accompanying financial statements and supplemental schedules, including investments held at December 31, 2010 and net appreciation (depreciation) in fair value of investments, interest, and dividends for the year ended December 31, 2010, was obtained or derived from information provided to the Plan administrator and certified as complete and accurate by the Northern Trust Company and Prudential Life Insurance Company of America, the trustees of the Master Trust.

The Master Trust participates in a securities lending program, whereby securities of the Trust are loaned to selected security brokerage firms. The Master Trust transfers titles of the loaned securities, but retains the right to redeem securities on short notice and is entitled to all distributions made by the issuer of the securities during the term of the loan. All such loans require collateralization by U.S. government securities, cash, or letters of credit that always equal at least 100% of the loaned security market value plus accrued interest. Cash collateral received on loaned securities as of December 31, 2011 and 2010 was invested in a commingled fixed-income fund. There are also limitations on the aggregate market value of securities that may be loaned to any one broker and to all brokers as a group. At December 31, 2011 and 2010, securities were on loan with a market value of \$281,204,220 and \$271,051,740, respectively.

SANDIA CORPORATION PENSION SECURITY PLAN

Notes to Financial Statements

December 31, 2011 and 2010

NOTE 4 MASTER TRUST *(continued)*

The following table presents the fair value of investments in the Master Trust as of December 31:

	<u>2011</u>	<u>2010</u>
<i>Equity</i>		
U.S. equity securities	\$ 322,415,964	\$ 252,730,133
International equity securities	167,572,165	140,628,357
<i>Fixed income</i>		
Government debt securities	838,065,868	840,104,409
Corporate debt securities	73,025,430	128,660,076
Derivatives	(331,534)	(88,764)
Mortgage- and asset-backed securities	10,941,626	26,384,200
Common/collective trusts	2,097,937,977	1,570,660,164
103-12 entities	397,028,176	382,844,795
Accrued income	3,278,277	5,624,807
Cash and cash equivalents	1,682,704	9,817,185
Investments held as collateral on securities loaned	287,547,608	275,942,892
Due from brokers for sale of securities	9,991,187	24,952,455
Receivable for foreign currency forward contracts	15,175,034	10,506,740
Payable for foreign currency forward contracts	(15,251,395)	(10,477,638)
Due to brokers for purchase of securities	(17,347,533)	(37,062,700)
Obligation to return collateral on securities loaned	<u>(287,547,608)</u>	<u>(275,942,892)</u>
Total net assets	<u>3,904,183,946</u>	<u>3,345,284,219</u>
Amount attributable to the RIP	(3,618,188,202)	(3,087,294,189)
Amount attributable to the Plan	<u>\$ 285,995,744</u>	<u>\$ 257,990,030</u>

SANDIA CORPORATION PENSION SECURITY PLAN

Notes to Financial Statements

December 31, 2011 and 2010

NOTE 4 MASTER TRUST (continued)

Investment income for the Master Trust for the years ended December 31, 2011 and 2010 was as follows:

	<u>2011</u>	<u>2010</u>
Investment income		
<i>Net appreciation (depreciation) in the fair value of investments</i>		
<i>Equity</i>		
U.S. equity securities	\$ (138,122,009)	\$ 99,001,083
International equity securities	(23,979,901)	18,551,427
<i>Fixed income</i>		
Corporate debt securities	131,674,053	30,974,232
U.S. government securities	237,602,801	9,592,440
Other fixed income obligations	186,415,795	2,110,690
103-12 entities	(2,780,535)	49,981,306
Common/collective trusts	<u>156,427,532</u>	<u>126,153,031</u>
	547,237,736	336,364,209
Dividend income	9,910,434	18,379,490
Interest income	14,935,902	36,053,761
Other investment income	<u>602,965</u>	<u>1,042,721</u>
Net investment gain	<u>572,687,037</u>	<u>391,840,181</u>
Net investment gain attributable to the RIP	530,212,780	361,667,396
Net investment gain attributable to the Plan	<u>\$ 42,474,257</u>	<u>\$ 30,172,785</u>

NOTE 5 POOLED SEPARATE ACCOUNTS

During 2011 and 2010, the Plan's investments in pooled separate accounts held by Prudential (depreciated)/appreciated in value as follows:

	<u>2011</u>	<u>2010</u>
Conservative stock fund	\$ (318,599)	\$ 359,986

SANDIA CORPORATION PENSION SECURITY PLAN

Notes to Financial Statements

December 31, 2011 and 2010

NOTE 6 FAIR VALUE MEASUREMENTS

The following table sets forth by level, within the fair value hierarchy, the Master Pension Plans Trust's (the Master Trust) assets at fair value as of December 31, 2011:

ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The fair value hierarchy established by ASC 820 prioritizes the inputs used in 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.
- Level 3:* Unobservable inputs—include amounts derived from valuation models where one or more significant inputs are unobservable and require the development of relevant assumptions.

The following is a description of the valuation methodologies used to measure fair value for Master Trust assets:

Common stocks and preferred stocks: Common stocks appear in the Level 1 valuation level, while preferred stocks are categorized as Level 1 and Level 3. Common stocks and preferred stocks categorized as Level 1 are valued based on quoted market prices. There is one international equity security categorized as Level 3, since these are Class "C" shares (rights) issued as a result of a corporate action. These Class "C" shares are not tradable on an exchange, so they are classified as Level 3.

SANDIA CORPORATION PENSION SECURITY PLAN

Notes to Financial Statements

December 31, 2011 and 2010

NOTE 6 FAIR VALUE MEASUREMENTS *(continued)*

Government and corporate debt securities: Government and corporate debt securities categorized as Level 2 are valued based on inputs other than quoted prices that are observable for the asset (e.g., interest rates and yield curves observable at commonly quoted intervals). Those securities categorized as Level 3 are foreign bonds, which are not traded on an exchange, and pricing has been provided by a broker.

Mortgage- and asset-backed securities: Mortgage- and asset-backed securities categorized as Level 2 are valued based on inputs other than quoted prices that are observable for the asset (e.g., interest rates and yield curves observable at commonly quoted intervals). Fixed-income securities categorized as Level 3 are valued based on evaluated prices using unobservable inputs such as prepayment speed assumptions and liquidity.

Common/collective trusts and 103-12 investment entities: Common/collective trusts and 103-12 investment entities value is based on the net asset values (NAVs) of the shares held by the trust at year end. The NAV's value is based on closing market prices of the underlying securities in the trust's portfolio. The NAV per share is the total value of the trust divided by the number of shares outstanding. The NAV is corroborated by observable market data (e.g., purchases or sales activity). Accordingly, these investments are categorized as Level 2. There is also a special case of a common/collective trust valued as Level 1. This is the collective short-term interest fund (STIF) held by Northern Trust Company. Although this is a common/collective trust, it is essentially a cash vehicle that is categorized as Level 1.

The methods described above may produce a fair value calculation that may not indicate net realizable value or reflect future fair values. Furthermore, while 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.

SANDIA CORPORATION PENSION SECURITY PLAN

Notes to Financial Statements

December 31, 2011 and 2010

NOTE 6 FAIR VALUE MEASUREMENTS *(continued)*

The Master Trust's assets at fair value as of December 31, 2011 were as follows:

	Master Trust Assets at Fair Values as of December 31, 2011			
	Level 1	Level 2	Level 3	Total
<i>Equities</i>				
U.S. equity securities	\$ 322,415,964	\$ -	\$ -	\$ 322,415,964
International equity securities	167,565,259	-	6,906	167,572,165
<i>Fixed income</i>				
Government debt securities	-	837,643,376	422,492	838,065,868
Corporate debt securities	-	73,025,430	-	73,025,430
Derivatives	(180,650)	(150,884)	-	(331,534)
Mortgage- and asset-backed securities	-	10,854,758	86,868	10,941,626
Common/collective trusts	-	2,097,937,977	-	2,097,937,977
103-12 entities	-	397,028,176	-	397,028,176
Total	<u>\$ 489,800,573</u>	<u>\$ 3,416,338,833</u>	<u>\$ 516,266</u>	<u>\$ 3,906,655,672</u>

The Master Trust's assets at fair value as of December 31, 2010

	Master Trust Assets at Fair Values as of December 31, 2010			
	Level 1	Level 2	Level 3	Total
<i>Equities</i>				
U.S. equity securities	\$ 252,730,133	\$ -	\$ -	\$ 252,730,133
International equity securities	140,628,357	-	-	140,628,357
<i>Fixed income</i>				
Government debt securities	-	840,104,409	-	840,104,409
Corporate debt securities	-	128,660,076	-	128,660,076
Derivatives	-	(88,764)	-	(88,764)
Mortgage- and asset-backed securities	-	26,266,054	118,146	26,384,200
Common/collective trusts	5,634,061	1,565,026,103	-	1,570,660,164
103-12 entities	-	382,844,795	-	382,844,795
Total	<u>\$ 398,992,551</u>	<u>\$ 2,942,812,673</u>	<u>\$ 118,146</u>	<u>\$ 3,341,923,370</u>

SANDIA CORPORATION PENSION SECURITY PLAN

Notes to Financial Statements

December 31, 2011 and 2010

NOTE 6 FAIR VALUE MEASUREMENTS *(continued)*

Cash received as collateral for securities loaned at December 31, 2011 and 2010 totaled \$287,547,608 and \$275,942,892, respectively. These funds were invested in a commingled fixed income fund that was valued at the NAV of the shares held at year end. Such investments were considered Level 2 investments.

The table below sets forth a summary of changes in the fair value of the Master Trust Level 3 assets for the year ended December 31, 2011:

Master Trust Level 3 Asset Reconciliation Year Ended December 31, 2011

Balance, beginning of year	\$ 118,146
Realized gains/(losses)	4,339
Unrealized gains/(losses) relating to instruments still held at the reporting date	87,776
Purchases	348,672
Sales	(38,328)
Settlements	(4,339)
Transfers in/out of Level 3	-
Balance, end of year	<u>\$ 516,266</u>

The following table sets forth, by level within the fair value hierarchy, the Plan's assets managed by Prudential at fair value as of December 31, 2011.

Other Investments (Managed by Prudential) at Fair Value as of December 31, 2011

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income fund	\$ -	\$ -	\$ 19,825,653	\$ 19,825,653
Conservative stock fund	-	3,716,038	-	3,716,038
Short-term fund	<u>-</u>	<u>2,571,949</u>	<u>-</u>	<u>2,571,949</u>
Total	<u>\$ -</u>	<u>\$ 6,287,987</u>	<u>\$ 19,825,653</u>	<u>\$ 26,113,640</u>

SANDIA CORPORATION PENSION SECURITY PLAN

Notes to Financial Statements

December 31, 2011 and 2010

NOTE 6 FAIR VALUE MEASUREMENTS *(continued)***Other Investments (Managed by Prudential) at Fair Value
as of December 31, 2010**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income fund	\$ -	\$ -	\$ 19,227,783	\$ 19,227,783
Conservative stock fund	-	4,012,337	-	4,012,337
Short-term fund	<u>-</u>	<u>1,551,226</u>	<u>-</u>	<u>1,551,226</u>
Total	<u>\$ -</u>	<u>\$ 5,563,563</u>	<u>\$ 19,227,783</u>	<u>\$ 24,791,346</u>

The following is a description of the valuation methodologies used for measuring other assets (managed by Prudential) at fair value:

The conservative stock fund and short-term fund are held in pooled separate accounts, which are valued based on the NAV of the shares held by the Plan at year end. The NAV per share is the total value of the funds divided by the number of shares outstanding. The values of the investments in the funds are based on the closing quoted market prices of the underlying securities in the funds. The NAV is corroborated by observable market data (e.g., purchases or sales activity). Accordingly, these investments are categorized as Level 2.

The fixed income fund is held in the Prudential Insurance Company of America (PICA)'s General Account. The Plan holds units in the General Account consisting of a proprietary blended investment portfolio. Unit value for this account is provided by Prudential. Since the underlying value of the investments is not available, this investment is categorized as Level 3.

SANDIA CORPORATION PENSION SECURITY PLAN

Notes to Financial Statements

December 31, 2011 and 2010

NOTE 6 FAIR VALUE MEASUREMENTS *(continued)*

The table below sets forth a summary of changes in the fair value of the Level 3 investments managed by Prudential for the year ended December 31, 2011.

Other Investments Level 3 Reconciliation Year Ended December 31, 2011

Balance, beginning of year	\$ 19,227,783
Disbursements	(592,700)
Realized Gains	<u>1,190,570</u>
Balance, end of year	<u>\$ 19,825,653</u>

NOTE 7 RELATED-PARTY TRANSACTIONS

Certain Plan investments are managed by Prudential, which also serves as administrator of certain benefits paid to the Plan's participants.

The Plan holds units of trust funds managed by Prudential, a trustee of the Plan. This transaction qualifies as party-in-interest transactions; however, they are exempt from the prohibited transactions rules under ERISA. During 2011, the Plan paid Prudential \$12,905 in trustee and transactional fees. The Plan also owed the trustee \$127,727 in fees as of December 31, 2011.

SUPPLEMENTAL SCHEDULE

EIN: 85-0097942
Plan #: 005

SANDIA CORPORATION PENSION SECURITY PLAN
Schedule H, Line 4i—Schedule of Assets (Held at End of Year)
As of December 31, 2011

Identity of Issue, Borrower, Lessor, or Similar Party	Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	Cost	Current Value
<i>*Pooled separate accounts with the Prudential Insurance Company of America</i>			
Short-term fund	Interest-bearing cash account, variable interest, 191,390 units at December 31, 2011	\$ 2,571,949	\$ 2,571,949
Conservative stock fund	Common stock account, 46,786 units at December 31, 2011	1,041,040	3,716,038
<i>*Unallocated insurance contract with the Prudential Insurance Company of America</i>			
	Variable rate, 6.18% at December 31, 2011	<u>19,825,652</u>	<u>19,825,652</u>
		<u>\$ 23,438,641</u>	<u>\$ 26,113,640</u>

**Party-in-interest fund.*

Schedule SB Attachment (Form 5500)—2011 Plan Year
Pension Security Plan
EIN: 850097942 PN: 005

Schedule SB, line 22—Description of Weighted Average Retirement Age

The average retirement age shown in line 22 has been calculated by assuming the following retirement rates and no decrements other than retirement for this calculation. All retirements are assumed to occur at mid-year, except for the 100% retirement age.

(a) Age	(b) Rate	(c) Weight	(d) Product (a) × (b) × (c)
46.5	7.00%	1.0000	3.26
47.5	7.00%	0.9300	3.09
48.5	7.00%	0.8649	2.94
49.5	7.00%	0.8044	2.79
50.5	7.75%	0.7481	2.93
51.5	8.50%	0.6901	3.02
52.5	8.75%	0.6314	2.90
53.5	9.00%	0.5762	2.77
54.5	9.25%	0.5243	2.64
55.5	10.00%	0.4758	2.64
56.5	11.00%	0.4282	2.66
57.5	12.00%	0.3811	2.63
58.5	13.00%	0.3354	2.55
59.5	14.25%	0.2918	2.47
60.5	20.00%	0.2502	3.03
61.5	27.50%	0.2002	3.39
62.5	45.00%	0.1451	4.08
63.5	20.00%	0.0798	1.01
64.5	25.00%	0.0639	1.03
65.5	30.00%	0.0479	0.94
66.5	30.00%	0.0335	0.67
67.5	30.00%	0.0235	0.48
68.5	30.00%	0.0164	0.34
69.5	30.00%	0.0115	0.24
70	100.00%	0.0080	0.56
Weighted Average			55.06

Schedule SB Attachment (Form 5500)—2011 Plan Year
Pension Security Plan
EIN: 850097942 PN: 005

Schedule SB, line 25—Change in Method

The implementation of PPA required certain changes to the methods used in the funding valuation:

- A change in the asset valuation method from a five-year smoothed value method to a two-year (three-point) smoothed value method.
- A change in the liability cost method from the entry age normal (level dollar) cost method to the standard unit credit cost method.
- An addition to the target normal cost of assumed expenses payable from the trust, as required by WRERA.

As this is the first plan year for which the plan is subject to the minimum funding rules of Code section 430 or ERISA section 303, these changes have automatic approval.

Schedule SB Attachment (Form 5500)—2011 Plan Year
Pension Security Plan
EIN: 850097942 PN: 005

Schedule SB, line 26—Schedule of Active Participant Data as of January 1, 2011

Attained Age	Number of Participants									
	Years of Credited Service									
	<1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+
<25	4	10								
25-29	3	18	32							
30-34	1	11	29	7	2					
35-39	3	18	41	7	2					
40-44	4	17	52	8	9	2				
45-49	1	22	59	16	6	16	5			
50-54	1	13	54	10	17	18	42	11		
55-59	1	6	42	15	20	5	13	13	4	
60-64			28	11	8	8	9	13	3	3
65-69			4	5	3		3	2		
70+				1	6	1				

N-798

Schedule SB Attachment (Form 5500)—2011 Plan Year
Pension Security Plan
EIN: 850097942 PN: 005

Schedule SB, Part V—Summary of Plan Provisions

Effective Date	January 1, 1998. Amended and restated January 1, 2008.
Plan Year	January 1 through December 31.
Participation	Regular and Limited Term employees in a bargaining unit with one year of service and at least age 21 are eligible to participate. Effective July 1, 2009, the plan is closed to new OPEIU hires and rehires. Effective July 1, 2010, the plan is closed to new MTC and SPA hires and rehires.
Employee Contributions	Contributions, if any, made by a Participant under a Previous Plan, to the extent that those contributions remain in the plan. Employee contributions include “Prior Plan Employee Contributions” and “LMSC Employee Contributions”.
Retirement Eligibility Normal	The later of the date a Participant attains age 65 or the fifth anniversary of the Participant’s commencement of employment.
Service	Age 55 with 20 years of Eligibility Service, age 50 with 25 years of Eligibility Service, age 60 with 15 years of Eligibility Service, age 65 with 10 years of Eligibility Service or any age with 30 years of Eligibility Service. Only participants who meet these requirements while still in active service are eligible for a Service Retirement.
Early	The same as Service Retirement. Age 55 with 20 years of Service or age 50 with 25 years of Eligibility Service for the purpose of a deferred vested pension.
Disability	Fifteen years of Eligibility Service.
Vesting	Five years of Eligibility Service.

Schedule SB Attachment (Form 5500)—2011 Plan Year
Pension Security Plan
EIN: 850097942 PN: 005

Retirement Benefits
Normal

An individual who first became a pension plan participant after June 30, 1975, or is otherwise not eligible for the prior plan minimum benefit shall have the monthly pension amount determined solely by the following formula (called Formula #4):

$[(a) \times (b)] + [(c) \times (d)]$ where

- (a) equals Pension Band Amount (see below)
- (b) equals Benefit Service
- (c) equals .001
- (d) equals average annual amount of supplemental salary payments (e.g. shift premium) paid to an employee during the last 36 month period.

Pension Band Amount is a monthly dollar amount per year of service which is a function of Pension Band Number, which is in turn a function of job title and classification as shown below¹:

Pension Band	MTC and OPEIU Employees	SPA Employees
101	\$41.97	N/A
103	\$45.55	N/A
105	\$49.05	N/A
106	\$50.87	N/A
107	\$52.67	\$52.42
108	\$54.41	N/A
109	\$56.22	N/A
110	\$57.95	N/A
112	\$61.49	N/A
113	\$63.30	\$62.99
115	\$66.82	N/A
116	\$68.58	\$68.26
119	\$73.92	N/A
122	\$79.23	N/A

An individual who is a prior plan employee shall have the pension determined as the greater of the above Formula #4 and Formula #1. Formula #1 is 1% of the first \$3,000 of annual earnings, plus 2% of the excess, for each year of plan participation. Accruals under Formula #1 are suspended as of December 31, 1989.

¹ The rates are shown as of October 1, 2010 for the MTC and OPEIU employees and as of December 1, 2010 for the SPA employees. The additional 4.00% increase was negotiated for all SPA bands effective on December 1, 2011 and 3.00% increases effective on December 1, 2012, and December 1, 2013.

Schedule SB Attachment (Form 5500)—2011 Plan Year

Pension Security Plan

EIN: 850097942 PN: 005

Former employees of Lockheed Martin Corporation Specialty Components (“Pinellas”) and the Lockheed Martin Corporation receive a benefit equal to the above described benefit based on total service (service accrued while a Sandia employee plus service accrued at former company), not less than the accrued regular benefit under Pinellas or Lockheed Martin (whichever applicable) at the date of transfer. In addition, the Pinellas participants receive a benefit based on their Personal and Voluntary Pension Accounts.

Early

The accrued normal retirement benefit is reduced 0.5% for each month that retirement precedes age 55 for participants who are eligible for Service Retirement and have less than 30 years of Eligibility Service.

Disability

Accrued normal retirement benefit, payable without a reduction for early commencement. Effective July 1, 2009, this special disability benefit was eliminated for OPEIU employees. Effective July 1, 2010, this special disability benefit was also eliminated for MTC and SPA employees. Benefits for participants who become disabled after these dates will be paid according to the vesting provisions of the plan.

Vesting

Any participant who is at least age 22, and leaves employment before age 65 with at least five years of vesting service is entitled to a deferred vested pension at age 65. Any participant who leaves employment on or after age 65 with at least five years of vesting service is entitled to a vested pension commencing immediately. A participant eligible for early retirement may elect to receive a reduced benefit. The reductions are based on tabular factors for deferred vested participants that vary based on the participant’s age at the benefit commencement date.

Preretirement Spouse’s Benefits Eligibility

The spouse of an active participant who dies after becoming eligible for a deferred vested pension.

Schedule SB Attachment (Form 5500)—2011 Plan Year
Pension Security Plan
EIN: 850097942 PN: 005

Benefit	<p>The benefit amount, derived from the participant's accrued benefit, and the annuity commencement date are dependent on the deceased's years of employment as follows:</p> <ul style="list-style-type: none">(a) Fifteen or more years or service pension eligible: 90%² of accrued benefit payments commence upon the participant's death without early retirement reductions(b) Less than 15 years or not yet service pension eligible: 86%¹ of accrued benefit; payments commence on the deceased's 65th birthday.
Death Benefit Eligibility	<p>A beneficiary of a Prior Plan Employee if there is no surviving spouse.</p>
Benefit	<p>An amount equal to the participant's employee contributions plus accumulated interest reduced by any benefit payments made to the participant. If death occurs after retirement and the participant did not have an eligible survivor at retirement, then the amount will not be less than the accrued December 31, 1975, annual annuity.</p>
Return of Employee Contributions	<p>A participant who terminates employment and is not eligible for a Service Pension or a Disability Pension may, with spousal consent, elect to receive a single sum payment equal to the Participant's Prior Plan Employee Contributions plus interest on any date between the participant's termination of employment and the participant's benefit commencement date. This single sum payment will reduce the participant's accrued benefit under the plan.</p>
Normal Form of Payment	<p>Life annuity for single participants, 100% joint and survivor annuity with a pop-up for married participants.</p>

² Effective February 13, 2002, the qualified pre-retirement survivor annuity (QPSA) was changed to the joint and 100% survivor annuity from the joint and 50% survivor annuity. Prior to changes effective February 13, 2002, the applicable reductions were 46.5% and 45% for retirements and terminations of employment, respectively, on or after April 21, 1994. For retirements and terminations of employment prior to April 21, 1994 the reductions were 45% and 44%, respectively.

Schedule SB Attachment (Form 5500)—2011 Plan Year
Pension Security Plan
EIN: 850097942 PN: 005

Optional Forms of Payment

50% joint and survivor annuity with a pop-up.

Actuarial Equivalence

Participant's benefit is reduced 14% for 100% joint and survivor annuity with a pop-up and 7% for 50% joint and survivor annuity with a pop-up. For a Service or a Disability Pension, 14% is replaced by 10% and 7% is replaced by 5%.

Cost Of Living Increases

Since January 1, 1982, the following benefit increases for certain retirees and survivors have occurred:

Effective Date	Increase %	Pro-ration Period
Jan. 1, 1983	7.50%	18 months after June 30, 1981
Jan. 1, 1985	4.50%	24 months after Dec. 31, 1982
Jan. 1, 1988	4.50%	36 months after Dec. 31, 1984
Jan. 1, 1991	5.00%	36 months after Dec. 31, 1987
Participants Eligible		
Jan. 1, 1996	6.00%	Retired prior to 1991
	4.00%	Retired in 1991
	2.00%	Retired in 1992
	0.00%	Retired after 1992
Participants Eligible		
Oct. 1, 2000	18.00%	Retired prior to 1983
	17.00% grading down to 3.00%	Retired in 1983 through 1997
	0.00%	Retired after 1997
Jan. 1, 2002	15.00%	N/A

Transferred Service

In the event of the transfer of a participant in this plan to the Sandia Corporation Retirement Income Plan ("RIP"), or from RIP to this plan, the obligation with respect to the employee's pension benefits under this plan or under the RIP, as applicable, will be transferred from the pension plan from which the employee transfers to the pension plan to which the employee transfers as soon as administratively possible. Upon the transfer of such obligation, assets shall be transferred in connection with such obligation transferred, as required by and as determined in accordance with applicable IRS rules.

Schedule SB Attachment (Form 5500)—2011 Plan Year
Pension Security Plan
EIN: 850097942 PN: 005

Definitions

Eligibility Service

One year of service is credited for each plan year in which an employee completes at least 1,000 hours of service.

Benefit Service

All service with the Company excluding periods of break-in-service.

Administrative Expenses

The plan pays administrative expenses for actuarial services, legal services, services for plan administration, and PBGC premiums.

Other Information to Fully and Fairly Disclose the Actuarial Position of the Plan

Due to software limitations with the electronic filing process, information filed electronically cannot be controlled by the Enrolled Actuary. The values on the signed Schedule SB will govern to the extent there are any differences in the entries filed electronically and the actual data contained on the signed Schedule SB.

SCHEDULE SB (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <hr/> <small>Department of Labor Employee Benefits Security Administration</small> <hr/> <small>Pension Benefit Guaranty Corporation</small>	Single-Employer Defined Benefit Plan Actuarial Information <small>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).</small> ▶ File as an attachment to Form 5500 or 5500-SF.	<small>OMB No. 1210-0110</small> 2011 <small>This Form is Open to Public Inspection</small>
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For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

▶ Round off amounts to nearest dollar.

▶ Caution: A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>Sandia Corporation Pension Security Plan</u>	B Three-digit plan number (PN) ▶ <u>005</u>	
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>Sandia Corporation</u>	D Employer Identification Number (EIN) <u>85-0097942</u>	
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B		
F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500		

Part I Basic Information			
1 Enter the valuation date: Month <u>1</u> Day <u>1</u> Year <u>2011</u>			
2 Assets:			
a Market value	2a		282,781,376
b Actuarial value	2b		263,837,238
3 Funding target/participant count breakdown:			
		(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment.....	3a	1,200	121,363,832
b For terminated vested participants	3b	304	8,072,603
c For active participants:			
(1) Non-vested benefits	3c(1)		4,919,810
(2) Vested benefits	3c(2)		47,178,908
(3) Total active.....	3c(3)	798	52,098,718
d Total.....	3d	2,302	181,535,153
4 If the plan is in at-risk status, check the box and complete lines (a) and (b)..... ☐			
a Funding target disregarding prescribed at-risk assumptions	4a		
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b		
5 Effective interest rate	5		6.23 %
6 Target normal cost	6		3,303,051

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	<u>Brian P. Levine</u> <i>BPL</i> Signature of actuary	<u>10/2/2012</u> Date
	Brian P. Levine Type or print name of actuary	11-06424 Most recent enrollment number
	Hewitt Associates LLC Firm name	(214) 989-2661 Telephone number (including area code)
	2711 North Haskell Avenue Suite 800 Dallas TX 75204 Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

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

Schedule SB (Form 5500) 2011
v.012611

Part II Beginning of year carryover and prefunding balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year).....		
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)		
9 Amount remaining (line 7 minus line 8).....	44,210,654	
10 Interest on line 9 using prior year's actual return of _____ %		
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38 from prior year)		
b Interest on (a) using prior year's effective rate of <u>6.64</u> % except as otherwise provided (see instructions).....		0
c Total available at beginning of current plan year to add to prefunding balance.....		0
d Portion of (c) to be added to prefunding balance.....		
12 Other reductions in balances due to elections or deemed elections.....		0
13 Balance at beginning of current year (line 9 + line 10 + line 11d – line 12).....	44,210,654	0

Part III Funding percentages

14 Funding target attainment percentage	14	120.98 %
15 Adjusted funding target attainment percentage	15	145.33 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	162.71 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.	17	%

Part IV Contributions and liquidity shortfalls

18 Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
Totals •			18(b)	0	18(c)
					0

19 Discounted employer contributions -- see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contributions from prior years.	19a	0
b Contributions made to avoid restrictions adjusted to valuation date.....	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c	0

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? ☐ Yes ☒ No

b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☐ Yes ☐ No

c If 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:			
a Segment rates:	1st segment: 3.78 %	2nd segment: 6.31 %	3rd segment: 6.57 %
			☐ N/A, full yield curve used
b Applicable month (enter code)			21b 4
22 Weighted average retirement age			22 55
23 Mortality table(s) (see instructions)	☐ Prescribed - combined	☒ Prescribed - separate	☐ Substitute

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes	☒ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes	☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	☒ Yes	☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.	27	

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)	31a	3,303,051	
b Excess assets, if applicable, but not greater than 31a	31b	3,303,051	
32 Amortization installments:	Outstanding Balance		Installment
a Net shortfall amortization installment	0		0
b Waiver amortization installment	0		0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33		
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)	34	0	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	0	0	0
36 Additional cash requirement (line 34 minus line 35)	36	0	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	0	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	0	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	0	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years	40	0	

Part IX Pension funding relief under Pension Relief Act of 2010 (see instructions)

41 If a shortfall amortization base is being amortized pursuant to an alternative amortization schedule:			
a Schedule elected	☐ 2 plus 7 years ☐ 15 years		
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008	☐ 2009	☐ 2010 ☐ 2011
42 Amount of acceleration adjustment	42		
43 Excess installment acceleration amount to be carried over to future plan years	43		

Schedule SB Attachment (Form 5500)—2011 Plan Year
Pension Security Plan
EIN: 850097942 PN: 005

Schedule SB, line 7—Explanation of Discrepancy in Prior Year Funding Standard
Carryover Balance or Prefunding Balance

As this is the first plan year for which the plan is subject to the minimum funding rules of Code section 430 or ERISA section 303, these entries have been left blank.

Schedule SB Attachment (Form 5500)—2011 Plan Year
Pension Security Plan
EIN: 850097942 PN: 005

Schedule SB, Part V—Statement of Actuarial Assumptions/Methods

Interest rates	Based on segment rates with a four-month lookback (as of September 2010)
1st segment rate	3.78%
2nd segment rate	6.31%
3rd segment rate	6.57%
Variable annuity increase rate	3.50% per year, compounded annually
Optional payment form election percentage	
Married Males	35% life annuity 65% joint and 100% survivor annuity with a pop-up
Married Females	85% life annuity 15% joint and 100% survivor annuity with a pop-up
Unmarried Males and Females	100% life annuity
Optional payment form conversion assumptions.	Tabular conversion factors as specified in the plan document
Retirement age	
Active participants	See Table 1
Terminated vested participants	Age 65
Mortality rates	
Healthy and disabled	2011 static mortality table for annuitants and non-annuitants per §1.430(h)(3)-1(e)
Withdrawal rates	See Table 2
Disability rates	See Table 3
Decrement timing	Middle of year decrements, with 100% retirement occurring at beginning of year

Schedule SB Attachment (Form 5500)—2011 Plan Year
Pension Security Plan
EIN: 850097942 PN: 005

Surviving spouse benefit	It is assumed that 90% of males and 75% of females have an eligible spouse, and that males are three years older than their spouses.
Benefit limits	Projected benefits are limited by the current IRC section 415 maximum benefit of \$195,000.
Valuation of plan assets	<p>Smoothed fair market value of assets over the current and prior two years, adjusted for contributions, benefit payments, administrative expenses, and expected earnings. The average value of assets calculated in this manner is further limited to not less than 90% nor more than 110% of fair market value.</p> <p>A characteristic of this method is that the expected distribution of the value of plan assets is skewed toward understatement relative to the corresponding market values for expected long-term rates of return in excess of the third segment rate under IRC section 430(h)(2)(C)(iii).</p>
Expected return on assets	
2009 plan year	6.69%
2010 plan year	6.76%
Trust expenses included in target normal cost	\$320,000. The expenses included in the target normal cost reflect the average administrative expenses excluding PBGC premiums over the prior three years plus an estimate of the current year's PBGC premiums, rounded to the nearest \$10,000.
Actuarial method	Standard unit credit cost method
Valuation date	January 1, 2011

Schedule SB Attachment (Form 5500)—2011 Plan Year
Pension Security Plan
EIN: 850097942 PN: 005

Table 1

Retirement Rates

Age	Rate
45	0.00%
46	7.00%
47	7.00%
48	7.00%
49	7.00%
50	7.75%
51	8.50%
52	8.75%
53	9.00%
54	9.25%
55	10.00%
56	11.00%
57	12.00%
58	13.00%
59	14.25%
60	20.00%
61	27.50%
62	45.00%
63	20.00%
64	25.00%
65	30.00%
66	30.00%
67	30.00%
68	30.00%
69	30.00%
70+	100.00%

Schedule SB Attachment (Form 5500)—2011 Plan Year
Pension Security Plan
EIN: 850097942 PN: 005

Table 2—Page 1 of 2

Withdrawal Rates¹

Age	Years of Service	
	0-2	3+
15	16.75%	13.75%
16	16.75%	13.75%
17	16.75%	13.75%
18	16.75%	13.75%
19	16.75%	13.75%
20	16.75%	13.75%
21	16.75%	13.75%
22	14.75%	11.75%
23	13.00%	10.00%
24	10.45%	7.45%
25	8.95%	5.95%
26	8.80%	5.80%
27	8.40%	5.40%
28	8.00%	5.00%
29	7.60%	4.60%
30	7.40%	4.40%
31	7.25%	4.25%
32	7.10%	4.10%
33	7.00%	4.00%
34	6.90%	3.90%
35	6.85%	3.85%
36	6.75%	3.75%
37	6.55%	3.55%
38	6.40%	3.40%
39	6.30%	3.30%
40	6.15%	3.15%
41	6.00%	3.00%
42	5.95%	2.95%
43	5.95%	2.95%
44	5.90%	2.90%

¹ Temporary employees experience an additional 50% probability of withdrawal in year three of their employment.

Schedule SB Attachment (Form 5500)—2011 Plan Year
Pension Security Plan
EIN: 850097942 PN: 005

Table 2—Page 2 of 2

Withdrawal Rates

Age	Years of Service	
	0-2	3+
45	5.90%	2.90%
46	5.85%	2.85%
47	5.75%	2.75%
48	5.65%	2.65%
49	5.60%	2.60%
50	5.55%	2.55%
51	5.50%	2.50%
52	5.50%	2.50%
53	5.50%	2.50%
54	5.50%	2.50%
55	5.50%	2.50%
56	5.50%	2.50%
57	5.50%	2.50%
58	5.50%	2.50%
59	5.50%	2.50%
60	5.50%	2.50%
61	5.50%	2.50%
62	5.50%	2.50%
63	5.50%	2.50%
64	5.50%	2.50%
65	5.50%	2.50%
66	5.50%	2.50%
67	5.50%	2.50%
68	5.50%	2.50%
69	5.50%	2.50%
70+	5.50%	2.50%

Schedule SB Attachment (Form 5500)—2011 Plan Year
Pension Security Plan
EIN: 850097942 PN: 005

Table 3

Disability Rates

Age	Rate	Age	Rate
15	0.30%	45	0.30%
16	0.30%	46	0.30%
17	0.30%	47	0.30%
18	0.30%	48	0.30%
19	0.30%	49	0.30%
20	0.30%	50	0.30%
21	0.30%	51	0.30%
22	0.30%	52	0.30%
23	0.30%	53	0.30%
24	0.30%	54	0.30%
25	0.30%	55	0.30%
26	0.30%	56	0.30%
27	0.30%	57	0.30%
28	0.30%	58	0.30%
29	0.30%	59	0.30%
30	0.30%	60	0.30%
31	0.30%	61	0.30%
32	0.30%	62	0.30%
33	0.30%	63	0.30%
34	0.30%	64	0.30%
35	0.30%	65	0.00%
36	0.30%	66	0.00%
37	0.30%	67	0.00%
38	0.30%	68	0.00%
39	0.30%	69	0.00%
40	0.30%	70+	0.00%
41	0.30%		
42	0.30%		
43	0.30%		
44	0.30%		

2011 Schedule SB, line 27 – Actuarial Information Based on Pre-PPA
Funding Rules
Sandia Corporation Pension Security Plan
EIN: 85-0097942 PN: 005

Due to software limitations with the electronic filing, certain data included in the electronic filing may not be able to reflect the correct values or data. In addition, data filed electronically cannot be controlled by the Enrolled Actuary. To the extent there are any differences in the entries filed electronically and the actual data contained on the signed Schedule SB, the values on the signed Schedule SB will govern.

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

Plan Name SANDIA CORPORATION PENSION SECURITY PLAN

EIN: 85-0097942

Plan Sponsor's Name SANDIA CORPORATION

PN: 005

(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
	PRUDENTIAL INSURANCE	SHORT TERM FUND INTEREST BEARING CASH ACCT. VARIABLE INTEREST 191,390 UNITS AT 12/31/11	2,571,949	2,571,949
	PRUDENTIAL INSURANCE	COMMON STOCK 46,786 UNITS AT 12/31/11	1,041,040	3,716,038
	PRUDENTIAL INSURANCE	VARIABLE RATE 6.18% AT 12/31/11	19,825,652	19,825,652