

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). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 <div style="text-align: center; font-size: 1.5em; font-weight: bold;">2012</div> This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2012 or fiscal plan year beginning <u>01/01/2012</u> and ending <u>12/31/2012</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>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>005</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>01/01/1982</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>005</u>	1c Effective date of plan <u>01/01/1982</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; include room or suite number (employer, if for a single-employer plan) <u>SANDIA CORPORATION</u> <u>P.O. BOX 5800, MAIL STOP 1382</u> <u>ALBUQUERQUE, NM 87185-1382</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>85-0097942</u></td> </tr> <tr> <td>2c Sponsor's telephone number <u>505-845-8350</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>541700</u></td> </tr> </table>	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>	
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	Filed with authorized/valid electronic signature. Signature of plan administrator	10/15/2013 Date	JANE FARRIS Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature. Signature of employer/plan sponsor	10/15/2013 Date	TIMOTHY KNEWITZ, CONTROLLER Enter name of individual signing as employer or plan sponsor
SIGN HERE	Signature of DFE	Date	Enter name of individual signing as DFE
Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional)			Preparer's telephone number (optional)

3a Plan administrator's name and address ☒ Same as Plan Sponsor Name ☐ Same as Plan Sponsor Address		3b Administrator's EIN
		3c Administrator's telephone number
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
5 Total number of participants at the beginning of the plan year		5 2212
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	0
b Retired or separated participants receiving benefits.....	6b	0
c Other retired or separated participants entitled to future benefits.....	6c	0
d Subtotal. Add lines 6a , 6b , and 6c	6d	0
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	0
f Total. Add lines 6d and 6e	6f	0
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
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics 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 Characteristics Codes in the instructions:		
9a Plan funding arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor		9b Plan benefit arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (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) ☒ <u>1</u> A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

SCHEDULE A (Form 5500) Department of the Treasury Internal Revenue Service <hr/> Department of Labor Employee Benefits Security Administration <hr/> Pension Benefit Guaranty Corporation	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
		2012
		This Form is Open to Public Inspection

For calendar plan year 2012 or fiscal plan year beginning **01/01/2012** and ending **12/31/2012**

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	0	01/01/2012	12/31/2012

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in line 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
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(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	0
5 Current value of plan's interest under this contract in separate accounts at year end	5	0

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	19825652
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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)	1146038	
(4) Transferred from separate account	7c(4)		
(5) Other (specify below)	7c(5)		
▶			

(6) Total additions	7c(6)	1146038
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d Total of balance and additions (add lines 7b and 7c(6))	7d	20971690
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e Deductions:

(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	507911	
(2) Administration charge made by carrier	7e(2)	62783	
(3) Transferred to separate account	7e(3)	10000000	
(4) Other (specify below)	7e(4)	10400996	

▶ ASSETS TRANSFERRED TO RETIREMENT INC PLAN (THE PLANS WERE MERGED)

(5) Total deductions	7e(5)	20971690
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f Balance at the end of the current year (subtract line 7e(5) from line 7d)	7f	0
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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 line 9c(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, line 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 2012 This Form is Open to Public Inspection
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

▶ **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>2012</u>	
2 Assets:	
a Market value	2a <u>312109384</u>
b Actuarial value	2b <u>291773216</u>
3 Funding target/participant count breakdown:	
a For retired participants and beneficiaries receiving payment.....	3a <u>1217</u> (1) Number of participants <u>124115436</u> (2) Funding Target
b For terminated vested participants.....	3b <u>290</u> <u>7074478</u>
c For active participants:	
(1) Non-vested benefits.....	3c(1) <u>4759695</u>
(2) Vested benefits.....	3c(2) <u>35426693</u>
(3) Total active	3c(3) <u>705</u> <u>40186388</u>
d Total	3d <u>2212</u> <u>171376302</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>6.98 %</u>
6 Target normal cost.....	6 <u>2707796</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>08/08/2013</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) 2012
v. 120126

Part II Beginning of Year Carryover 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 <u>15.39</u> %	6804020	
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38a from prior year)		0
	b Interest on (a) using prior year's effective interest rate of <u>6.23</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		
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	51014674	0

Part III Funding Percentages			
14	Funding target attainment percentage	14	140.48 %
15	Adjusted funding target attainment percentage	15	170.25 %
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	145.33 %
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 line 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☐ Yes ☐ No	
c If line 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: 5.54%	2nd segment: 6.85%	3rd segment: 7.52 %	☐ 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 subject to 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	2707796	
b Excess assets, if applicable, but not greater than line 31a	31b	2707796	
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 an election was made to use PRA 2010 funding relief for this plan:			
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
		2012
		This Form is Open to Public Inspection.

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

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	267962	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
(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
(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
(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
(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
(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:

<p style="text-align: center;">SCHEDULE D (Form 5500)</p> <p style="text-align: center; font-size: small;">Department of the Treasury Internal Revenue Service</p> <hr/> <p style="text-align: center; font-size: small;">Department of Labor Employee Benefits Security Administration</p>	<p style="text-align: center;">DFE/Participating Plan Information</p> <p style="text-align: center; font-size: small;">This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</p> <p style="text-align: center;">▶ File as an attachment to Form 5500.</p>	<p style="text-align: center; font-size: small;">OMB No. 1210-0110</p> <hr/> <p style="text-align: center; font-size: large;">2012</p> <hr/> <p style="text-align: center; font-size: small;">This Form is Open to Public Inspection.</p>
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

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>0</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>0</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>0</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):

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) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	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.	<small>OMB No. 1210-0110</small> 2012 This Form is Open to Public Inspection
For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012		
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				
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)	6287987		
	(11) Value of interest in master trust investment accounts	1c(11)	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)	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	312109384	0

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	312109384	0
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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 Contributions:**

		(a) Amount	(b) Total
(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)	1198125	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		1198125

(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)		
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(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

(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

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		408819
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		39663503
(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		41270447

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	13363229	
(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)		13363229
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)	267962	
(3) Investment advisory and management fees	2i(3)	419921	
(4) Other	2i(4)	109723	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		797606
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		14160835

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		27109612
l Transfers of assets:			
(1) To this plan.....	2l(1)		0
(2) From this plan	2l(2)		339218996

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 lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

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.).....

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.).....

	Yes	No	Amount
4a		X	
4b		X	

	Yes	No	Amount
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		1000000
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		10400607
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

Part V Trust Information (optional)

6a Name of trust

6b Trust's EIN

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 2012 This Form is Open to Public Inspection.
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

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
---------------	----------------------

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.
----------------	---

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 lines 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 lines 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 lines 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 lines 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 lines 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 lines 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 line 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 lines (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 line 19(b)?

☒ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

**SANDIA CORPORATION PENSION SECURITY
PLAN**

**Financial Statements
For the Years Ended December 31, 2012 and 2011
With Report of Independent Auditors**

SANDIA CORPORATION PENSION SECURITY PLAN
For the Years Ended December 31, 2012 and 2011

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REPORT OF INDEPENDENT AUDITORS

Sandia Investment Committee
Pension Security Plan

Report on the financial statements

We were engaged to audit the accompanying financial statements of the Sandia Corporation Pension Security Plan, which comprise the statement of net assets available for benefits as of December 31, 2012, the related statement of changes in net assets available for benefits for the year ended December 31, 2012, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audits in accordance with auditing standards generally accepted in the United States. Because of the matter described in the basis for disclaimer of opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer of 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, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the certified investment information described in Note 6, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the entities that certified the investment information meet the requirements of 29 CFR 2520.103-8. The plan administrator has obtained certifications as of December 31, 2012 and 2011, and for the year ended December 31, 2012, stating that the investment information provided to the plan administrator is complete and accurate.

Disclaimer of opinion on financial statements

Because of the significance of the matter described in the basis for disclaimer of opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Opinion on the December 31, 2011 financial statements

We previously audited the financial statements of the Sandia Corporation Pension Security Plan as of December 31, 2011, and for the year then ended, and we expressed an unmodified opinion on those statements in our report dated August 13, 2012.

Mitchell & Titus, LLP

August 13, 2013

SANDIA CORPORATION PENSION SECURITY PLAN

Statements of Net Assets Available for Benefits

As of December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
<i>Assets held in insurance company pooled separate accounts, at fair value</i>		
Short-term fund	\$ -	\$ 2,571,949
Conservative stock fund	<u>-</u>	<u>3,716,038</u>
	-	6,287,987
 Assets held in unallocated insurance contract, at contract value	 -	 19,825,653
 Plan's interest in Master Trust held by Northern Trust Company, at fair value	 <u>-</u>	 <u>285,995,744</u>
 Net assets available for benefits	 <u><u>\$ -</u></u>	 <u><u>\$ 312,109,384</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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ADDITIONS		
<i>Investment income (loss)</i>		
Interest and dividend income	\$ 1,198,125	\$ 1,311,012
Plan's interest in net investment gain of Master Trust	39,663,503	42,474,257
Net appreciation(depreciation) in fair value of pooled separate accounts	408,819	(318,599)
Total investment income	<u>41,270,447</u>	<u>43,466,670</u>
DEDUCTIONS		
Benefit payments	13,363,229	12,731,004
Administrative expenses	797,606	670,738
Total deductions	<u>14,160,835</u>	<u>13,401,742</u>
Net increase	27,109,612	30,064,928
Transfers to Retirement Income Plan, net	(339,218,996)	(736,920)
Net assets available for benefits		
Beginning of year	312,109,384	282,781,376
End of year	<u>\$ -</u>	<u>\$ 312,109,384</u>

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

SANDIA CORPORATION PENSION SECURITY PLAN

Notes to Financial Statements

For the Years Ended December 31, 2012 and 2011

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 at least 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.

Transfer of Assets and Plan Merger

Effective December 31, 2012, the Plan merged into the Retirement Income Plan (RIP). As a result of this merger, the Plan's net assets of \$337,704,102 were transferred to the RIP on December 31, 2012. These merger-related transfers are included in the net transfer totals reported on the statement of changes in net assets available for benefits. Effective January 1, 2013, union represented employees who were participating in the Plan stopped participating in the Plan and began participating in the RIP.

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. Contributions are 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 2012 and 2011. Participant contributions were required prior to July 1, 1975. The participants' accumulated contributions for years prior to 1975 included interest credited at an annually compounded rate of 1.40% and 2.34% for the years ended December 31, 2012 and 2011, respectively, were \$37,235 and \$49,551 at January 1, 2012 and 2011, respectively.

SANDIA CORPORATION PENSION SECURITY PLAN

Notes to Financial Statements

For the Years Ended December 31, 2012 and 2011

NOTE 1 DESCRIPTION OF THE PLAN *(continued)*

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 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.

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.

SANDIA CORPORATION PENSION SECURITY PLAN

Notes to Financial Statements

For the Years Ended December 31, 2012 and 2011

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

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.

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.

SANDIA CORPORATION PENSION SECURITY PLAN

Notes to Financial Statements

For the Years Ended December 31, 2012 and 2011

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

Master Trust Investments *(continued)*

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.

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, sold, and 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, 2012 and 2011, 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, 2012 and 2011 in the tables below:

	2012		2011	
	Notional Amount	Amount Included in Fair Value of Asset	Notional Amount	Amount Included in Fair Value of Asset
Cash and cash equivalents				
Future contracts	\$ 157,074,775	\$ -	\$ 44,126,800	\$ -
<i>Foreign currency</i>				
Forward contracts—Payable	-	(3,164,721)	-	(15,251,395)
Forward contracts—Receivable	-	3,157,318	-	15,175,034
Fixed income				
Futures contracts	(7,822,687)	-	-	-
Alternative investments				
Swaps contracts	-	143,790	-	-
Options contracts	-	(126,868)	-	(331,534)

SANDIA CORPORATION PENSION SECURITY PLAN

Notes to Financial Statements

For the Years Ended December 31, 2012 and 2011

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 Internal Revenue Service (IRS) sent a determination letter to the Plan dated December 8, 2008, which 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

For the Years Ended December 31, 2012 and 2011

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, 2012, 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, 2013, 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.

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. generally accepted accounting principles (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

For the Years Ended December 31, 2012 and 2011

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. Were the Plan to terminate, 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 rate of 7.00% the year ended December 31, 2011, (b) assumed mortality (modified RP-2000 Mortality Table for the year ended December 31, 2011), and (c) retirement ages, disability, and turnover rates based on published statistical data and the Plan's experience. The interest rate assumptions used to calculate the actuarial present value of accumulated plan benefits are based on long-term economic assumptions and are not expected to fluctuate significantly from year to year, barring significant adjustments to the underlying trust asset allocation.

SANDIA CORPORATION PENSION SECURITY PLAN

Notes to Financial Statements

For the Years Ended December 31, 2012 and 2011

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

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

	December 31, 2011
Vested benefits of participants currently receiving payments	\$ 121,994,294
Other vested benefits	43,346,470
Non-vested benefits	4,748,632
Total	<u>\$ 170,089,396</u>

The net change in the actuarial present value of accumulated plan benefits for the year ended December 31, 2011 is the result of the following:

Change in actuarial assumptions and methods	\$ 243,755
Interest due to a decrease in discount rate	11,249,189
Benefits accrued (including transfers to the RIP)	4,399,468
Benefits paid	<u>(12,795,033)</u>
Net increase	3,097,379
<i>Actuarial present value of accumulated plan benefits</i>	
Beginning of year	166,992,017
End of year	<u>\$ 170,089,396</u>

Consistent with prior-year activity, changes in employee job categories of active participants have resulted in changes in eligibility between the Plan and the RIP. During 2012 and 2011, the impact of the active participant transfers between the Plan and the RIP was immaterial to the Plan.

NOTE 4 **MASTER TRUST**

The Plan's interest in the Master Trust's net assets as of December 31, 2012 and 2011 was approximately 0% and 7.3%, respectively. As a result of the Plan merger on December 31, 2012, all Plan assets were transferred to the RIP.

All investment information for the Master Trust disclosed in the accompanying financial statements and supplemental schedules, including investments held at December 31, 2011 and net appreciation (depreciation) in fair value of investments, interest, and dividends for the year ended December 31, 2011, was obtained or derived from information provided to the Plan administrator and certified as complete and accurate by Northern Trust Company and Prudential Life Insurance Company of America, the trustees of the Master Trust.

SANDIA CORPORATION PENSION SECURITY PLAN

Notes to Financial Statements

For the Years Ended December 31, 2012 and 2011

NOTE 4 MASTER TRUST *(continued)*

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, 2012 and 2011 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, 2012 and 2011, securities were on loan with a market value of \$322,189,436 and \$281,204,220, respectively.

The following tables present the fair value of investments in the Master Trust as of December 31:

	2012	2011
<i>Equity</i>		
U.S. equity securities	\$ 377,991,365	\$ 322,415,964
International equity securities	200,417,208	167,572,165
<i>Fixed income</i>		
Government debt securities	409,250,586	838,065,868
Corporate debt securities	1,283,121,662	73,025,430
Derivatives	16,922	(331,534)
Mortgage- and asset-backed securities	8,745,252	10,941,626
Common/collective trusts	1,677,241,482	2,097,937,977
103-12 entities	435,623,617	397,028,176
Accrued income	17,662,384	3,278,277
Cash and cash equivalents	10,442,913	1,682,704
Investments held as collateral on securities loaned	328,947,541	287,547,608
Due from brokers for sale of securities	6,506,008	9,991,187
Receivable for foreign currency forward contracts	3,157,318	15,175,034
Payable for foreign currency forward contracts	(3,164,721)	(15,251,395)
Due to brokers for purchase of securities	(18,289,141)	(17,347,533)
Obligation to return collateral on securities loaned	(328,947,541)	(287,547,608)
Total net assets	<u>4,408,722,855</u>	<u>3,904,183,946</u>
Amount attributable to the RIP	(4,408,722,855)	(3,618,188,202)
Amount attributable to the Plan	<u>\$ -</u>	<u>\$ 285,995,744</u>

SANDIA CORPORATION PENSION SECURITY PLAN

Notes to Financial Statements

For the Years Ended December 31, 2012 and 2011

NOTE 4 MASTER TRUST *(continued)*

Investment income for the Master Trust for the years ended December 31, 2012 and 2011 was as follows:

	<u>2012</u>	<u>2011</u>
Investment income		
<i>Net appreciation (depreciation) in the</i>		
<i>fair value of investments</i>		
<i>Equity</i>		
U.S. equity securities	\$ 310,838,007	\$ (138,122,009)
International equity securities	69,385,256	(23,979,901)
<i>Fixed income</i>		
Corporate debt securities	419,418,064	131,674,053
U.S. government securities	(173,297,354)	237,602,801
Other fixed income obligations	(110,801,017)	186,415,795
103-12 entities	60,515,266	(2,780,535)
Common/collective trusts	(77,292,011)	156,427,532
	<u>498,766,211</u>	<u>547,237,736</u>
Dividend income	14,177,815	9,910,434
Interest income	42,402,738	14,935,902
Other investment income	1,099,193	602,965
Net investment gain	<u>556,445,957</u>	<u>572,687,037</u>
Net investment gain attributable to the RIP	<u>516,782,454</u>	<u>530,212,780</u>
Net investment gain attributable to the Plan	<u><u>\$ 39,663,503</u></u>	<u><u>\$ 42,474,257</u></u>

NOTE 5 POOLED SEPARATE ACCOUNTS

During 2012 and 2011, the Plan's investments in pooled separate accounts held by Prudential (depreciated)/appreciated in value as follows:

	<u>2012</u>	<u>2011</u>
Conservative stock fund	\$ 408,819	\$ (318,599)

SANDIA CORPORATION PENSION SECURITY PLAN

Notes to Financial Statements

For the Years Ended December 31, 2012 and 2011

NOTE 6 FAIR VALUE MEASUREMENTS

The following 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, 2012.

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 and preferred stocks appear in the Level 1 valuation level. Common stocks and preferred stocks categorized as Level 1 are valued based on quoted market prices.

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).

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).

SANDIA CORPORATION PENSION SECURITY PLAN

Notes to Financial Statements

For the Years Ended December 31, 2012 and 2011

NOTE 6 FAIR VALUE MEASUREMENTS *(continued)*

Common/collective trusts and 103-12 investment entities: Common/collective trusts and 103-12 investment entities are valued based on the net asset values (NAVs) of the shares held by the trust at year end. The value of the NAV 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.

Derivatives: The Level 1 investment is a put option investment that is valued based on a quoted market price. The Level 2 investment is comprised of put options, swap assets and swap liabilities categorized that are valued based on inputs other than quoted prices that are observable for the asset (e.g., interest rate yield curves and credit spreads). The Level 3 investment is comprised of swap assets and swap liabilities that net to the market value as shown. The investment manager is using these derivative instruments as a way of modifying the interest rate sensitivity of the investment portfolio. The swap investments have the same unobservable inputs in the fair value methodology, none weighted any more than the other. The swaps are valued based on their present value as of the reporting date. Those inputs include agreed-upon interest rates, contractual terms, and notional amounts. The pricing of these swaps can be complex and requires the use of models with multiple unobservable inputs, so they have been categorized as a Level 3 holding.

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.

Cash and cash equivalent derivatives valued in domestic currency are not reflected in the fair value measurement table since the fair value is identical to the unit measure of the instrument.

SANDIA CORPORATION PENSION SECURITY PLAN

Notes to Financial Statements

For the Years Ended December 31, 2012 and 2011

NOTE 6 FAIR VALUE MEASUREMENTS *(continued)*

The Master Trust's assets at fair value as of December 31, 2012 were as follows:

	Master Trust Assets at Fair Value as of December 31, 2012			
	Level 1	Level 2	Level 3	Total
<i>Equities</i>				
U.S. equity securities	\$ 377,991,365	\$ -	\$ -	\$ 377,991,365
International equity securities	200,417,208	-	-	200,417,208
<i>Fixed income</i>				
Government debt securities	-	409,250,586	-	409,250,586
Corporate debt securities	-	1,283,121,662	-	1,283,121,662
Derivatives	46,600	(24,214)	(5,464)	16,922
Mortgage- and asset-backed securities	-	8,745,252	-	8,745,252
Common/collective trusts	-	1,677,241,482	-	1,677,241,482
103-12 entities	-	435,623,617	-	435,623,617
Total	<u>\$ 578,455,173</u>	<u>\$ 3,813,958,385</u>	<u>\$ (5,464)</u>	<u>\$ 4,392,408,094</u>

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

	Master Trust Assets at Fair Value 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>

SANDIA CORPORATION PENSION SECURITY PLAN

Notes to Financial Statements

For the Years Ended December 31, 2012 and 2011

NOTE 6 FAIR VALUE MEASUREMENTS *(continued)*

Cash received as collateral for securities loaned at December 31, 2012 and 2011 totaled \$328,947,541 and \$287,547,608, 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, 2012:

**Master Trust Level 3 Asset Reconciliation
Year Ended December 31, 2012**

Balance, beginning of year	\$ 516,266
Realized gains/(losses)	6,936
Unrealized gains/(losses) relating to instruments still held at the reporting date	(98,117)
Purchases	11,927
Sales	(348,672)
Settlements	(6,936)
Transfers in/out of Level 3	(86,868)
Balance, end of year	\$ (5,464)

The tables below set forth, by level within the fair value hierarchy, the Plan's assets managed by Prudential at fair value as of December 31, 2012 and 2011:

**Other Investments (Managed by Prudential) at
Fair Value as of December 31, 2012**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income fund	\$ -	\$ -	\$ -	\$ -
Conservative stock fund	-	-	-	-
Short-term fund	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: All other investments managed by Prudential as of December 31, 2012 were included in transfers to RIP as a result of the merger.

SANDIA CORPORATION PENSION SECURITY PLAN

Notes to Financial Statements

For the Years Ended December 31, 2012 and 2011

NOTE 6 FAIR VALUE MEASUREMENTS *(continued)***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>

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's (PICA) 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.

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, 2012:

**Other Investments (Managed by Prudential) Level 3 Reconciliation
Year Ended December 31, 2012**

Balance, beginning of year	\$ 19,825,653
Disbursements	(500,665)
Realized gains	1,076,008
Sales	(10,000,000)
Merged with RIP assets, end of year	<u>(10,400,996)</u>
Balance, end of year	<u>\$ -</u>

SANDIA CORPORATION PENSION SECURITY PLAN

Notes to Financial Statements

For the Years Ended December 31, 2012 and 2011

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 2012, the Plan paid Prudential \$18,569 in trustee and transactional fees. The Plan also owed the trustee \$121,666 in fees as of December 31, 2012.

Schedule SB Attachment (Form 5500)—2012 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
(Form 5500)**Department of the Treasury
Internal Revenue ServiceDepartment 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

2012**This Form Is Open to Public
Inspection**

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

▶ **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

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 or 5500-SF

Sandia Corporation

D Employer Identification Number (EIN)

85-0097942

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 1 Day 1 Year 2012**2** Assets:**a** Market value **2a** 312,109,384**b** Actuarial value **2b** 291,773,216**3** Funding target/participant count breakdown:**a** For retired participants and beneficiaries receiving payment **3a** (1) Number of participants 1,217 (2) Funding Target 124,115,436**b** For terminated vested participants **3b** 290 7,074,478**c** For active participants:(1) Non-vested benefits **3c(1)** 4,759,695(2) Vested benefits **3c(2)** 35,426,693(3) Total active **3c(3)** 705 40,186,388**d** Total **3d** 2,212 171,376,302**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** 6.98 %**6** Target normal cost **6** 2,707,796**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***Brian P. Levine BPL*

Signature of actuary

08/08/2013

Date

Brian P. Levine

11-06424

Type or print name of actuary

Most recent enrollment number

Hewitt Associates LLC

(214) 989-2661

Firm name

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) 2012
v. 120126

Part II Beginning of Year Carryover Prefunding Balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	44,210,654	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)	44,210,654	0
10 Interest on line 9 using prior year's actual return of <u>15.39</u> %	6,804,020	
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year)		0
b Interest on (a) using prior year's effective interest rate of <u>6.23</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		
13 Balance at beginning of current year (line 9 + line 10 + line 11d - line 12)	51,014,674	0

Part III Funding Percentages

14 Funding target attainment percentage	14	140.48 %
15 Adjusted funding target attainment percentage	15	170.25 %
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	145.33 %
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 line 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☐ Yes ☐ No
c If line 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: 5.54 %	2nd segment: 6.85 %	3rd segment: 7.52 %	☐ 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 subject to 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	2,707,796	
b Excess assets, if applicable, but not greater than line 31a	31b	2,707,796	
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 an election was made to use PRA 2010 funding relief for this plan:			
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)—2012 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)—2012 Plan Year
Pension Security Plan
EIN: 850097942 PN: 005

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

Interest Rates for Minimum Funding Purposes	Based on segment rates with a four-month lookback (as of September 2011), each adjusted as needed to fall within the 25-year average interest rate corridor under MAP-21
1st Segment Rate	5.54%
2nd Segment Rate	6.85%
3rd Segment Rate	7.52%
Interest Rates for Maximum Tax Purposes	Based on segment rates with a four-month lookback (as of September 2011), without regard to the MAP-21 interest rate corridor
1st Segment Rate	2.06%
2nd Segment Rate	5.25%
3rd Segment Rate	6.32%
Variable Annuity Increase Rate	3.50%
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	2012 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)—2012 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 \$200,000.
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	
2010 Plan Year	7.00%, limited to 6.76%
2011 Plan Year	7.00%, limited to 6.57%
Trust Expenses Included in Target Normal Cost	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 (\$300,000 for 2012).
Actuarial Method	Standard unit credit cost method
Valuation Date	January 1, 2012

Schedule SB Attachment (Form 5500)—2012 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)—2012 Plan Year
Pension Security Plan
EIN: 850097942 PN: 005

Table 2—Page 1 of 2

Withdrawal Rates

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%

Schedule SB Attachment (Form 5500)—2012 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)—2012 Plan Year
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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%		

Schedule SB Attachment (Form 5500)—2012 Plan Year
Pension Security Plan
EIN: 850097942 PN: 005

Schedule SB, Part V—Summary of Plan Provisions

History of the Plan

The contributory pension plan established effective June 1, 1950, by the Sandia Corporation was amended effective January 1, 1967, to permit employees to elect to have a portion of their pension determined on the basis of the performance of a variable annuity fund.

Effective July 1, 1975, the pension plan became noncontributory, the accrual of variable annuity benefits was discontinued, and new Bell System benefit structures adopted. Participants who elected to be participants in the amended plan and consented to the cancellation of their variable annuities are known as "Prior Plan Employees."

On January 1, 1982, the pension plan was divided into the Sandia Corporation Retirement Income Plan (RIP) and the Sandia Corporation Pension Security Plan (PSP). Effective October 1, 1993, Sandia's contract was assumed by Lockheed Martin and PSP pension bands were increased.

Effective January 1, 1998, all regular employees are not members of a bargaining unit were reclassified as participants under the Retirement Income Plan. Effective January 1, 2000 the following groups were also reclassified under the Retirement Income Plan:

- (i) Participants that retired or terminated as regular employees not in a bargaining unit; and
- (ii) Beneficiaries of deceased participants that retired, terminated vested, or deceased as regular employees not in a bargaining unit.

During 2007, Sandia adopted an amendment, which was retroactively effective on October 1, 2006 and December 1, 2006, and increased pension band values.

On November 2, 2009, Sandia adopted an amendment, which was retroactively effective on October 1, 2008 and December 1, 2008, and increased pension band values.

On December 22, 2009, Sandia adopted an amendment which increased pension band values for SPO employees effective December 1, 2009.

Effective July 1, 2009, the plan was amended to limit participation to OPEIU employees hired on or before June 30, 2009. The plan was also amended to eliminate disability benefits for OPEIU employees who become disabled after July 1, 2009.

Effective July 1, 2010, the plan was amended to limit participation to MTC and SPA employees hired on or before June 30, 2010. The plan was also amended to eliminate disability benefits for MTC and SPA employees who become disabled after July 1, 2010.

Schedule SB Attachment (Form 5500)—2012 Plan Year
Pension Security Plan
EIN: 850097942 PN: 005

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)—2012 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

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)—2012 Plan Year
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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.

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.

Schedule SB Attachment (Form 5500)—2012 Plan Year
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Preretirement Spouse's Benefits
Eligibility

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

Benefit

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:

- (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

A beneficiary of a Prior Plan Employee if there is no surviving spouse.

Benefit

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.

Return of Employee Contributions

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.

Normal Form of Payment

Life annuity for single participants, 100% joint and survivor annuity with a pop-up for married participants.

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.

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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)—2012 Plan Year
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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 Attachment (Form 5500)—2012 Plan Year
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Schedule SB, line 26—Schedule of Active Participant Data as of January 1, 2012

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		10								
25-29		11	19	3						
30-34		9	21	12	1					
35-39		16	31	14	1					
40-44		11	37	21	7	3				
45-49		16	58	24	6	14	4			
50-54		11	52	20	15	19	22	6		
55-59		5	39	14	11	8	16	11	4	
60-64		1	23	27	9	10	4	9	1	3
65-69			4	5	2			1		
70+				1	1	2				

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

Interest Rates for Minimum Funding Purposes	Based on segment rates with a four-month lookback (as of September 2011), each adjusted as needed to fall within the 25-year average interest rate corridor under MAP-21
1st Segment Rate	5.54%
2nd Segment Rate	6.85%
3rd Segment Rate	7.52%
Interest Rates for Maximum Tax Purposes	Based on segment rates with a four-month lookback (as of September 2011), without regard to the MAP-21 interest rate corridor
1st Segment Rate	2.06%
2nd Segment Rate	5.25%
3rd Segment Rate	6.32%
Variable Annuity Increase Rate	3.50%
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	2012 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

Schedule SB Attachment (Form 5500)—2012 Plan Year
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Decrement Timing	Middle of year decrements, with 100% retirement occurring at beginning of year
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 \$200,000.
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	
2010 Plan Year	7.00%, limited to 6.76%
2011 Plan Year	7.00%, limited to 6.57%
Trust Expenses Included in Target Normal Cost	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 (\$300,000 for 2012).
Actuarial Method	Standard unit credit cost method
Valuation Date	January 1, 2012

Schedule SB Attachment (Form 5500)—2012 Plan Year
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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%

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Withdrawal Rates

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%

Schedule SB Attachment (Form 5500)—2012 Plan Year
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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%
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68	5.50%	2.50%
69	5.50%	2.50%
70+	5.50%	2.50%

Schedule SB Attachment (Form 5500)—2012 Plan Year
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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%		

Schedule SB Attachment (Form 5500)—2012 Plan Year
Pension Security Plan
EIN: 850097942 PN: 005

Schedule SB, Part V—Summary of Plan Provisions

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- (i) Participants that retired or terminated as regular employees not in a bargaining unit; and
- (ii) Beneficiaries of deceased participants that retired, terminated vested, or deceased as regular employees not in a bargaining unit.

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Schedule SB Attachment (Form 5500)—2012 Plan Year
Pension Security Plan
EIN: 850097942 PN: 005

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)—2012 Plan Year
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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

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.

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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.

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.

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Preretirement Spouse's Benefits
Eligibility

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

Benefit

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:

- (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

A beneficiary of a Prior Plan Employee if there is no surviving spouse.

Benefit

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.

Return of Employee Contributions

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.

Normal Form of Payment

Life annuity for single participants, 100% joint and survivor annuity with a pop-up for married participants.

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.

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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:

	Date	Increase %	Effective 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.

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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.

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Schedule SB, line 26—Schedule of Active Participant Data as of January 1, 2012

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		10								
25-29		11	19	3						
30-34		9	21	12	1					
35-39		16	31	14	1					
40-44		11	37	21	7	3				
45-49		16	58	24	6	14	4			
50-54		11	52	20	15	19	22	6		
55-59		5	39	14	11	8	16	11	4	
60-64		1	23	27	9	10	4	9	1	3
65-69			4	5	2			1		
70+				1	1	2				

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