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|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| <b>Form 5500</b><br><br>Department of the Treasury<br>Internal Revenue Service<br><br>Department of Labor<br>Employee Benefits Security<br>Administration<br><br>Pension Benefit Guaranty Corporation | <b>Annual Return/Report of Employee Benefit Plan</b><br><br>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 6057(b) and 6058(a) of the Internal Revenue Code (the Code).<br><br><b>► Complete all entries in accordance with the instructions to the Form 5500.</b> | OMB Nos. 1210-0110<br>1210-0089<br><br><b>2016</b><br><br><b>This Form is Open to Public Inspection</b> |
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|                                                                                                          |                                                                                                          |                                                                                                                                                                                                                                             |  |
|----------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <b>Part I</b>                                                                                            | <b>Annual Report Identification Information</b>                                                          |                                                                                                                                                                                                                                             |  |
| For calendar plan year 2016 or fiscal plan year beginning <u>01/01/2016</u> and ending <u>12/31/2016</u> |                                                                                                          |                                                                                                                                                                                                                                             |  |
| <b>A</b>                                                                                                 | This return/report is for:                                                                               | <input type="checkbox"/> a multiemployer plan <input type="checkbox"/> a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.)               |  |
|                                                                                                          | <input checked="" type="checkbox"/> a single-employer plan <input type="checkbox"/> a DFE (specify) ____ |                                                                                                                                                                                                                                             |  |
| <b>B</b>                                                                                                 | This return/report is:                                                                                   | <input type="checkbox"/> the first return/report<br><input type="checkbox"/> the final return/report<br><input type="checkbox"/> an amended return/report<br><input type="checkbox"/> a short plan year return/report (less than 12 months) |  |
| <b>C</b>                                                                                                 | If the plan is a collectively-bargained plan, check here. . . . . <input checked="" type="checkbox"/>    |                                                                                                                                                                                                                                             |  |
| <b>D</b>                                                                                                 | Check box if filing under:                                                                               | <input checked="" type="checkbox"/> Form 5558<br><input type="checkbox"/> automatic extension<br><input type="checkbox"/> the DFVC program<br><input type="checkbox"/> special extension (enter description)                                |  |

|                |                                                                                                                                                                                                                                                                                                                                                                    |           |                                                           |
|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------------------------------------------------------|
| <b>Part II</b> | <b>Basic Plan Information</b> —enter all requested information                                                                                                                                                                                                                                                                                                     |           |                                                           |
| <b>1a</b>      | Name of plan<br><u>LOCKHEED MARTIN AEROSPACE PENSION PLAN FOR MICHoud HOURLY EMPLOYEES IN THE BARGAINING UNIT</u>                                                                                                                                                                                                                                                  | <b>1b</b> | Three-digit plan number (PN) ► <u>057</u>                 |
|                |                                                                                                                                                                                                                                                                                                                                                                    | <b>1c</b> | Effective date of plan<br><u>01/01/1979</u>               |
| <b>2a</b>      | Plan sponsor's name (employer, if for a single-employer plan)<br>Mailing address (include room, apt., suite no. and street, or P.O. Box)<br>City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions)<br><u>LOCKHEED MARTIN CORPORATION</u><br><br><u>6801 ROCKLEDGE DRIVE, CCT-115</u><br><u>BETHESDA, MD 20817</u> | <b>2b</b> | Employer Identification Number (EIN)<br><u>52-1893632</u> |
|                |                                                                                                                                                                                                                                                                                                                                                                    | <b>2c</b> | Plan Sponsor's telephone number<br><u>863-647-0370</u>    |
|                |                                                                                                                                                                                                                                                                                                                                                                    | <b>2d</b> | Business code (see instructions)<br><u>339900</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.

|                                                                                                 |                                                   |            |                                                              |
|-------------------------------------------------------------------------------------------------|---------------------------------------------------|------------|--------------------------------------------------------------|
| <b>SIGN HERE</b>                                                                                | Filed with authorized/valid electronic signature. | 10/16/2017 | ROBERT MUENINGHOFF                                           |
|                                                                                                 | Signature of plan administrator                   | Date       | Enter name of individual signing as plan administrator       |
| <b>SIGN HERE</b>                                                                                |                                                   |            |                                                              |
|                                                                                                 | Signature of employer/plan sponsor                | Date       | Enter name of individual signing as employer or plan sponsor |
| <b>SIGN HERE</b>                                                                                |                                                   |            |                                                              |
|                                                                                                 | 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) |                                                   |            | Preparer's telephone number                                  |
|                                                                                                 |                                                   |            |                                                              |

|                                                                                                                                                                                                                   |                                            |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| <b>3a</b> Plan administrator's name and address <input checked="" type="checkbox"/> Same as Plan Sponsor                                                                                                          | <b>3b</b> Administrator's EIN              |
|                                                                                                                                                                                                                   | <b>3c</b> Administrator's telephone number |
|                                                                                                                                                                                                                   |                                            |
| <b>4</b> 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:<br><b>a</b> Sponsor's name | <b>4b</b> EIN<br><b>4c</b> PN              |
| <b>5</b> Total number of participants at the beginning of the plan year                                                                                                                                           | <b>5</b> 1280                              |
| <b>6</b> Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines <b>6a(1)</b> , <b>6a(2)</b> , <b>6b</b> , <b>6c</b> , and <b>6d</b> ).                  |                                            |
| <b>a(1)</b> Total number of active participants at the beginning of the plan year.....                                                                                                                            | <b>6a(1)</b> 20                            |
| <b>a(2)</b> Total number of active participants at the end of the plan year .....                                                                                                                                 | <b>6a(2)</b> 15                            |
| <b>b</b> Retired or separated participants receiving benefits.....                                                                                                                                                | <b>6b</b> 756                              |
| <b>c</b> Other retired or separated participants entitled to future benefits .....                                                                                                                                | <b>6c</b> 344                              |
| <b>d</b> Subtotal. Add lines <b>6a(2)</b> , <b>6b</b> , and <b>6c</b> .....                                                                                                                                       | <b>6d</b> 1115                             |
| <b>e</b> Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. ....                                                                                                        | <b>6e</b> 154                              |
| <b>f</b> Total. Add lines <b>6d</b> and <b>6e</b> .....                                                                                                                                                           | <b>6f</b> 1269                             |
| <b>g</b> Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) .....                                                                   | <b>6g</b>                                  |
| <b>h</b> Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested .....                                                                       | <b>6h</b> 0                                |
| <b>7</b> Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....                                                                               | <b>7</b>                                   |

**8a** If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:  
 1B 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:

|                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                              |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>9a</b> Plan funding arrangement (check all that apply)                                                                                                                                                                                                    | <b>9b</b> Plan benefit arrangement (check all that apply)                                                                                                                                                                                                    |
| <b>(1)</b> <input type="checkbox"/> Insurance<br><b>(2)</b> <input type="checkbox"/> Code section 412(e)(3) insurance contracts<br><b>(3)</b> <input checked="" type="checkbox"/> Trust<br><b>(4)</b> <input type="checkbox"/> General assets of the sponsor | <b>(1)</b> <input type="checkbox"/> Insurance<br><b>(2)</b> <input type="checkbox"/> Code section 412(e)(3) insurance contracts<br><b>(3)</b> <input checked="" type="checkbox"/> Trust<br><b>(4)</b> <input type="checkbox"/> 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)

|                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>a Pension Schedules</b>                                                                                                                                                                                                                                                                                                                                                                                                   | <b>b General Schedules</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>(1)</b> <input checked="" type="checkbox"/> <b>R</b> (Retirement Plan Information)<br><br><b>(2)</b> <input type="checkbox"/> <b>MB</b> (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary<br><br><b>(3)</b> <input checked="" type="checkbox"/> <b>SB</b> (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary | <b>(1)</b> <input checked="" type="checkbox"/> <b>H</b> (Financial Information)<br><b>(2)</b> <input type="checkbox"/> <b>I</b> (Financial Information – Small Plan)<br><b>(3)</b> <input type="checkbox"/> <u>0</u> <b>A</b> (Insurance Information)<br><b>(4)</b> <input type="checkbox"/> <b>C</b> (Service Provider Information)<br><b>(5)</b> <input checked="" type="checkbox"/> <b>D</b> (DFE/Participating Plan Information)<br><b>(6)</b> <input type="checkbox"/> <b>G</b> (Financial Transaction Schedules) |

**Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)**

**11a** If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ..... ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

**11b** Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ..... ☐ Yes ☐ No

**11c** Enter the Receipt Confirmation Code for the 2016 Form M-1 annual report. If the plan was not required to file the 2016 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code \_\_\_\_\_

|                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                    |                                                                                           |
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| <b>SCHEDULE SB</b><br><b>(Form 5500)</b><br><br>Department of the Treasury<br>Internal Revenue Service<br><br>Department of Labor<br>Employee Benefits Security Administration<br><br>Pension Benefit Guaranty Corporation | <b>Single-Employer Defined Benefit Plan</b><br><b>Actuarial Information</b><br><br>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).<br><br>▶ <b>File as an attachment to Form 5500 or 5500-SF.</b> | OMB No. 1210-0110<br><br><b>2016</b><br><br><b>This Form is Open to Public Inspection</b> |
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For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

▶ **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.

|                                                                                                                                           |                                                                                                                                                         |
|-------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>A</b> Name of plan<br><u>LOCKHEED MARTIN AEROSPACE PENSION PLAN FOR MICHODD HOURLY EMPLOYEES IN THE BARGAINING UNIT</u>                | <b>B</b> Three-digit plan number (PN) ▶ <u>057</u>                                                                                                      |
| <b>C</b> Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF<br><u>LOCKHEED MARTIN CORPORATION</u>                            | <b>D</b> Employer Identification Number (EIN)<br><u>52-1893632</u>                                                                                      |
| <b>E</b> Type of plan: <input checked="" type="checkbox"/> Single <input type="checkbox"/> Multiple-A <input type="checkbox"/> Multiple-B | <b>F</b> Prior year plan size: <input type="checkbox"/> 100 or fewer <input type="checkbox"/> 101-500 <input checked="" type="checkbox"/> More than 500 |

|                                                                                                                                                                                                                 |                                                                                                                            |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| <b>Part I</b>                                                                                                                                                                                                   | <b>Basic Information</b>                                                                                                   |
| <b>1</b> Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2016</u>                                                                                                                               |                                                                                                                            |
| <b>2</b> Assets:                                                                                                                                                                                                |                                                                                                                            |
| <b>a</b> Market value .....                                                                                                                                                                                     | <b>2a</b> <u>129198780</u>                                                                                                 |
| <b>b</b> Actuarial value .....                                                                                                                                                                                  | <b>2b</b> <u>136641998</u>                                                                                                 |
| <b>3</b> Funding target/participant count breakdown                                                                                                                                                             |                                                                                                                            |
| <b>a</b> For retired participants and beneficiaries receiving payment .....                                                                                                                                     | (1) Number of participants <u>888</u> (2) Vested Funding Target <u>104518899</u> (3) Total Funding Target <u>104518899</u> |
| <b>b</b> For terminated vested participants .....                                                                                                                                                               | <u>372</u> <u>20723026</u> <u>20723026</u>                                                                                 |
| <b>c</b> For active participants .....                                                                                                                                                                          | <u>20</u> <u>4540388</u> <u>4730409</u>                                                                                    |
| <b>d</b> Total .....                                                                                                                                                                                            | <u>1280</u> <u>129782313</u> <u>129972334</u>                                                                              |
| <b>4</b> If the plan is in at-risk status, check the box and complete lines (a) and (b) .....                                                                                                                   | <input type="checkbox"/>                                                                                                   |
| <b>a</b> Funding target disregarding prescribed at-risk assumptions .....                                                                                                                                       | <b>4a</b>                                                                                                                  |
| <b>b</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 ..... | <b>4b</b>                                                                                                                  |
| <b>5</b> Effective interest rate .....                                                                                                                                                                          | <b>5</b> <u>6.05 %</u>                                                                                                     |
| <b>6</b> Target normal cost .....                                                                                                                                                                               | <b>6</b> <u>627909</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.

|                                                         |                               |                                        |
|---------------------------------------------------------|-------------------------------|----------------------------------------|
| <b>SIGN HERE</b>                                        |                               | <u>09/18/2017</u>                      |
|                                                         | Signature of actuary          | Date                                   |
| <u>THOMAS S. STAUFFER</u>                               | Type or print name of actuary | <u>17-06384</u>                        |
| <u>AON CONSULTING, INC.</u>                             | Firm name                     | Most recent enrollment number          |
| <u>500 EAST PRATT ST.</u><br><u>BALTIMORE, MD 21202</u> | Address of the firm           | <u>410-547-2800</u>                    |
|                                                         |                               | Telephone number (including area code) |

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, see the Instructions for Form 5500 or 5500-SF.**

**Schedule SB (Form 5500) 2016**  
**v. 160205**

| Part II |                                                                                                                                                          | Beginning of Year Carryover and Prefunding Balances |                        |
|---------|----------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|------------------------|
|         |                                                                                                                                                          | (a) Carryover balance                               | (b) Prefunding balance |
| 7       | Balance at beginning of prior year after applicable adjustments (line 13 from prior year) .....                                                          | 0                                                   | 32783870               |
| 8       | Portion elected for use to offset prior year's funding requirement (line 35 from prior year) .....                                                       | 0                                                   | 3938629                |
| 9       | Amount remaining (line 7 minus line 8) .....                                                                                                             | 0                                                   | 28845241               |
| 10      | Interest on line 9 using prior year's actual return of <u>-1.20</u> % .....                                                                              | 0                                                   | -346143                |
| 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(1)    | Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of <u>6.24</u> % ..... |                                                     | 0                      |
| b(2)    | Interest on line 38b from prior year Schedule SB, using prior year's actual return .....                                                                 |                                                     | 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 .....                                                                                                   |                                                     | 0                      |
| 12      | Other reductions in balances due to elections or deemed elections .....                                                                                  | 0                                                   | 0                      |
| 13      | Balance at beginning of current year (line 9 + line 10 + line 11d – line 12) .....                                                                       | 0                                                   | 28499098               |

| Part III |                                                                                                                                                                  | Funding Percentages |         |
|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------|
| 14       | Funding target attainment percentage .....                                                                                                                       | 14                  | 83.20%  |
| 15       | Adjusted funding target attainment percentage .....                                                                                                              | 15                  | 105.13% |
| 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                  | 89.61%  |
| 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<br>(MM-DD-YYYY)                                                          | (b) Amount paid by<br>employer(s) | (c) Amount paid by<br>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? .....                                                           |                                                                                                                |         | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? .....              |                                                                                                                |         | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> 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                                                             |
| 0                                                                                                                             | 0                                                                                                              | 0       | 0                                                                   |

|                       |                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                    |                       |                       |                       |                                                     |
|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------------------------------------|
| <b>Part V</b>         | <b>Assumptions Used to Determine Funding Target and Target Normal Cost</b>                                                                                                                                                       |                                                                                                                                                                                                                                                    |                       |                       |                       |                                                     |
| <b>21</b>             | Discount rate:                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                    |                       |                       |                       |                                                     |
| <b>a</b>              | Segment rates:                                                                                                                                                                                                                   | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;">1st segment:<br/>4.43%</td> <td style="width: 33%;">2nd segment:<br/>5.91%</td> <td style="width: 33%;">3rd segment:<br/>6.65%</td> </tr> </table> | 1st segment:<br>4.43% | 2nd segment:<br>5.91% | 3rd segment:<br>6.65% | <input type="checkbox"/> N/A, full yield curve used |
| 1st segment:<br>4.43% | 2nd segment:<br>5.91%                                                                                                                                                                                                            | 3rd segment:<br>6.65%                                                                                                                                                                                                                              |                       |                       |                       |                                                     |
| <b>b</b>              | Applicable month (enter code) .....                                                                                                                                                                                              | <b>21b</b>                                                                                                                                                                                                                                         | 4                     |                       |                       |                                                     |
| <b>22</b>             | Weighted average retirement age .....                                                                                                                                                                                            | <b>22</b>                                                                                                                                                                                                                                          | 62                    |                       |                       |                                                     |
| <b>23</b>             | Mortality table(s) (see instructions) <input type="checkbox"/> Prescribed - combined <input checked="" type="checkbox"/> Prescribed - separate <input type="checkbox"/> Substitute                                               |                                                                                                                                                                                                                                                    |                       |                       |                       |                                                     |
| <b>Part VI</b>        | <b>Miscellaneous Items</b>                                                                                                                                                                                                       |                                                                                                                                                                                                                                                    |                       |                       |                       |                                                     |
| <b>24</b>             | Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment. .... <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |                                                                                                                                                                                                                                                    |                       |                       |                       |                                                     |
| <b>25</b>             | Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment. .... <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No                                      |                                                                                                                                                                                                                                                    |                       |                       |                       |                                                     |
| <b>26</b>             | Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment. .... <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No                            |                                                                                                                                                                                                                                                    |                       |                       |                       |                                                     |
| <b>27</b>             | If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment. ....                                                                                                       | <b>27</b>                                                                                                                                                                                                                                          |                       |                       |                       |                                                     |
| <b>Part VII</b>       | <b>Reconciliation of Unpaid Minimum Required Contributions For Prior Years</b>                                                                                                                                                   |                                                                                                                                                                                                                                                    |                       |                       |                       |                                                     |
| <b>28</b>             | Unpaid minimum required contributions for all prior years .....                                                                                                                                                                  | <b>28</b>                                                                                                                                                                                                                                          | 0                     |                       |                       |                                                     |
| <b>29</b>             | Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a) .....                                                                                                       | <b>29</b>                                                                                                                                                                                                                                          | 0                     |                       |                       |                                                     |
| <b>30</b>             | Remaining amount of unpaid minimum required contributions (line 28 minus line 29) .....                                                                                                                                          | <b>30</b>                                                                                                                                                                                                                                          | 0                     |                       |                       |                                                     |
| <b>Part VIII</b>      | <b>Minimum Required Contribution For Current Year</b>                                                                                                                                                                            |                                                                                                                                                                                                                                                    |                       |                       |                       |                                                     |
| <b>31</b>             | Target normal cost and excess assets (see instructions):                                                                                                                                                                         |                                                                                                                                                                                                                                                    |                       |                       |                       |                                                     |
| <b>a</b>              | Target normal cost (line 6) .....                                                                                                                                                                                                | <b>31a</b>                                                                                                                                                                                                                                         | 627909                |                       |                       |                                                     |
| <b>b</b>              | Excess assets, if applicable, but not greater than line 31a .....                                                                                                                                                                | <b>31b</b>                                                                                                                                                                                                                                         | 0                     |                       |                       |                                                     |
| <b>32</b>             | Amortization installments:                                                                                                                                                                                                       | Outstanding Balance                                                                                                                                                                                                                                | Installment           |                       |                       |                                                     |
| <b>a</b>              | Net shortfall amortization installment .....                                                                                                                                                                                     | 21829434                                                                                                                                                                                                                                           | 5500902               |                       |                       |                                                     |
| <b>b</b>              | Waiver amortization installment .....                                                                                                                                                                                            | 0                                                                                                                                                                                                                                                  | 0                     |                       |                       |                                                     |
| <b>33</b>             | 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 .....                                                       | <b>33</b>                                                                                                                                                                                                                                          |                       |                       |                       |                                                     |
| <b>34</b>             | Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33) .....                                                                                                               | <b>34</b>                                                                                                                                                                                                                                          | 6128811               |                       |                       |                                                     |
|                       |                                                                                                                                                                                                                                  | Carryover balance                                                                                                                                                                                                                                  | Prefunding balance    |                       |                       |                                                     |
| <b>35</b>             | Balances elected for use to offset funding requirement .....                                                                                                                                                                     | 0                                                                                                                                                                                                                                                  | 6128811               |                       |                       |                                                     |
| <b>36</b>             | Additional cash requirement (line 34 minus line 35) .....                                                                                                                                                                        | <b>36</b>                                                                                                                                                                                                                                          | 0                     |                       |                       |                                                     |
| <b>37</b>             | Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c) .....                                                                                                        | <b>37</b>                                                                                                                                                                                                                                          | 0                     |                       |                       |                                                     |
| <b>38</b>             | Present value of excess contributions for current year (see instructions)                                                                                                                                                        |                                                                                                                                                                                                                                                    |                       |                       |                       |                                                     |
| <b>a</b>              | Total (excess, if any, of line 37 over line 36) .....                                                                                                                                                                            | <b>38a</b>                                                                                                                                                                                                                                         | 0                     |                       |                       |                                                     |
| <b>b</b>              | Portion included in line 38a attributable to use of prefunding and funding standard carryover balances .....                                                                                                                     | <b>38b</b>                                                                                                                                                                                                                                         | 0                     |                       |                       |                                                     |
| <b>39</b>             | Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37) .....                                                                                                                            | <b>39</b>                                                                                                                                                                                                                                          | 0                     |                       |                       |                                                     |
| <b>40</b>             | Unpaid minimum required contributions for all years .....                                                                                                                                                                        | <b>40</b>                                                                                                                                                                                                                                          | 0                     |                       |                       |                                                     |
| <b>Part IX</b>        | <b>Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)</b>                                                                                                                                                |                                                                                                                                                                                                                                                    |                       |                       |                       |                                                     |
| <b>41</b>             | If an election was made to use PRA 2010 funding relief for this plan:                                                                                                                                                            |                                                                                                                                                                                                                                                    |                       |                       |                       |                                                     |
| <b>a</b>              | Schedule elected .....                                                                                                                                                                                                           | <input type="checkbox"/> 2 plus 7 years <input type="checkbox"/> 15 years                                                                                                                                                                          |                       |                       |                       |                                                     |
| <b>b</b>              | Eligible plan year(s) for which the election in line 41a was made .....                                                                                                                                                          | <input type="checkbox"/> 2008 <input type="checkbox"/> 2009 <input type="checkbox"/> 2010 <input type="checkbox"/> 2011                                                                                                                            |                       |                       |                       |                                                     |
| <b>42</b>             | Amount of acceleration adjustment .....                                                                                                                                                                                          | <b>42</b>                                                                                                                                                                                                                                          |                       |                       |                       |                                                     |
| <b>43</b>             | Excess installment acceleration amount to be carried over to future plan years .....                                                                                                                                             | <b>43</b>                                                                                                                                                                                                                                          |                       |                       |                       |                                                     |

|                                                                                                                                                                                                               |                                                                                                                                                                                                                              |                                                                                                                                                                 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>SCHEDULE D</b><br><b>(Form 5500)</b><br><br><small>Department of the Treasury<br/>Internal Revenue Service</small><br><br><small>Department of Labor<br/>Employee Benefits Security Administration</small> | <b>DFE/Participating Plan Information</b><br><br>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).<br><br><b>► File as an attachment to Form 5500.</b> | OMB No. 1210-0110<br><br><div style="text-align: center; font-size: 1.2em; font-weight: bold;">2016</div><br><br><b>This Form is Open to Public Inspection.</b> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

|                                                                                                                           |                                                                                                                                                                                                                                                                             |                                         |            |  |  |
|---------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|------------|--|--|
| <b>A</b> Name of plan<br><u>LOCKHEED MARTIN AEROSPACE PENSION PLAN FOR MICHOD HOURLY EMPLOYEES IN THE BARGAINING UNIT</u> | <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:80%;"><b>B</b> Three-digit plan number (PN) ►</td> <td style="width:20%; text-align: center;"><u>057</u></td> </tr> <tr> <td colspan="2" style="height: 20px;"></td> </tr> </table> | <b>B</b> Three-digit plan number (PN) ► | <u>057</u> |  |  |
| <b>B</b> Three-digit plan number (PN) ►                                                                                   | <u>057</u>                                                                                                                                                                                                                                                                  |                                         |            |  |  |
|                                                                                                                           |                                                                                                                                                                                                                                                                             |                                         |            |  |  |
| <b>C</b> Plan or DFE sponsor's name as shown on line 2a of Form 5500<br><u>LOCKHEED MARTIN CORPORATION</u>                | <b>D</b> Employer Identification Number (EIN)<br><u>52-1893632</u>                                                                                                                                                                                                          |                                         |            |  |  |

|        |                                                                                                                                                                                  |
|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Part I | <b>Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)</b><br>(Complete as many entries as needed to report all interests in DFEs) |
|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**a** Name of MTIA, CCT, PSA, or 103-12 IE: L.M. CORP. MASTER RETIREMENT TRUST

**b** Name of sponsor of entity listed in (a): NORTHERN TRUST

|                                       |                               |                                                                                                                      |
|---------------------------------------|-------------------------------|----------------------------------------------------------------------------------------------------------------------|
| <b>c</b> EIN-PN <u>22-3546821-001</u> | <b>d</b> Entity code <u>M</u> | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>124714137</u> |
|---------------------------------------|-------------------------------|----------------------------------------------------------------------------------------------------------------------|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

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

|                 |                      |                                                                                                     |
|-----------------|----------------------|-----------------------------------------------------------------------------------------------------|
| <b>c</b> EIN-PN | <b>d</b> Entity code | <b>e</b> 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):

|                 |                      |                                                                                                     |
|-----------------|----------------------|-----------------------------------------------------------------------------------------------------|
| <b>c</b> EIN-PN | <b>d</b> Entity code | <b>e</b> 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):

|                 |                      |                                                                                                     |
|-----------------|----------------------|-----------------------------------------------------------------------------------------------------|
| <b>c</b> EIN-PN | <b>d</b> Entity code | <b>e</b> 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):

|                 |                      |                                                                                                     |
|-----------------|----------------------|-----------------------------------------------------------------------------------------------------|
| <b>c</b> EIN-PN | <b>d</b> Entity code | <b>e</b> 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):

|                 |                      |                                                                                                     |
|-----------------|----------------------|-----------------------------------------------------------------------------------------------------|
| <b>c</b> EIN-PN | <b>d</b> Entity code | <b>e</b> 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):

|                 |                      |                                                                                                     |
|-----------------|----------------------|-----------------------------------------------------------------------------------------------------|
| <b>c</b> EIN-PN | <b>d</b> Entity code | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|-----------------|----------------------|-----------------------------------------------------------------------------------------------------|

**For Paperwork Reduction Act Notice, see the Instructions for Form 5500.**

**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

|                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                              |                                                                                                          |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| <b>SCHEDULE H</b><br><b>(Form 5500)</b><br><br><small>Internal Revenue Service</small><br><hr/> <small>Department of Labor</small><br><small>Employee Benefits Security Administration</small><br><hr/> <small>Pension Benefit Guaranty Corporation</small> | <b>Financial Information</b><br><br>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).<br><br><b>► File as an attachment to Form 5500.</b> | <small>OMB No. 1210-0110</small><br><br><b>2016</b><br><br><b>This Form is Open to Public Inspection</b> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|

|                                                                                                                            |                                                                    |            |
|----------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|------------|
| For calendar plan year 2016 or fiscal plan year beginning <u>01/01/2016</u> and ending <u>12/31/2016</u>                   |                                                                    |            |
| <b>A</b> Name of plan<br><u>LOCKHEED MARTIN AEROSPACE PENSION PLAN FOR MICHoud HOURLY EMPLOYEES IN THE BARGAINING UNIT</u> | <b>B</b> Three-digit plan number (PN) ►                            | <u>057</u> |
| <b>C</b> Plan sponsor's name as shown on line 2a of Form 5500<br><u>LOCKHEED MARTIN CORPORATION</u>                        | <b>D</b> Employer Identification Number (EIN)<br><u>52-1893632</u> |            |

|               |                                      |
|---------------|--------------------------------------|
| <b>Part I</b> | <b>Asset and Liability Statement</b> |
|---------------|--------------------------------------|

**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 |
|---------------------------------------------------------------------------------------------------|-----------------|-----------------------|-----------------|
| <b>a</b> Total noninterest-bearing cash .....                                                     | <b>1a</b>       |                       |                 |
| <b>b</b> Receivables (less allowance for doubtful accounts):                                      |                 |                       |                 |
| <b>(1)</b> Employer contributions.....                                                            | <b>1b(1)</b>    |                       |                 |
| <b>(2)</b> Participant contributions .....                                                        | <b>1b(2)</b>    |                       |                 |
| <b>(3)</b> Other.....                                                                             | <b>1b(3)</b>    |                       |                 |
| <b>c</b> General investments:                                                                     |                 |                       |                 |
| <b>(1)</b> Interest-bearing cash (include money market accounts & certificates of deposit).....   | <b>1c(1)</b>    |                       |                 |
| <b>(2)</b> U.S. Government securities .....                                                       | <b>1c(2)</b>    |                       |                 |
| <b>(3)</b> Corporate debt instruments (other than employer securities):                           |                 |                       |                 |
| <b>(A)</b> Preferred .....                                                                        | <b>1c(3)(A)</b> |                       |                 |
| <b>(B)</b> All other.....                                                                         | <b>1c(3)(B)</b> |                       |                 |
| <b>(4)</b> Corporate stocks (other than employer securities):                                     |                 |                       |                 |
| <b>(A)</b> Preferred .....                                                                        | <b>1c(4)(A)</b> |                       |                 |
| <b>(B)</b> Common.....                                                                            | <b>1c(4)(B)</b> |                       |                 |
| <b>(5)</b> Partnership/joint venture interests .....                                              | <b>1c(5)</b>    |                       |                 |
| <b>(6)</b> Real estate (other than employer real property).....                                   | <b>1c(6)</b>    |                       |                 |
| <b>(7)</b> Loans (other than to participants) .....                                               | <b>1c(7)</b>    |                       |                 |
| <b>(8)</b> Participant loans.....                                                                 | <b>1c(8)</b>    |                       |                 |
| <b>(9)</b> Value of interest in common/collective trusts .....                                    | <b>1c(9)</b>    |                       |                 |
| <b>(10)</b> Value of interest in pooled separate accounts .....                                   | <b>1c(10)</b>   |                       |                 |
| <b>(11)</b> Value of interest in master trust investment accounts .....                           | <b>1c(11)</b>   | 129198780             | 124714137       |
| <b>(12)</b> Value of interest in 103-12 investment entities.....                                  | <b>1c(12)</b>   |                       |                 |
| <b>(13)</b> Value of interest in registered investment companies (e.g., mutual funds).....        | <b>1c(13)</b>   |                       |                 |
| <b>(14)</b> Value of funds held in insurance company general account (unallocated contracts)..... | <b>1c(14)</b>   |                       |                 |
| <b>(15)</b> Other .....                                                                           | <b>1c(15)</b>   |                       |                 |

|                    |                                                                  | (a) Beginning of Year | (b) End of Year     |
|--------------------|------------------------------------------------------------------|-----------------------|---------------------|
| <b>1d</b>          | Employer-related investments:                                    |                       |                     |
| (1)                | Employer securities .....                                        | <b>1d(1)</b>          |                     |
| (2)                | Employer real property .....                                     | <b>1d(2)</b>          |                     |
| <b>e</b>           | Buildings and other property used in plan operation .....        | <b>1e</b>             |                     |
| <b>f</b>           | Total assets (add all amounts in lines 1a through 1e) .....      | <b>1f</b>             | 129198780 124714137 |
| <b>Liabilities</b> |                                                                  |                       |                     |
| <b>g</b>           | Benefit claims payable .....                                     | <b>1g</b>             |                     |
| <b>h</b>           | Operating payables .....                                         | <b>1h</b>             | 107325 119724       |
| <b>i</b>           | Acquisition indebtedness .....                                   | <b>1i</b>             |                     |
| <b>j</b>           | Other liabilities .....                                          | <b>1j</b>             |                     |
| <b>k</b>           | Total liabilities (add all amounts in lines 1g through 1j) ..... | <b>1k</b>             | 107325 119724       |
| <b>Net Assets</b>  |                                                                  |                       |                     |
| <b>l</b>           | Net assets (subtract line 1k from line 1f) .....                 | <b>1l</b>             | 129091455 124594413 |

**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.

|          |                                                                                                        | (a) Amount      | (b) Total |
|----------|--------------------------------------------------------------------------------------------------------|-----------------|-----------|
| <b>a</b> | <b>Contributions:</b>                                                                                  |                 |           |
| (1)      | Received or receivable in cash from: <b>(A)</b> Employers .....                                        | <b>2a(1)(A)</b> |           |
|          | <b>(B)</b> Participants .....                                                                          | <b>2a(1)(B)</b> |           |
|          | <b>(C)</b> Others (including rollovers) .....                                                          | <b>2a(1)(C)</b> |           |
| (2)      | Noncash contributions .....                                                                            | <b>2a(2)</b>    |           |
| (3)      | Total contributions. Add lines <b>2a(1)(A)</b> , <b>(B)</b> , <b>(C)</b> , and line <b>2a(2)</b> ..... | <b>2a(3)</b>    | 0         |
| <b>b</b> | <b>Earnings on investments:</b>                                                                        |                 |           |
| (1)      | Interest:                                                                                              |                 |           |
|          | <b>(A)</b> Interest-bearing cash (including money market accounts and certificates of deposit) .....   | <b>2b(1)(A)</b> |           |
|          | <b>(B)</b> U.S. Government securities .....                                                            | <b>2b(1)(B)</b> |           |
|          | <b>(C)</b> Corporate debt instruments .....                                                            | <b>2b(1)(C)</b> |           |
|          | <b>(D)</b> Loans (other than to participants) .....                                                    | <b>2b(1)(D)</b> |           |
|          | <b>(E)</b> Participant loans .....                                                                     | <b>2b(1)(E)</b> |           |
|          | <b>(F)</b> Other .....                                                                                 | <b>2b(1)(F)</b> |           |
|          | <b>(G)</b> Total interest. Add lines <b>2b(1)(A)</b> through <b>(F)</b> .....                          | <b>2b(1)(G)</b> | 0         |
| (2)      | Dividends: <b>(A)</b> Preferred stock .....                                                            | <b>2b(2)(A)</b> |           |
|          | <b>(B)</b> Common stock .....                                                                          | <b>2b(2)(B)</b> |           |
|          | <b>(C)</b> Registered investment company shares (e.g. mutual funds) .....                              | <b>2b(2)(C)</b> |           |
|          | <b>(D)</b> Total dividends. Add lines <b>2b(2)(A)</b> , <b>(B)</b> , and <b>(C)</b> .....              | <b>2b(2)(D)</b> | 0         |
| (3)      | Rents .....                                                                                            | <b>2b(3)</b>    |           |
| (4)      | Net gain (loss) on sale of assets: <b>(A)</b> Aggregate proceeds .....                                 | <b>2b(4)(A)</b> |           |
|          | <b>(B)</b> Aggregate carrying amount (see instructions) .....                                          | <b>2b(4)(B)</b> |           |
|          | <b>(C)</b> Subtract line <b>2b(4)(B)</b> from line <b>2b(4)(A)</b> and enter result .....              | <b>2b(4)(C)</b> | 0         |
| (5)      | Unrealized appreciation (depreciation) of assets: <b>(A)</b> Real estate .....                         | <b>2b(5)(A)</b> |           |
|          | <b>(B)</b> Other .....                                                                                 | <b>2b(5)(B)</b> |           |
|          | <b>(C)</b> Total unrealized appreciation of assets. Add lines <b>2b(5)(A)</b> and <b>(B)</b> .....     | <b>2b(5)(C)</b> | 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)  |            |           |
| (8) Net investment gain (loss) from master trust investment accounts .....                     | 2b(8)  |            | 5680237   |
| (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 <b>income</b> amounts in column (b) and enter total.....               | 2d     |            | 5680237   |

**Expenses**

|                                                                                      |       |          |          |
|--------------------------------------------------------------------------------------|-------|----------|----------|
| e Benefit payment and payments to provide benefits:                                  |       |          |          |
| (1) Directly to participants or beneficiaries, including direct rollovers .....      | 2e(1) | 10057555 |          |
| (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) |          | 10057555 |
| 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) | 13266    |          |
| (2) Contract administrator fees.....                                                 | 2i(2) | 13734    |          |
| (3) Investment advisory and management fees.....                                     | 2i(3) | 92724    |          |
| (4) Other .....                                                                      | 2i(4) |          |          |
| (5) Total administrative expenses. Add lines 2i(1) through (4).....                  | 2i(5) |          | 119724   |
| j Total expenses. Add all <b>expense</b> amounts in column (b) and enter total ..... | 2j    |          | 10177279 |

**Net Income and Reconciliation**

|                                                          |       |  |          |
|----------------------------------------------------------|-------|--|----------|
| k Net income (loss). Subtract line 2j from line 2d ..... | 2k    |  | -4497042 |
| l Transfers of assets:                                   |       |  |          |
| (1) To this plan.....                                    | 2l(1) |  |          |
| (2) From this plan.....                                  | 2l(2) |  |          |

**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    |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----|----|-----------|
| <b>c</b> 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.) .....                                          | <b>4c</b> |     | X  |           |
| <b>d</b> 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.) .....                               | <b>4d</b> |     | X  |           |
| <b>e</b> Was this plan covered by a fidelity bond? .....                                                                                                                                                                      | <b>4e</b> | X   |    | 100000000 |
| <b>f</b> Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty? .....                                                                                       | <b>4f</b> |     | X  |           |
| <b>g</b> 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? .....                                                    | <b>4g</b> |     | X  |           |
| <b>h</b> 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? .....                                          | <b>4h</b> |     | X  |           |
| <b>i</b> Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.) .....                                                                | <b>4i</b> |     | X  |           |
| <b>j</b> 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.) ..... | <b>4j</b> |     | X  |           |
| <b>k</b> Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC? .....                                                           | <b>4k</b> |     | X  |           |
| <b>l</b> Has the plan failed to provide any benefit when due under the plan? .....                                                                                                                                            | <b>4l</b> |     | X  |           |
| <b>m</b> If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.) .....                                                                                                  | <b>4m</b> |     |    |           |
| <b>n</b> 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. ....                                      | <b>4n</b> |     |    |           |
| <b>o</b> Defined Benefit Plan or Money Purchase Pension Plan Only:<br>Were any distributions made during the plan year to an employee who attained age 62 and had not separated from service? .....                           | <b>4o</b> |     |    |           |

**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) | 5b(2) EIN(s) | 5b(3) PN(s) |
|-----------------------|--------------|-------------|
|                       |              |             |
|                       |              |             |
|                       |              |             |
|                       |              |             |

**5c** If the plan is a defined benefit plan, is it covered under the PBGC insurance program (See ERISA section 4021.)? ..... ☒ Yes ☐ No ☐ Not determined  
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year 3995764. (See instructions.)

## Part V Trust Information

|                                        |                                                     |
|----------------------------------------|-----------------------------------------------------|
| <b>6a</b> Name of trust                | <b>6b</b> Trust's EIN                               |
| <b>6c</b> Name of trustee or custodian | <b>6d</b> Trustee's or custodian's telephone number |

|                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                             |                                                                                            |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| <b>SCHEDULE R</b><br><b>(Form 5500)</b><br><br>Department of the Treasury<br>Internal Revenue Service<br><br>Department of Labor<br>Employee Benefits Security Administration<br><br>Pension Benefit Guaranty Corporation | <b>Retirement Plan Information</b><br><br>This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).<br><br>▶ <b>File as an attachment to Form 5500.</b> | OMB No. 1210-0110<br><br><b>2016</b><br><br><b>This Form is Open to Public Inspection.</b> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

|                                                                                                                            |                                                                    |
|----------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|
| <b>A</b> Name of plan<br><u>LOCKHEED MARTIN AEROSPACE PENSION PLAN FOR MICHOUH HOURLY EMPLOYEES IN THE BARGAINING UNIT</u> | <b>B</b> Three-digit plan number (PN) ▶<br><u>057</u>              |
| <b>C</b> Plan sponsor's name as shown on line 2a of Form 5500<br><u>LOCKHEED MARTIN CORPORATION</u>                        | <b>D</b> Employer Identification Number (EIN)<br><u>52-1893632</u> |

|               |                      |
|---------------|----------------------|
| <b>Part I</b> | <b>Distributions</b> |
|---------------|----------------------|

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

|                                                                                                                                                                                                                                                                    |          |          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------|
| <b>1</b> Total value of distributions paid in property other than in cash or the forms of property specified in the instructions .....                                                                                                                             | <b>1</b> | <u>0</u> |
| <b>2</b> 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):<br><br>EIN(s): <u>22-3810641</u> |          |          |
| Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.                                                                                                                                                                                                   |          |          |
| <b>3</b> Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year .....                                                                                                                                   | <b>3</b> | <u>1</u> |

|                |                                                                                                                                                                               |
|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Part II</b> | <b>Funding Information</b> (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.) |
|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|                                                                                                                                                                                                                                                                                                                                                             |                              |                             |                                         |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-----------------------------|-----------------------------------------|
| <b>4</b> Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? .....                                                                                                                                                                                                                                        | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input checked="" type="checkbox"/> N/A |
| If the plan is a defined benefit plan, go to line 8.                                                                                                                                                                                                                                                                                                        |                              |                             |                                         |
| <b>5</b> 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 _____<br>If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule. |                              |                             |                                         |
| <b>6 a</b> Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived) .....                                                                                                                                                                                                              | <b>6a</b>                    |                             |                                         |
| <b>b</b> Enter the amount contributed by the employer to the plan for this plan year .....                                                                                                                                                                                                                                                                  | <b>6b</b>                    |                             |                                         |
| <b>c</b> 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) .....                                                                                                                                                                                                            | <b>6c</b>                    |                             |                                         |
| If you completed line 6c, skip lines 8 and 9.                                                                                                                                                                                                                                                                                                               |                              |                             |                                         |
| <b>7</b> Will the minimum funding amount reported on line 6c be met by the funding deadline? .....                                                                                                                                                                                                                                                          | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> N/A            |
| <b>8</b> 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? .....                                                                                 | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input checked="" type="checkbox"/> N/A |

|                 |                   |
|-----------------|-------------------|
| <b>Part III</b> | <b>Amendments</b> |
|-----------------|-------------------|

|                                                                                                                                                                                                                            |                                   |                                   |                               |                                        |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|-------------------------------|----------------------------------------|
| <b>9</b> 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..... | <input type="checkbox"/> Increase | <input type="checkbox"/> Decrease | <input type="checkbox"/> Both | <input checked="" type="checkbox"/> No |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|-------------------------------|----------------------------------------|

|                |                                                                                                                                                   |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Part IV</b> | <b>ESOPs</b> (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. |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------|

|                                                                                                                                                                                              |                              |                             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-----------------------------|
| <b>10</b> Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? .....                                                      | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| <b>11 a</b> Does the ESOP hold any preferred stock? .....                                                                                                                                    | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| <b>b</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.) ..... | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| <b>12</b> Does the ESOP hold any stock that is not readily tradable on an established securities market? .....                                                                               | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Schedule R (Form 5500) 2016  
v. 160205

**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): \_\_\_\_\_

|           |                                                                                                                                                                                                                                                      |            |  |
|-----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|--|
| <b>14</b> | Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:                                                                                                                    |            |  |
|           | <b>a</b> The current year .....                                                                                                                                                                                                                      | <b>14a</b> |  |
|           | <b>b</b> The plan year immediately preceding the current plan year .....                                                                                                                                                                             | <b>14b</b> |  |
|           | <b>c</b> The second preceding plan year .....                                                                                                                                                                                                        | <b>14c</b> |  |
| <b>15</b> | 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:                                                                         |            |  |
|           | <b>a</b> The corresponding number for the plan year immediately preceding the current plan year .....                                                                                                                                                | <b>15a</b> |  |
|           | <b>b</b> The corresponding number for the second preceding plan year .....                                                                                                                                                                           | <b>15b</b> |  |
| <b>16</b> | Information with respect to any employers who withdrew from the plan during the preceding plan year:                                                                                                                                                 |            |  |
|           | <b>a</b> Enter the number of employers who withdrew during the preceding plan year .....                                                                                                                                                             | <b>16a</b> |  |
|           | <b>b</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 .....                                                                               | <b>16b</b> |  |
| <b>17</b> | 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. .... <input type="checkbox"/> |            |  |

|                |                                                                                                   |
|----------------|---------------------------------------------------------------------------------------------------|
| <b>Part VI</b> | <b>Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans</b> |
|----------------|---------------------------------------------------------------------------------------------------|

|           |                                                                                                                                                                                                                                                                                                                                                                                                                 |                          |
|-----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| <b>18</b> | 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 .....                                    | <input type="checkbox"/> |
| <b>19</b> | If the total number of participants is 1,000 or more, complete lines (a) through (c)                                                                                                                                                                                                                                                                                                                            |                          |
|           | <b>a</b> Enter the percentage of plan assets held as:<br>Stock: <u>39.0</u> %   Investment-Grade Debt: <u>29.0</u> %   High-Yield Debt: <u>3.0</u> %   Real Estate: <u>0.0</u> %   Other: <u>29.0</u> %                                                                                                                                                                                                         |                          |
|           | <b>b</b> Provide the average duration of the combined investment-grade and high-yield debt:<br><input type="checkbox"/> 0-3 years <input type="checkbox"/> 3-6 years <input checked="" type="checkbox"/> 6-9 years <input type="checkbox"/> 9-12 years <input type="checkbox"/> 12-15 years <input type="checkbox"/> 15-18 years <input type="checkbox"/> 18-21 years <input type="checkbox"/> 21 years or more |                          |
|           | <b>c</b> What duration measure was used to calculate line 19(b)?<br><input checked="" type="checkbox"/> Effective duration <input type="checkbox"/> Macaulay duration <input type="checkbox"/> Modified duration <input type="checkbox"/> Other (specify):                                                                                                                                                      |                          |

|                 |                                 |
|-----------------|---------------------------------|
| <b>Part VII</b> | <b>IRS Compliance Questions</b> |
|-----------------|---------------------------------|

|                                                                                                                                                                                                                             |                                                                                                                                                                                   |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>20a</b> Is the plan a 401(k) plan? If "No," skip b .....                                                                                                                                                                 | <input type="checkbox"/> Yes <input type="checkbox"/> No                                                                                                                          |
| <b>20b</b> How did the plan satisfy the nondiscrimination requirements for employee deferrals under section 401(k)(3) for the plan year? Check all that apply: .....                                                        | <input type="checkbox"/> Design-based safe harbor <input type="checkbox"/> "Prior year" ADP test<br><input type="checkbox"/> "Current year" ADP test <input type="checkbox"/> N/A |
| <b>21a</b> What testing method was used to satisfy the coverage requirements under section 410(b) for the plan year? Check all that apply: .....                                                                            | <input type="checkbox"/> Ratio percentage test <input type="checkbox"/> Average benefit test <input type="checkbox"/> N/A                                                         |
| <b>21b</b> Did the plan satisfy the coverage and nondiscrimination requirements of sections 410(b) and 401(a)(4) for the plan year by combining this plan with any other plan under the permissive aggregation rules? ..... | <input type="checkbox"/> Yes <input type="checkbox"/> No                                                                                                                          |
| <b>22a</b> If the plan is a master and prototype plan (M&P) or volume submitter plan that received a favorable IRS opinion letter or advisory letter, enter the date of the letter   /   /   and the serial number .....    |                                                                                                                                                                                   |
| <b>22b</b> If the plan is an individually-designed plan that received a favorable determination letter from the IRS, enter the date of the most recent determination letter   /   / .....                                   |                                                                                                                                                                                   |

LOCKHEED MARTIN AEROSPACE PENSION PLAN FOR MICHoud  
HOURLY EMPLOYEES IN THE BARGAINING UNIT

Financial Statements as of December 31, 2016 and 2015,  
and for the Year Ended December 31, 2016, with Independent Auditor's Report

**Lockheed Martin Aerospace Pension Plan for  
Michoud Hourly Employees in the Bargaining Unit**

**Financial Statements**

**Year Ended December 31, 2016**

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MITCHELLTITUS

## INDEPENDENT AUDITOR'S REPORT

Plan Administrator  
Lockheed Martin Aerospace Pension Plan for  
Michoud Hourly Employees in the Bargaining Unit

### **Report on the Financial Statements**

We were engaged to audit the accompanying financial statements of Lockheed Martin Aerospace Pension Plan for Michoud Hourly Employees in the Bargaining Unit, which comprise the statements of net assets available for benefits as of December 31, 2016 and 2015, and the related statement of changes in net assets available for benefits for the year ended December 31, 2016, 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 accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from 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 audit in accordance with auditing standards generally accepted in the United States of America. 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 (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA), the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 4, which was certified by the Northern Trust Company, the trustee of the plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of December 31, 2016 and 2015 and for the year ended December 31, 2016, that the information provided to the plan administrator by the trustee is complete and accurate.

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## MITCHELLTITUS

### ***Disclaimer of Opinion***

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.

### **Report on Form and Content in Compliance with DOL Rules and Regulations**

The form and content of the information included in the financial statements, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

*Mitchell Titus, LLP*

October 10, 2017

**Lockheed Martin Aerospace Pension Plan for  
Michoud Hourly Employees in the Bargaining Unit  
Statements of Net Assets Available for Benefits  
(in thousands)**

|                                         | <b>December 31,</b> |                   |
|-----------------------------------------|---------------------|-------------------|
|                                         | <b>2016</b>         | <b>2015</b>       |
| <b>Assets</b>                           |                     |                   |
| Investments:                            |                     |                   |
| Interest in Master Trust .....          | \$ 124,714          | \$ 129,199        |
| <b>Liabilities</b>                      |                     |                   |
| Accrued expenses .....                  | 120                 | 107               |
| Net assets available for benefits ..... | <u>\$ 124,594</u>   | <u>\$ 129,092</u> |

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

**Lockheed Martin Aerospace Pension Plan for  
Michoud Hourly Employees in the Bargaining Unit  
Statement of Changes in Net Assets Available for Benefits  
(in thousands)**

|                                                             | <b>Year Ended<br/>December 31, 2016</b> |
|-------------------------------------------------------------|-----------------------------------------|
| Net assets available for benefits at beginning of year..... | \$ 129,092                              |
| Additions to net assets:                                    |                                         |
| Interest in net investment gain of Master Trust .....       | 7,364                                   |
| Deductions from net assets:                                 |                                         |
| Benefit payments .....                                      | 10,058                                  |
| Administrative expenses .....                               | 1,804                                   |
| Total deductions .....                                      | 11,862                                  |
| Change in net assets.....                                   | (4,498)                                 |
| Net assets available for benefits at end of year.....       | \$ 124,594                              |

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

**Lockheed Martin Aerospace Pension Plan for  
Michoud Hourly Employees in the Bargaining Unit  
Notes to Financial Statements**

**1. Description of the Plan**

The following description of the Lockheed Martin Aerospace Pension Plan for Michoud Hourly Employees in the Bargaining Unit (the Plan) provides only general information about the Plan's provisions. Participants should refer to the Plan document and Summary Plan Description for a more complete description of the Plan's provisions.

**General**

The Plan is a defined benefit plan covering certain bargaining employees of Lockheed Martin Corporation (the Corporation) located at its Michoud facility, and has been amended from time to time. The Corporation is the Plan Sponsor and the Plan Administrator. Active participants become fully vested in the Plan upon the earlier of the completion of five years of service or attainment of age 65. During 2009, there was a significant reduction in the workforce in the Michoud business resulting in a partial plan termination, and affected participants became 100% vested. Effective July 1, 2010 new hires and rehired employees are not eligible to participate in the Plan.

The assets of the Plan are held and invested on a commingled basis in the Lockheed Martin Corporation Master Retirement Trust (the Master Trust). The assets of the Master Trust are held by The Northern Trust Company (the Trustee), with the exception of certain assets that are not held under custody by the Trustee as described in Note 4.

**Funding Policy**

Funding for the Plan is determined in accordance with the Employee Retirement Income Security Act of 1974 (ERISA), as amended by the Pension Protection Act of 2006 (PPA) and consistent with U.S. Government Cost Accounting Standards (CAS). Contributions by the Corporation, if any, meet the ERISA minimum funding requirements. The Corporation has the right under the Plan to discontinue such contributions at any time and/or terminate the Plan. In the event of termination, the Plan's net assets are to be used first for the payment of retirement benefits that former employees or their beneficiaries have been receiving, next for the payment of other vested benefits, and finally for the payment of nonvested benefits for the remaining participants. If the net assets are not sufficient to pay all benefits, the net assets shall be paid to the most senior categories until a category cannot be paid in full, and remaining net assets shall be allocated pro rata to all the benefits in that category and not those of lower priority. However, in the event of termination of the Plan, the Pension Benefit Guaranty Corporation (PBGC) guarantees the payment of nonforfeitable retirement benefits subject to certain limitations prescribed by ERISA.

**2. Summary of Significant Accounting Policies**

**Basis of Accounting**

The financial statements of the Plan are prepared on the accrual basis of accounting. Certain amounts in the prior year have been reclassified to conform to the current year presentation.

**Accumulated Plan Benefits**

Accumulated plan benefits are those estimated future periodic payments that are attributable under the Plan's provisions for credited service by participants from their date of eligibility to the valuation date. Accumulated plan benefits include benefits expected to be paid to (a) retired, terminated and disabled participants or their beneficiaries, and (b) present participants or their beneficiaries. Benefits for retired, terminated and disabled participants or their beneficiaries are based on each former participant's

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compensation during each year of credited service prior to his or her termination or retirement date. Accumulated plan benefits for active participants are based on each participant's compensation during each year of credited service preceding the valuation date. Benefits payable under all circumstances—retirement, death, disability and termination of employment—are included to the extent they are deemed attributable to employee service prior to the valuation date.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein, disclosure of contingent assets and liabilities, and the actuarial present value of accumulated plan benefits. Actual results could differ from those estimates.

**Payment of Benefits**

Benefit payments to participants are recorded upon distribution.

**Risks and Uncertainties**

The Plan, through the Master Trust, invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, currency, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect 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, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption processes, it is at least reasonably possible that changes in these estimates and assumptions in the near term could materially affect the amounts reported and disclosed in the financial statements.

**Investment Valuation and Income Recognition**

Investments in the Master Trust are reported at fair value. Fair value is the price that would have been received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for discussion of fair value measurements.

Purchases and sales of securities in the Master Trust are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Gains and losses on investments bought and sold as well as held during the year are included in interest in net investment gain (loss) of Master Trust on the Statement of Changes in Net Assets Available for Benefits.

**Administrative Expenses**

Direct administrative expenses are paid by the Master Trust and generally allocated to the Plan proportionally based on the Plan's interest in the Master Trust's net assets or directly if specifically related to the Plan. Other indirect administrative expenses are paid by the Corporation and are excluded from these financial statements. Expenses paid by the Plan are shown on the Statement of Changes in Net Assets Available for Benefits.

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**Recent Accounting Pronouncements**

In February 2017, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2017-06, which clarifies the presentation and disclosure requirements for an employee benefit plan's interest in a master trust. The new standard requires a plan's interests in master trust balances and activities to be presented on the face of the Plan's financial statements as a single line item for each interest in a master trust. The new standard also requires the disclosure of the master trust's investments by general type and the dollar amount of the plan's interest in each type; and the disclosure of the master trust's other assets and liabilities on a gross basis and the dollar amount of the plan's interest in each balance. An adoption of the new standard will eliminate the requirement to disclose the Plan's overall percentage interest in the trust and the health and welfare plans to disclose 401(h) investment account information, in which such information will be disclosed in the defined benefit plan. The standard is effective for the Plan beginning on January 1, 2019, with early adoption permitted. Plan management is currently evaluating the impact of the standard on the financial statements and related disclosures.

In July 2015, the FASB issued ASU 2015-12, a new three-part standard that changes certain reporting requirements for employee benefit plans. Part I of the standard eliminates the requirement to measure and present fully benefit-responsive investment contracts at fair value within the statements of net assets available for benefits and related disclosures and also eliminates the requirement to reconcile contract value to fair value, when these measures differ. Part II of the standard requires investments be grouped by general type and eliminates the requirement to disclose the net appreciation or depreciation for investments by general type and Part III provides for a measurement-date practical expedient. Parts I and III of the standard are not applicable as the Plan has no investments in fully benefit-responsive investment contracts and the Plan's year end coincides with the end of the reporting period on which investments are measured. The standard is effective for the Plan beginning on January 1, 2016. Plans may early adopt any of the three parts of the standard without adopting the other parts. The Plan adopted Part II of the standard on January 1, 2016 and reflected the provisions of Part II for all periods presented in these financial statements.

In May 2015, the FASB issued ASU 2015-07, a new standard that eliminates the current requirement to categorize within the fair value hierarchy investments with fair values measured at net asset value (NAV) using the practical expedient in Accounting Standards Codification (ASC) 820 "Fair Value Measurement." The new standard requires entities to disclose the fair values of such investments as a reconciling item between the Statements of Net Assets Available for Benefits amounts and the amounts reported in the fair value hierarchy table. Entities are required to continue to disclose information describing the nature and risks of the investments measured using the NAV practical expedient. The standard is effective for the Plan beginning on January 1, 2016, with early adoption permitted. The Plan adopted the standard on January 1, 2016 and reflected the provisions for all periods presented in these financial statements.

**Subsequent Events**

The Plan has evaluated subsequent events through October 10, 2017, the date the financial statements were available to be issued. No material subsequent events have occurred since December 31, 2016 that required recognition or disclosure in these financial statements.

**3. Actuarial Present Value of Accumulated Plan Benefits**

The actuarial present value of accumulated plan benefits is the amount that results from applying actuarial assumptions to the accumulated plan benefits earned by the participants to reflect the time value of money and the probability of payment between the valuation date and the expected date of payment.

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The actuarial present value of accumulated plan benefits is as follows (in thousands):

|                                                            | <b>December 31,</b> |                   |
|------------------------------------------------------------|---------------------|-------------------|
|                                                            | <b>2016</b>         | <b>2015</b>       |
| Vested benefits:                                           |                     |                   |
| Participants currently receiving payments                  | \$ 123,716          | \$ 110,726        |
| Participants not currently receiving payments              | 38,254              | 42,300            |
| Total vested benefits                                      | 161,970             | 153,026           |
| Nonvested benefits                                         | 230                 | 270               |
| Total actuarial present value of accumulated plan benefits | <u>\$ 162,200</u>   | <u>\$ 153,296</u> |

The significant actuarial assumptions used in the valuations were (a) life expectancy of participants (RP-2014 Total Dataset Adjusted to 2006 with Scale MP-2016 for 2016 and with Scale MP-2015 for 2015), (b) turnover based upon the termination experience of the Plan, (c) assumed retirement age probabilities based on the experience of the Plan resulting in an average retirement age of 62, and (d) an annual discount rate of 4.125% and 4.375% for 2016 and 2015, respectively. The discount rate assumption used to calculate the actuarial present value of accumulated plan benefits is adjusted annually to reflect current yields on long-term high-quality corporate bonds. This can result in significant year to year fluctuations in the valuations.

Changes in the actuarial present value of accumulated plan benefits are as follows (in thousands):

|                                                                           | <b>Year Ended<br/>December 31, 2016</b> |
|---------------------------------------------------------------------------|-----------------------------------------|
| Actuarial present value of accumulated plan benefits at beginning of year | \$ 153,296                              |
| Increase (decrease) during the year attributable to:                      |                                         |
| Increase for interest due to the decrease in the discount period          | 6,484                                   |
| Benefits paid                                                             | (10,058)                                |
| Benefits accumulated                                                      | 9,744                                   |
| Changes in actuarial assumptions                                          | 2,734                                   |
| Net increase                                                              | <u>8,904</u>                            |
| Actuarial present value of accumulated plan benefits at end of year       | <u>\$ 162,200</u>                       |

The changes in actuarial assumptions reflect the decrease in the discount rate and change in mortality table, which impacted the actuarial present value of accumulated plan benefits by \$4,658,000 and (\$1,924,000), respectively.

The 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.

#### **4. Master Trust**

##### **General**

The Plan's investments are held by the Master Trust, which was established for the investment of the Plan's assets and the assets of other defined benefit plans sponsored by the Corporation. The assets, realized and unrealized gains and losses, and investment income of the Master Trust are allocated among the participating plans included therein proportionally based on each plan's interest in the Master Trust's net assets. The Plan's interest in the Master Trust's net assets, excluding assets of the 401(h) account, as of December 31, 2016 and 2015 was approximately 0.40%.

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The Master Trust owes direct reimbursements to the Corporation for certain expenses incurred by the Corporation and its subsidiaries in providing services to the Plan.

Other than the financial information in the following table, the reported total fair value by asset class as disclosed in the fair value of assets tables including investments held as of December 31, 2016 and 2015, and net appreciation in fair value of investments, interest income, and dividend income for the year ended December 31, 2016, was obtained or derived from information certified as complete and accurate by The Northern Trust Company, the Trustee of the Master Trust.

The following financial information was not certified by the Trustee, as the net assets are not held in custody by the Trustee (in thousands):

|                                                               | December 31,<br>2016                    | 2015         |
|---------------------------------------------------------------|-----------------------------------------|--------------|
| <b>Assets</b>                                                 |                                         |              |
| Cash and cash equivalents and short term investment fund..... | \$ 2,058,720                            | \$ 2,066,203 |
| Common and preferred stocks .....                             | 275,428                                 | 913,387      |
| Registered investment companies .....                         | (88,773)                                | (107,816)    |
| Corporate debt securities .....                               | 773,575                                 | 462,087      |
| U.S. Government securities .....                              | 324,945                                 | 168,211      |
| Other investments .....                                       | 371,987                                 | 821,577      |
| Hedge funds.....                                              | 110,032                                 | 57,092       |
| Commodities .....                                             | 884                                     | 647          |
| Total assets .....                                            | 3,826,798                               | 4,381,388    |
| <b>Liabilities</b>                                            |                                         |              |
| Payables, net.....                                            | 184,123                                 | 197,355      |
| Total net assets .....                                        | \$ 3,642,675                            | \$ 4,184,033 |
|                                                               | <b>Year Ended<br/>December 31, 2016</b> |              |
| Investment income not certified by the custodian              |                                         |              |
| Interest and dividend income .....                            | \$ 107,900                              |              |
| Net appreciation in fair value of investments .....           | \$ 50,857                               |              |

**Fair Value of Assets**

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

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

- Level 1 – Quoted prices in active markets for identical assets and liabilities;

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- Level 2 – Observable inputs, other than Level 1 prices, such as quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in inactive markets, and amounts derived from valuation models where all significant inputs are observable in active markets; and
- Level 3 – Unobservable inputs where valuation models are supported by little or no market activity that one or more significant inputs are unobservable and require us to develop relevant assumptions.

Certain other investments are measured at fair value using their NAV per share and do not have readily determined values and are thus not subject to leveling in the fair value hierarchy. The NAV is the total value of the fund divided by the number of shares outstanding.

The following table presents the fair value of the assets in the Master Trust by asset category and their level within the fair value hierarchy as of December 31, 2016 (in thousands):

|                                                               | Level 1       | Level 2       | Level 3   | Total         |
|---------------------------------------------------------------|---------------|---------------|-----------|---------------|
| Cash and cash equivalents and short term investment fund..... | \$ 2,210,817  | \$ —          | \$ —      | \$ 2,210,817  |
| Common and preferred stocks .....                             | 7,804,993     | 55,275        | 4,886     | 7,865,154     |
| Registered investment companies .....                         | 690,420       | 355,235       | —         | 1,045,655     |
| Common collective trusts .....                                | —             | 1,466,814     | —         | 1,466,814     |
| Corporate debt securities.....                                | —             | 4,637,628     | 15,279    | 4,652,907     |
| U.S. Government securities <sup>(a)</sup> .....               | —             | 7,705,473     | —         | 7,705,473     |
| Other investments <sup>(b)</sup> .....                        | 28,147        | 1,306,010     | 3,720     | 1,337,877     |
| Hedge funds .....                                             | —             | 110,032       | —         | 110,032       |
| Commodities .....                                             | 525,518       | (2,093)       | —         | 523,425       |
| Total investment assets at fair value .....                   | \$ 11,259,895 | \$ 15,634,374 | \$ 23,885 | \$ 26,918,154 |
| Investments measured at NAV <sup>(c)</sup> :                  |               |               |           |               |
| Common collective trusts .....                                |               |               |           | 45,718        |
| Registered investment companies .....                         |               |               |           | 25,091        |
| Private equity funds .....                                    |               |               |           | 3,627,328     |
| Real estate funds .....                                       |               |               |           | 1,402,421     |
| Hedge funds .....                                             |               |               |           | 472,573       |
| Total investment assets at NAV .....                          |               |               |           | \$ 5,573,131  |
| Receivables, net .....                                        |               |               |           | 57,686        |
| Total net assets .....                                        |               |               |           | \$ 32,548,971 |

Interest and dividend income earned by the Master Trust for the year ended December 31, 2016 was \$286,972,000 and \$189,764,000, respectively. Other income for the year ended December 31, 2016 was \$248,677,000. The net appreciation for the year ended December 31, 2016 was \$1,058,421,000.

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The following table presents the fair value of the assets in the Master Trust by asset category and their level within the fair value hierarchy as of December 31, 2015 (in thousands):

|                                                                | Level 1              | Level 2              | Level 3           | Total                       |
|----------------------------------------------------------------|----------------------|----------------------|-------------------|-----------------------------|
| Cash and cash equivalents and short term investment fund ..... | \$ 2,290,151         | \$ —                 | \$ —              | \$ 2,290,151                |
| Common and preferred stocks .....                              | 10,652,491           | 49,524               | 9,683             | 10,711,698                  |
| Registered investment companies .....                          | 547,854              | 407,747              | —                 | 955,601                     |
| Common collective trusts .....                                 | —                    | 1,032,427            | —                 | 1,032,427                   |
| Corporate debt securities .....                                | —                    | 4,033,772            | 16,362            | 4,050,134                   |
| U.S. Government securities <sup>(a)</sup> .....                | —                    | 6,757,839            | —                 | 6,757,839                   |
| Other investments <sup>(b)</sup> .....                         | 32,137               | 2,191,047            | 4,357             | 2,227,542                   |
| Private equity funds .....                                     | —                    | —                    | 199,842           | 199,842                     |
| Hedge funds .....                                              | —                    | 164,713              | —                 | 164,713                     |
| Commodities .....                                              | 738                  | (455)                | —                 | 283                         |
| Total investment assets at fair value .....                    | <u>\$ 13,523,371</u> | <u>\$ 14,636,614</u> | <u>\$ 230,244</u> | <u>\$ 28,390,229</u>        |
| Investments measured at NAV <sup>(c)</sup> :                   |                      |                      |                   |                             |
| Common collective trusts .....                                 |                      |                      |                   | 211,107                     |
| Registered investment companies .....                          |                      |                      |                   | 22,426                      |
| Private equity funds .....                                     |                      |                      |                   | 2,933,220                   |
| Real estate funds .....                                        |                      |                      |                   | 1,017,962                   |
| Hedge funds .....                                              |                      |                      |                   | 459,825                     |
| Total investment assets at NAV .....                           |                      |                      |                   | <u>\$ 4,644,540</u>         |
| Receivables, net .....                                         |                      |                      |                   | 33,722                      |
| Total net assets .....                                         |                      |                      |                   | <u><u>\$ 33,068,491</u></u> |

(a) Includes U.S. Government-sponsored enterprise securities.

(b) Includes collateralized mortgage obligations, municipals, asset-backed securities, inflation index linked bonds, foreign government securities, swaps, warrants, group annuity contracts and repurchase agreements.

(c) Certain investments that are valued using the NAV per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy and are included below the table to permit reconciliation of the fair value hierarchy to the aggregate postretirement benefit plan assets.

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The following table presents the changes in the fair value of Master Trust's Level 3 assets for the year ended December 31, 2016 (in thousands):

|                                  | Balance,<br>beginning<br>of year | Realized<br>gains/<br>(losses) | Unrealized<br>gains/<br>(losses) | Purchases       | Sales               | Settlements      | Transfers<br>into<br>Level 3 | Transfers<br>out<br>of Level 3 | Balance,<br>end<br>of year |
|----------------------------------|----------------------------------|--------------------------------|----------------------------------|-----------------|---------------------|------------------|------------------------------|--------------------------------|----------------------------|
| Common and preferred stocks..... | \$ 9,683                         | \$ (5,421)                     | \$ 4,917                         | \$ 66           | \$ (973)            | \$ 18,012        | \$ 1,983                     | \$ (23,381)                    | \$ 4,886                   |
| Corporate debt securities.....   | 16,362                           | (335)                          | 388                              | 2,265           | (3,061)             | (3,216)          | 2,876                        | —                              | 15,279                     |
| Other investments (b) .....      | 4,357                            | (106)                          | (78)                             | —               | (439)               | (14)             | —                            | —                              | 3,720                      |
| Private equity funds.....        | 199,842                          | —                              | —                                | —               | (199,842)           | —                | —                            | —                              | —                          |
| Total                            | <u>\$ 230,244</u>                | <u>\$ (5,862)</u>              | <u>\$ 5,227</u>                  | <u>\$ 2,331</u> | <u>\$ (204,315)</u> | <u>\$ 14,782</u> | <u>\$ 4,859</u>              | <u>\$ (23,381)</u>             | <u>\$ 23,885</u>           |

The Master Trust recognizes transfers between levels of the fair value hierarchy as of the date of the change in circumstances that causes the transfer.

**Valuation Techniques**

Cash and cash equivalents and short term investment fund (STIF) investments are mostly comprised of cash and short-term money-market instruments and are valued at cost, which approximates fair value.

Common and preferred stock securities categorized as Level 1 are traded on active national and international exchanges and are valued at their closing prices on the last trading day of the year. For common and preferred stock securities not traded on an active exchange, or if the closing price is not available, the Trustee obtains indicative quotes from a pricing vendor, broker, or investment manager. These securities are generally categorized as Level 2 if the custodian obtains corroborated quotes from a pricing vendor or generally categorized as Level 3 if the custodian obtains uncorroborated quotes from a broker or investment manager.

Common collective trusts are investment vehicles valued using the NAV provided by the fund managers. The NAV is the total value of the fund divided by the number of shares outstanding. Common collective trusts are categorized as Level 1 if traded at their NAV on a nationally recognized securities exchange, categorized as Level 2 if the NAV is corroborated by observable market data (e.g., purchases or sales activity), or not categorized in a level of fair value hierarchy (excluded from the fair value table) where certain liquidity provisions apply and the NAV is deemed a practical expedient with regards to valuation. Funds may be redeemed daily, monthly, or annually, depending upon notification requirements, liquidity, and other matters. Certain funds may require notification of management's intent to redeem at least one to 90 days in advance of exercising management's redemption right.

Registered investment company securities categorized as Level 1 are traded on active national and international exchanges and are generally valued at their closing prices on the last trading day of the year. In the cases where the valuation is based on NAV at the close of the year, these represent open-ended

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mutual funds valued by multiple pricing sources. For those securities not categorized in within a level of fair value hierarchy, the Corporation cannot fully redeem the investment in the near-term and NAV as a practical expedient is deemed to apply to those assets.

Corporate debt instruments and U.S. Government securities categorized as Level 2 are valued by the Trustee using pricing models that use verifiable observable market data (e.g., interest rates and yield curves observable at commonly quoted intervals and credit spreads), bids provided by brokers or dealers, or quoted prices of securities with similar characteristics. Corporate debt instruments are categorized at Level 3 when valuations using observable inputs are unavailable. The Trustee obtains pricing based on indicative quotes or bid evaluations from vendors, brokers, or the investment manager.

Other investments consists of securities such as derivatives and fixed income securities not classified as corporate debt instruments or U.S. Government securities. Level 1 securities are comprised of derivative securities traded on national and international exchanges. Level 2 securities are mainly comprised of over-the-counter (OTC) derivatives and fixed income investments valued by the Trustee using pricing models that use verifiable observable market data (e.g., interest rates and yield curves observable at commonly quoted intervals and credit spreads), bids provided by brokers or dealers, or quoted prices of securities with similar characteristics. Other investments are categorized at Level 3 when valuations using observable inputs are unavailable. The Trustee obtains pricing based on bid evaluations from vendors or the investment manager.

Commodities categorized as Level 1 are traded on an active commodity exchange and are valued at their closing prices on the last trading day of the year. Commodities categorized as Level 2 represent OTC derivative instruments using observable inputs other than quoted prices in active markets.

Private equity funds, real estate funds, and hedge funds are valued using the NAV based on the valuation models of underlying securities which generally include significant unobservable inputs that cannot be corroborated using verifiable observable market data. Valuations for private equity funds and real estate funds are determined by the general partners. Depending on the nature of the assets, the general partners may use various valuation methodologies, including the income and market approaches in their models. The market approach consists of analyzing market transactions for comparable assets while the income approach uses earnings or the net present value of estimated future cash flows adjusted for liquidity and other risk factors. Hedge funds are valued by independent administrators using various pricing sources and models based on the nature of the securities. Private equity funds, real estate funds, and hedge funds are generally not categorized in a level of fair value hierarchy as the Corporation cannot fully redeem the investment in the near-term and NAV as a practical expedient is deemed to apply to those assets. Hedge funds categorized as Level 2 contain liquidity provisions which allow proceeds from redemptions / liquidations in the near term.

Private equity funds consist of investments held primarily by limited partnerships in various strategies, including venture capital, corporate finance, opportunistic, and distressed. The term of each private equity fund is generally 10 years, and the fund's investors do not have the right to redeem their investment at its NAV. Instead, the investors receive distributions as the underlying assets of the fund are liquidated. Real estate funds consist of investments in U.S. and international commercial real estate held primarily by limited partnerships. The term of each real estate fund is generally 10 years, and the real estate fund's investors do not have the right to redeem their investment at its NAV. Instead, the investors receive distributions as the underlying assets of the fund are liquidated. Unfunded capital commitments related to the Master Trust's investment in private equity and real estate funds as of December 31, 2016 and 2015 totaled \$3,186,365,000 and \$2,953,595,000, respectively. Hedge fund investments are made through

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commingled fund vehicles and depending on the hedge fund, redemptions can be monthly or annually. The redemption notice period, depending on the hedge fund, is typically 45 to 180 days in advance.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management 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.

In estimating the fair value of the investments not in a level of fair value hierarchy, management may use third-party pricing sources or appraisers. In substantiating the reasonableness of the pricing data provided by third parties, management evaluates a variety of factors including review of methods and assumptions used by external sources, recently executed transactions, existing contracts, economic conditions, industry and market developments, and overall credit ratings.

#### **Derivative Instruments**

Derivative instruments are used in the Master Trust to achieve certain portfolio objectives and to adjust asset allocation in order to manage market risk. Derivative instruments allow internal and external investment managers to achieve these goals efficiently while maintaining appropriate liquidity.

At December 31, 2016 and 2015, the Master Trust utilized four types of derivative instruments:

**Futures Contracts** – The purchase of futures contracts allows the Master Trust to achieve desired portfolio positions in various commodities without the need to physically own and store them. Futures are used to manage the overall risk to equity and fixed income markets. Foreign exchange futures are used to separate the management of currency exposure from foreign equity exposure. Futures contracts are exchange-traded with initial margin required from both parties and daily settlement of gains and losses; therefore credit and counterparty risks are minimal, and futures contracts have no net market value.

**Forward Contracts** – Forward contracts are similar to futures contracts except that they are traded over-the-counter rather than over a standardized exchange. Foreign exchange forwards are used by investment managers as another means of separating currency risk from investment risk. These contracts allow a manager to lock into a rate at which to exchange an upcoming settlement in a foreign currency into U.S. dollars. Commodity forward contracts are used by investment managers to achieve desired portfolio positions in various commodities. While forward contracts are traded over-the-counter, they are generally very short-term which minimizes counterparty risk.

**Options, including Options on Futures** – These contracts allow the holder to buy or sell a security or a futures contract at a specified price prior to an expiration date. Options are primarily used to protect against downside risk in an equity, commodity or currency position held by the Master Trust.

**Swaps** – Swaps are over-the-counter agreements between counterparties to exchange the return stream of one security for another. Swaps are utilized either to provide exposure to a security for which there is no available futures contract, or to achieve an exposure over a specific time horizon.

A long derivative position increases (decreases) in value when the price of the underlying asset (e.g., currency, equity index) increases (decreases). A short derivative position increases (decreases) when the price of the underlying asset decreases (increases).

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The notional amounts and fair values of derivative instruments as of December 31, 2016 and 2015 are presented below (in thousands):

|                              | <u>December 31, 2016</u>   |                                                    | <u>December 31, 2015</u>   |                                                    |
|------------------------------|----------------------------|----------------------------------------------------|----------------------------|----------------------------------------------------|
|                              | <u>Notional<br/>Amount</u> | <u>Amount included in<br/>Fair Value of Assets</u> | <u>Notional<br/>Amount</u> | <u>Amount included in<br/>Fair Value of Assets</u> |
| Equity Securities            |                            |                                                    |                            |                                                    |
| Futures Contracts (Long)     | \$ 1,382,025               | \$ —                                               | \$ 394,635                 | \$ —                                               |
| Futures Contracts (Short)    | (976,762)                  | —                                                  | (185,521)                  | —                                                  |
| Equity Options (Long)        | 575,368                    | 12,740                                             | 499,587                    | 16,429                                             |
| Equity Options (Short)       | (371,924)                  | (3,929)                                            | (500,197)                  | (2,838)                                            |
| Swaps                        | 287,431                    | (863)                                              | 791,626                    | (15,381)                                           |
| Fixed Income Securities      |                            |                                                    |                            |                                                    |
| Futures Contracts (Long)     | 1,387,886                  | —                                                  | 3,287,953                  | —                                                  |
| Futures Contracts (Short)    | (7,185,620)                | —                                                  | (7,395,833)                | —                                                  |
| Fixed Income Options (Long)  | 5,105,467                  | 7,954                                              | 4,510,759                  | 34,173                                             |
| Fixed Income Options (Short) | (5,059,730)                | (31,863)                                           | (4,308,193)                | (23,886)                                           |
| Swaps                        | 3,126,204                  | 11,472                                             | 3,099,172                  | 91,670                                             |
| Commodities                  |                            |                                                    |                            |                                                    |
| Futures Contracts (Long)     | 3,508,402                  | —                                                  | 255,631                    | —                                                  |
| Futures Contracts (Short)    | (863,298)                  | —                                                  | (327,026)                  | —                                                  |
| Commodity Options (Long)     | 166,374                    | 3,346                                              | 92,327                     | 803                                                |
| Commodity Options (Short)    | (120,803)                  | (2,413)                                            | (43,383)                   | (156)                                              |
| Forward Contracts            | 5,963                      | (392)                                              | —                          | —                                                  |
| Swaps                        | 8,398                      | (1,701)                                            | 13,973                     | (455)                                              |
| Foreign Exchange             |                            |                                                    |                            |                                                    |
| Futures Contracts (Long)     | 359,150                    | —                                                  | 631,703                    | —                                                  |
| Futures Contracts (Short)    | (97,137)                   | —                                                  | (109,246)                  | —                                                  |
| FX Options (Long)            | 73,872                     | 11,544                                             | 370,963                    | 5,486                                              |
| FX Options (Short)           | 221,214                    | (4,969)                                            | (504,100)                  | (2,506)                                            |
| Forward Contracts            | 2,942,643                  | 94,134                                             | 3,167,172                  | (690)                                              |
| Swaps                        | 2,021,435                  | 308,389                                            | (1,352,705)                | 118,268                                            |
| Total                        | <u>\$ 6,496,558</u>        | <u>\$ 403,449</u>                                  | <u>\$ 2,389,297</u>        | <u>\$ 220,917</u>                                  |

**Offsetting and Netting of Assets and Liabilities**

The Master Trust is subject to master netting agreements with certain counterparties. These agreements govern the terms of certain transactions and reduce the counterparty risk associated with the relevant transactions by permitting the Master Trust to net certain amounts due from the Plan to a counterparty against amounts due to the Plan from the same counterparty under certain conditions.

**Lockheed Martin Aerospace Pension Plan for  
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Notes to Financial Statements (continued)**

As of December 31, 2016, information related to the potential effect of the Master Trust's master netting agreements was as follows (in thousands):

| <b><u>Derivative Assets</u></b>         | <b><u>Gross<br/>Recognized<br/>Assets</u></b> | <b><u>Gross<br/>Amounts<br/>Offset</u></b> | <b><u>Net<br/>Amounts<br/>Presented</u></b> | <b><u>Net<br/>Collateral<br/>Received</u></b> | <b><u>Net<br/>Exposure</u></b> |
|-----------------------------------------|-----------------------------------------------|--------------------------------------------|---------------------------------------------|-----------------------------------------------|--------------------------------|
| Exchange Cleared Interest Rate / Credit | \$ 26,387                                     | \$ 23,082                                  | \$ 3,305                                    | \$ —                                          | \$ 3,305                       |
| Exchange Traded Commodities             | 3,774                                         | 1,657                                      | 2,117                                       | —                                             | 2,117                          |
| Exchange Traded Equities                | 10,244                                        | 783                                        | 9,461                                       | —                                             | 9,461                          |
| Exchange Traded Interest Rate / Credit  | 3,576                                         | 2,922                                      | 654                                         | —                                             | 654                            |
| OTC Commodities                         | 295                                           | 151                                        | 144                                         | —                                             | 144                            |
| OTC Equities                            | 2,849                                         | 723                                        | 2,126                                       | 1,691                                         | 435                            |
| OTC Foreign Exchange                    | 520,214                                       | 99,899                                     | 420,315                                     | 217,767                                       | 202,548                        |
| OTC Interest Rate / Credit              | 37,220                                        | 29,923                                     | 7,297                                       | 1,589                                         | 5,708                          |
| <b>Total Derivatives</b>                | <b>\$ 604,559</b>                             | <b>\$ 159,140</b>                          | <b>\$ 445,419</b>                           | <b>\$ 221,047</b>                             | <b>\$ 224,372</b>              |
| Repurchase Agreements                   | 670,875                                       | 179,845                                    | 491,030                                     | 352,036                                       | 138,994                        |
| Securities on Loan                      | 793,897                                       | —                                          | 793,897                                     | 793,897                                       | —                              |

  

| <b><u>Derivative Liabilities</u></b>    | <b><u>Gross<br/>Recognized<br/>Liabilities</u></b> | <b><u>Gross<br/>Amounts<br/>Offset</u></b> | <b><u>Net<br/>Amounts<br/>Presented</u></b> | <b><u>Net<br/>Collateral<br/>Pledged</u></b> | <b><u>Net<br/>Exposure</u></b> |
|-----------------------------------------|----------------------------------------------------|--------------------------------------------|---------------------------------------------|----------------------------------------------|--------------------------------|
| Exchange Cleared Interest Rate / Credit | \$ 31,902                                          | \$ 23,082                                  | \$ 8,820                                    | \$ 8,820                                     | \$ —                           |
| Exchange Traded Commodities             | 2,841                                              | 1,657                                      | 1,184                                       | —                                            | 1,184                          |
| Exchange Traded Equities                | 2,606                                              | 783                                        | 1,823                                       | —                                            | 1,823                          |
| Exchange Traded Interest Rate / Credit  | 4,146                                              | 2,922                                      | 1,224                                       | —                                            | 1,224                          |
| OTC Commodities                         | 2,388                                              | 151                                        | 2,237                                       | 1,961                                        | 276                            |
| OTC Equities                            | 2,189                                              | 723                                        | 1,466                                       | —                                            | 1,466                          |
| OTC Foreign Exchange                    | 111,116                                            | 99,899                                     | 11,217                                      | 580                                          | 10,637                         |
| OTC Interest Rate / Credit              | 70,056                                             | 29,923                                     | 40,133                                      | 9,322                                        | 30,811                         |
| <b>Total Derivatives</b>                | <b>\$ 227,244</b>                                  | <b>\$ 159,140</b>                          | <b>\$ 68,104</b>                            | <b>\$ 20,683</b>                             | <b>\$ 47,421</b>               |
| Repurchase Agreements                   | 275,114                                            | 179,845                                    | 95,269                                      | —                                            | 95,269                         |
| Securities on Loan                      | —                                                  | —                                          | —                                           | —                                            | —                              |

**Lockheed Martin Aerospace Pension Plan for  
Michoud Hourly Employees in the Bargaining Unit  
Notes to Financial Statements (continued)**

As of December 31, 2015, information related to the potential effect of the Master Trust's master netting agreements was as follows (in thousands):

| <b><u>Derivative Assets</u></b>         | <b><u>Gross<br/>Recognized<br/>Assets</u></b> | <b><u>Gross<br/>Amounts<br/>Offset</u></b> | <b><u>Net<br/>Amounts<br/>Presented</u></b> | <b><u>Net<br/>Collateral<br/>Received</u></b> | <b><u>Net<br/>Exposure</u></b> |
|-----------------------------------------|-----------------------------------------------|--------------------------------------------|---------------------------------------------|-----------------------------------------------|--------------------------------|
| Exchange Cleared Interest Rate / Credit | \$ 20,007                                     | \$ 15,432                                  | \$ 4,575                                    | \$ —                                          | \$ 4,575                       |
| Exchange Traded Commodities             | 803                                           | 44                                         | 759                                         | —                                             | 759                            |
| Exchange Traded Equities                | 14,598                                        | 1,763                                      | 12,835                                      | —                                             | 12,835                         |
| Exchange Traded Foreign Exchange        | 524                                           | 4                                          | 520                                         | —                                             | 520                            |
| Exchange Traded Interest Rate / Credit  | 959                                           | 437                                        | 522                                         | —                                             | 522                            |
| OTC Commodities                         | 32                                            | 32                                         | —                                           | —                                             | —                              |
| OTC Equities                            | 1,870                                         | 57                                         | 1,813                                       | —                                             | 1,813                          |
| OTC Foreign Exchange                    | 196,984                                       | 28,696                                     | 168,288                                     | 144,826                                       | 23,462                         |
| OTC Interest Rate / Credit              | 192,509                                       | 62,786                                     | 129,723                                     | 16,891                                        | 112,832                        |
| <b>Total Derivatives</b>                | <b>\$ 428,286</b>                             | <b>\$ 109,251</b>                          | <b>\$ 319,035</b>                           | <b>\$ 161,717</b>                             | <b>\$ 157,318</b>              |
| Repurchase Agreements                   | 1,776,513                                     | 19,483                                     | 1,757,030                                   | 1,620,255                                     | 136,775                        |
| Securities on Loan                      | 689,849                                       | —                                          | 689,849                                     | 689,849                                       | —                              |

  

| <b><u>Derivative Liabilities</u></b>    | <b><u>Gross<br/>Recognized<br/>Liabilities</u></b> | <b><u>Gross<br/>Amounts<br/>Offset</u></b> | <b><u>Net<br/>Amounts<br/>Presented</u></b> | <b><u>Net<br/>Collateral<br/>Pledged</u></b> | <b><u>Net<br/>Exposure</u></b> |
|-----------------------------------------|----------------------------------------------------|--------------------------------------------|---------------------------------------------|----------------------------------------------|--------------------------------|
| Exchange Cleared Interest Rate / Credit | \$ 19,294                                          | \$ 15,432                                  | \$ 3,862                                    | \$ 1,096                                     | \$ 2,766                       |
| Exchange Traded Commodities             | 156                                                | 44                                         | 112                                         | —                                            | 112                            |
| Exchange Traded Equities                | 2,501                                              | 1,763                                      | 738                                         | —                                            | 738                            |
| Exchange Traded Foreign Exchange        | 294                                                | 4                                          | 290                                         | —                                            | 290                            |
| Exchange Traded Interest Rate / Credit  | 686                                                | 437                                        | 249                                         | —                                            | 249                            |
| OTC Commodities                         | 488                                                | 32                                         | 456                                         | 329                                          | 127                            |
| OTC Equities                            | 15,757                                             | 57                                         | 15,700                                      | 6,130                                        | 9,570                          |
| OTC Foreign Exchange                    | 76,656                                             | 28,696                                     | 47,960                                      | 26,131                                       | 21,829                         |
| OTC Interest Rate / Credit              | 91,538                                             | 62,786                                     | 28,752                                      | 7,251                                        | 21,501                         |
| <b>Total Derivatives</b>                | <b>\$ 207,370</b>                                  | <b>\$ 109,251</b>                          | <b>\$ 98,119</b>                            | <b>\$ 40,937</b>                             | <b>\$ 57,182</b>               |
| Repurchase Agreements                   | 25,968                                             | 19,483                                     | 6,485                                       | 549                                          | 5,936                          |
| Securities on Loan                      | —                                                  | —                                          | —                                           | —                                            | —                              |

**Collateralized Transactions**

The Master Trust enters into reverse repurchase agreements as well as securities lending and borrowing agreements to generate additional income and earnings. Reverse repurchase agreements are transactions in which the Master Trust lends cash to borrow financial instruments from another firm and simultaneously enters into an agreement to resell the same financial instruments at a higher price in the future. Securities lending agreements are transactions in which the Master Trust lends securities to another firm, in exchange for collateral which is returned upon the conclusion of the loan, with interest received by the Master Trust over the life of the transaction. The collateral requires 102% of the fair value of U.S. securities borrowed and 105% for non-U.S. securities borrowed. The collateral is marked to market on a daily basis. In the event the counterparty is unable to meet its contractual obligation under the securities lending arrangement, the Master Trust may incur losses equal to the amount by which the market value of the securities differ from the amount of collateral held. The Master Trust mitigates credit risk associated with securities lending arrangements by monitoring the fair value of the securities loaned on a daily basis, with additional

**Lockheed Martin Aerospace Pension Plan for  
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Notes to Financial Statements (continued)**

collateral obtained or refunded as necessary. Securities borrowing agreements are transactions in which the Master Trust borrows securities from another firm, typically in connection with a short sale, in exchange for collateral which is returned upon the conclusion of the transaction.

At December 31, 2016 and 2015, the fair value of securities on loan was \$790,000,000 and \$690,000,000, the fair value of securities borrowed was \$1,317,000,000 and \$1,328,000,000, and the fair value for reverse repurchase agreements was \$67,000,000 and \$181,000,000. Collateral pledged for securities on loan is not held in the Master Trust, and cannot be sold, repledged, or traded.

Securities lending and borrowing and reverse repurchase agreement income earned by the Master Trust is recorded on an accrual basis and was approximately \$7,000,000 for the year ended December 31, 2016 and 2015.

**5. Parties-in-Interest Transactions**

The Master Trust invests in funds managed by The Northern Trust Company, the Trustee. Investments in these funds qualify as party-in-interest transactions for which a statutory exemption from the prohibited transaction regulation exists.

**6. Income Tax Status**

The Internal Revenue Service (IRS) has determined and informed the Corporation by letter dated May 29, 2013, that the Plan is designed in accordance with applicable sections of the Internal Revenue Code (IRC) and, therefore, the related trust is exempt from taxation. The Plan has been amended since issuance of the determination letter. However, the Plan Administrator and the Corporation's counsel believe that the current design and operations of the Plan are in compliance with the applicable provisions of the IRC and, therefore, believe the Plan, as amended, is qualified and the related trust is tax exempt.

GAAP requires plan management to evaluate tax positions taken by the Plan to determine whether the Plan has taken any uncertain positions that more likely than not would not be sustained upon examination by the IRS. The Plan Administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2016, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or asset or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions, but no tax audits are in progress. The Plan Administrator believes the Plan is no longer subject to income tax examinations for years prior to 2013.

**7. Reconciliation of Financial Statements to Form 5500**

Interest in net investment gain of Master Trust reported in the financial statements is \$1,684,000 greater than the amount reported on Form 5500 for the year ended December 31, 2016. Administrative expenses reported in the financial statements are \$1,684,000 greater than the amount reported on Form 5500 for the year ended December 31, 2016. These differences arose from the classification of certain administrative expenses which are included in the net investment gain in the Master Trust for Form 5500 reporting purposes.

Schedule SB Attachment (Form 5500)—2016 Plan Year  
 Lockheed Martin Aerospace Pension Plan for Michoud Hourly Employees  
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Schedule SB, line 26—Schedule of Active Participant Data as of January 1, 2016

| Attained<br>Age | Number of Participants<br>Years of Credited Service |     |     |       |       |       |       |       |       |     |
|-----------------|-----------------------------------------------------|-----|-----|-------|-------|-------|-------|-------|-------|-----|
|                 | <1                                                  | 1-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40+ |
| <25             |                                                     |     |     |       |       |       |       |       |       |     |
| 25-29           |                                                     |     |     |       |       |       |       |       |       |     |
| 30-34           |                                                     |     |     |       |       |       |       |       |       |     |
| 35-39           |                                                     |     |     |       |       |       |       |       |       |     |
| 40-44           |                                                     |     | 1   |       |       |       |       |       |       |     |
| 45-49           |                                                     |     |     | 1     |       |       |       |       |       |     |
| 50-54           |                                                     |     |     |       | 1     |       |       | 2     | 1     |     |
| 55-59           |                                                     |     | 1   |       |       |       |       | 4     | 8     |     |
| 60-64           |                                                     |     |     |       |       |       |       |       | 1     |     |
| 65-69           |                                                     |     |     |       |       |       |       |       |       |     |
| 70+             |                                                     |     |     |       |       |       |       |       |       |     |

Schedule SB Attachment (Form 5500)—2016 Plan Year  
 Lockheed Martin Aerospace Pension Plan for Michoud Hourly Employees  
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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 2015), each adjusted as needed to fall within the 25-year average interest rate stabilization corridor |
| 1st Segment Rate                            | 4.43%                                                                                                                                                                     |
| 2nd Segment Rate                            | 5.91%                                                                                                                                                                     |
| 3rd Segment Rate                            | 6.65%                                                                                                                                                                     |
| Interest Rates for Maximum Tax Purposes     | Based on segment rates with a four-month lookback (as of September 2015), without regard to interest rate stabilization                                                   |
| 1st Segment Rate                            | 1.34%                                                                                                                                                                     |
| 2nd Segment Rate                            | 4.03%                                                                                                                                                                     |
| 3rd Segment Rate                            | 5.06%                                                                                                                                                                     |
| Retirement Age                              |                                                                                                                                                                           |
| Active Participants                         | See Table 1                                                                                                                                                               |
| Terminated Vested Participants              | Age 65                                                                                                                                                                    |
| Mortality Rates                             |                                                                                                                                                                           |
| Healthy and Disabled                        | 2016 static mortality table for annuitants and non-annuitants per §1.430(h)(3)-1(e)                                                                                       |
| Withdrawal Rates                            | 2003 SOA select and ultimate table. See Table 2                                                                                                                           |
| Disability Rates                            | See Table 3                                                                                                                                                               |
| Decrement Timing                            | Beginning of year decrements, with 100% retirement occurring at beginning of year.                                                                                        |
| Surviving Spouse Benefit                    | It is assumed that 80% of males and 50% 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 \$210,000.                                                                               |

Schedule SB Attachment (Form 5500)—2016 Plan Year  
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Valuation of Plan Assets

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.

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).

Expected Return on Assets

2014 Plan Year

8.00%, limited to 6.99%

2015 Plan Year

8.00%, limited to 6.81%

2016 Plan Year

8.00%, limited to 6.65%

Trust Expenses Included in Target Normal Cost

\$498,165

Actuarial Method

Standard unit credit cost method

Valuation Date

January 1, 2016

Schedule SB Attachment (Form 5500)—2016 Plan Year  
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Table 1

**Retirement Rates**

| <u>Age</u> | <u>Rate</u> |
|------------|-------------|
| 55         | 10.00%      |
| 56         | 5.00%       |
| 57         | 5.00%       |
| 58         | 5.00%       |
| 59         | 10.00%      |
| 60         | 10.00%      |
| 61         | 15.00%      |
| 62         | 20.00%      |
| 63         | 15.00%      |
| 64         | 15.00%      |
| 65         | 20.00%      |
| 66         | 15.00%      |
| 67         | 20.00%      |
| 68         | 15.00%      |
| 69         | 15.00%      |
| 70+        | 100.00%     |

Schedule SB Attachment (Form 5500)—2016 Plan Year  
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Table 2—Page 1 of 2

**Withdrawal Rates**

| <b>Age</b> | <b>Years of Service</b> |            |            |            |
|------------|-------------------------|------------|------------|------------|
|            | <b>0-1</b>              | <b>2-4</b> | <b>5-9</b> | <b>10+</b> |
| 18         | 39.64%                  | 0.00%      | 0.00%      | 0.00%      |
| 19         | 20.23%                  | 0.00%      | 0.00%      | 0.00%      |
| 20         | 17.99%                  | 14.19%     | 0.00%      | 0.00%      |
| 21         | 22.38%                  | 18.19%     | 0.00%      | 0.00%      |
| 22         | 24.07%                  | 19.60%     | 15.00%     | 0.00%      |
| 23         | 23.85%                  | 19.58%     | 15.09%     | 0.00%      |
| 24         | 22.70%                  | 18.32%     | 14.25%     | 0.00%      |
| 25         | 21.74%                  | 17.14%     | 12.96%     | 0.00%      |
| 26         | 20.95%                  | 16.27%     | 11.29%     | 0.00%      |
| 27         | 20.41%                  | 15.29%     | 9.97%      | 0.00%      |
| 28         | 19.42%                  | 14.52%     | 9.15%      | 8.75%      |
| 29         | 18.73%                  | 13.93%     | 8.69%      | 5.21%      |
| 30         | 18.61%                  | 13.58%     | 8.39%      | 4.84%      |
| 31         | 18.83%                  | 13.09%     | 8.02%      | 5.39%      |
| 32         | 18.32%                  | 12.60%     | 7.76%      | 5.47%      |
| 33         | 17.39%                  | 11.97%     | 7.56%      | 5.30%      |
| 34         | 16.94%                  | 11.33%     | 7.37%      | 5.15%      |
| 35         | 16.78%                  | 11.02%     | 7.15%      | 5.02%      |
| 36         | 16.69%                  | 10.98%     | 6.85%      | 4.87%      |
| 37         | 16.29%                  | 10.99%     | 6.68%      | 4.68%      |
| 38         | 16.00%                  | 10.77%     | 6.44%      | 4.43%      |
| 39         | 15.36%                  | 10.59%     | 6.27%      | 4.32%      |
| 40         | 15.91%                  | 10.35%     | 6.01%      | 4.15%      |
| 41         | 15.94%                  | 10.01%     | 5.89%      | 3.93%      |
| 42         | 16.05%                  | 9.72%      | 5.84%      | 3.86%      |
| 43         | 15.98%                  | 9.71%      | 5.75%      | 3.81%      |
| 44         | 15.88%                  | 9.62%      | 5.77%      | 3.79%      |
| 45         | 15.48%                  | 9.47%      | 5.82%      | 3.73%      |
| 46         | 15.61%                  | 9.54%      | 5.81%      | 3.64%      |
| 47         | 15.30%                  | 9.47%      | 5.61%      | 3.66%      |
| 48         | 15.15%                  | 9.37%      | 5.52%      | 3.70%      |
| 49         | 15.53%                  | 9.02%      | 5.60%      | 3.65%      |

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**Withdrawal Rates**

| <b>Age</b> | <b>Years of Service</b> |            |            |            |
|------------|-------------------------|------------|------------|------------|
|            | <b>0-1</b>              | <b>2-4</b> | <b>5-9</b> | <b>10+</b> |
| 50         | 15.60%                  | 8.90%      | 5.32%      | 3.49%      |
| 51         | 15.35%                  | 9.32%      | 5.13%      | 3.38%      |
| 52         | 14.35%                  | 9.52%      | 4.99%      | 3.35%      |
| 53         | 14.34%                  | 9.24%      | 4.70%      | 3.22%      |
| 54         | 14.17%                  | 8.80%      | 4.12%      | 2.37%      |
| 55         | 13.52%                  | 7.82%      | 2.59%      | 0.88%      |
| 56         | 12.84%                  | 7.49%      | 1.84%      | 0.23%      |
| 57         | 12.66%                  | 7.67%      | 1.54%      | 0.11%      |
| 58         | 12.74%                  | 7.68%      | 1.58%      | 0.22%      |
| 59         | 13.50%                  | 7.94%      | 1.92%      | 0.31%      |
| 60         | 13.63%                  | 7.84%      | 2.12%      | 0.20%      |
| 61+        | 0.00%                   | 0.00%      | 0.00%      | 0.00%      |

Schedule SB Attachment (Form 5500)—2016 Plan Year  
 Lockheed Martin Aerospace Pension Plan for Michoud Hourly Employees  
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Table 3

**Disability Rates**

| <b>Age</b> | <b>Rate</b> | <b>Age</b> | <b>Rate</b> |
|------------|-------------|------------|-------------|
| 18         | 0.03%       | 45         | 0.10%       |
| 19         | 0.03%       | 46         | 0.11%       |
|            |             | 47         | 0.12%       |
| 20         | 0.03%       | 48         | 0.14%       |
| 21         | 0.03%       | 49         | 0.16%       |
| 22         | 0.03%       |            |             |
| 23         | 0.03%       | 50         | 0.18%       |
| 24         | 0.03%       | 51         | 0.20%       |
|            |             | 52         | 0.23%       |
| 25         | 0.03%       | 53         | 0.26%       |
| 26         | 0.04%       | 54         | 0.30%       |
| 27         | 0.04%       |            |             |
| 28         | 0.04%       | 55         | 0.36%       |
| 29         | 0.04%       | 56         | 0.42%       |
|            |             | 57         | 0.50%       |
| 30         | 0.04%       | 58         | 0.59%       |
| 31         | 0.04%       | 59         | 0.69%       |
| 32         | 0.04%       |            |             |
| 33         | 0.05%       | 60         | 0.90%       |
| 34         | 0.05%       | 61         | 1.16%       |
|            |             | 62         | 1.46%       |
| 35         | 0.05%       | 63         | 1.81%       |
| 36         | 0.05%       | 64         | 2.22%       |
| 37         | 0.05%       |            |             |
| 38         | 0.06%       |            |             |
| 39         | 0.06%       |            |             |
|            |             |            |             |
| 40         | 0.07%       |            |             |
| 41         | 0.07%       |            |             |
| 42         | 0.08%       |            |             |
| 43         | 0.08%       |            |             |
| 44         | 0.09%       |            |             |

Schedule SB Attachment (Form 5500)—2016 Plan Year  
Lockheed Martin Aerospace Pension Plan for Michoud Hourly Employees  
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## Actuarial Assumptions and Methods

### Discussion of Actuarial Assumptions and Methods

For the funding valuation, the allowable interest rates and mortality tables available to measure plan liabilities are prescribed by IRC Section 412. Aon Hewitt provided guidance with respect to the alternative interest rate and mortality table options, and it is our belief that the options prescribed by Lockheed Martin Corporation are appropriate for funding purposes. It is our belief that all other actuarial assumptions used for the funding valuation represent reasonable expectations of anticipated plan experience. The actuarial cost and amortization methods used are prescribed by IRC Section 412. While the method used to value assets is prescribed by Lockheed Martin Corporation, Aon Hewitt provided guidance with respect to the use of this method, and it is our belief that the method is appropriate for funding purposes.

### Calculation of Normal Costs and Liabilities

The method used to calculate the ERISA target normal cost and funding target is the unit credit cost method. The funding target under IRC Section 430 is calculated as the present value of all benefits that have been accrued or earned under the plan as of the first day of the plan year, based on current service and current pay. The target normal cost is the present value of all benefits expected to accrue or be earned under the plan during the plan year, including any increase in benefits earned in prior plan years attributable to compensation increases in the current plan year, plus certain trust expenses.

Under this method, benefits are estimated at each decrement age using service and earnings as of the valuation date. The present value of these estimated benefits using the applicable ERISA assumptions is the ERISA funding target. The target normal cost is the present value of the benefits earned during the year.

For calculating the actuarial present value of vested benefits, benefits at each decrement age are determined in the same manner, but are then multiplied by each participant's vesting percentage as of the valuation date. The present value of these estimated vested benefits is determined without recognition of any benefit for which a participant will become entitled only through the advancement in service or age while actively employed. In addition, certain ancillary benefits have been treated as vested consistent with PBGC premium regulations.

The ERISA funding target for lump sum benefits is determined by valuing the annuity that corresponds to the distribution using special actuarial assumptions, as described under Treasury regulations Section 1.430(d). Under these special assumptions, for the period beginning with the annuity starting date, the current IRC Section 417(e) applicable mortality table is substituted for the mortality table otherwise used.

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                           |                                                                                  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| <b>SCHEDULE SB</b><br><b>(Form 5500)</b><br>Department of the Treasury<br>Internal Revenue Service<br>Department of Labor<br>Employee Benefits Security Administration<br>Pension Benefit Guaranty Corporation                                                                                                                                                                                                                                                                                                                                  | <b>Single-Employer Defined Benefit Plan</b><br><b>Actuarial Information</b><br>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)<br><b>► File as an attachment to Form 5500 or 5500-SF.</b> | OMB No 1210-0110<br><b>2016</b><br><b>This Form is Open to Public Inspection</b> |
| For calendar plan year 2016 or fiscal plan year beginning <u>01/01/2016</u> and ending <u>12/31/2016</u>                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                           |                                                                                  |
| <b>► Round off amounts to nearest dollar.</b><br><b>► Caution:</b> A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                           |                                                                                  |
| <b>A</b> Name of plan<br>LM Aerospace Pension Plan for Michoud Hrly Employees                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                           | <b>B</b> Three-digit plan number (PN) <b>►</b> <u>057</u>                        |
| <b>C</b> Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF<br>LOCKHEED MARTIN CORPORATION                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                           | <b>D</b> Employer Identification Number (EIN)<br>52-1893632                      |
| <b>E</b> Type of plan <input checked="" type="checkbox"/> Single <input type="checkbox"/> Multiple-A <input type="checkbox"/> Multiple-B <b>F</b> Prior year plan size <input type="checkbox"/> 100 or fewer <input type="checkbox"/> 101-500 <input checked="" type="checkbox"/> More than 500                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                           |                                                                                  |
| <b>Part I Basic Information</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                           |                                                                                  |
| <b>1</b> Enter the valuation date Month <u>01</u> Day <u>01</u> Year <u>2016</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                           |                                                                                  |
| <b>2</b> Assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                           |                                                                                  |
| <b>a</b> Market value                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>2a</b>                                                                                                                                                                                                                                                                                                                 | 129,198,780                                                                      |
| <b>b</b> Actuarial value                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>2b</b>                                                                                                                                                                                                                                                                                                                 | 136,641,998                                                                      |
| <b>3</b> Funding target/participant count breakdown                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                           |                                                                                  |
| <b>a</b> For retired participants and beneficiaries receiving payment                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | (1) Number of participants                                                                                                                                                                                                                                                                                                | (2) Vested Funding Target                                                        |
| <b>b</b> For terminated vested participants                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | (3) Total Funding Target                                                                                                                                                                                                                                                                                                  | (3) Total Funding Target                                                         |
| <b>c</b> For active participants                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 888                                                                                                                                                                                                                                                                                                                       | 104,518,899                                                                      |
| <b>d</b> Total                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 372                                                                                                                                                                                                                                                                                                                       | 20,723,026                                                                       |
| 20                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 4,540,388                                                                                                                                                                                                                                                                                                                 | 4,730,409                                                                        |
| 1,280                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 129,782,313                                                                                                                                                                                                                                                                                                               | 129,972,334                                                                      |
| <b>4</b> If the plan is in at-risk status, check the box and complete lines (a) and (b) <input type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                           |                                                                                  |
| <b>a</b> Funding target disregarding prescribed at-risk assumptions                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>4a</b>                                                                                                                                                                                                                                                                                                                 |                                                                                  |
| <b>b</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                                                                                                                                                                                                                                                                                                                                       | <b>4b</b>                                                                                                                                                                                                                                                                                                                 |                                                                                  |
| <b>5</b> Effective interest rate <u>6.05%</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                           |                                                                                  |
| <b>6</b> Target normal cost <u>627,909</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                           |                                                                                  |
| <b>Statement by Enrolled Actuary</b><br>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. |                                                                                                                                                                                                                                                                                                                           |                                                                                  |
| <b>SIGN HERE</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <u>THOMAS S. STAUFFER / TSS</u><br>Signature of actuary                                                                                                                                                                                                                                                                   | <u>09/18/2017</u><br>Date                                                        |
| THOMAS S. STAUFFER<br>Type or print name of actuary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                           | <u>1706384</u><br>Most recent enrollment number                                  |
| AON CONSULTING, INC.<br>Firm name                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                           | <u>410-547-2800</u><br>Telephone number (including area code)                    |
| 500 EAST PRATT ST.<br>BALTIMORE MD 21202<br>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 <input type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                           |                                                                                  |
| <b>For Paperwork Reduction Act Notice, see the Instructions for Form 5500 or 5500-SF.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                           |                                                                                  |



**Part V Assumptions Used to Determine Funding Target and Target Normal Cost**

|                                                 |                                                                                                                                              |                       |                       |                                                     |
|-------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------------------------------------|
| <b>21</b> Discount rate:                        |                                                                                                                                              |                       |                       |                                                     |
| <b>a</b> Segment rates:                         | 1st segment<br>4.43 %                                                                                                                        | 2nd segment<br>5.91 % | 3rd segment<br>6.65 % | <input type="checkbox"/> N/A, full yield curve used |
| <b>b</b> Applicable month (enter code)          |                                                                                                                                              |                       |                       | <b>21b</b> 4                                        |
| <b>22</b> Weighted average retirement age       |                                                                                                                                              |                       |                       | <b>22</b> 62                                        |
| <b>23</b> Mortality table(s) (see instructions) | <input type="checkbox"/> Prescribed - combined <input checked="" type="checkbox"/> Prescribed - separate <input type="checkbox"/> Substitute |                       |                       |                                                     |

**Part VI Miscellaneous Items**

|                                                                                                                                                                  |                                                                     |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| <b>24</b> Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| <b>25</b> Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment                                      | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| <b>26</b> Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment                            | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| <b>27</b> If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment                                   | <b>27</b>                                                           |

**Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years**

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

**Part VIII Minimum Required Contribution For Current Year**

|                                                                                                                                                                                |                     |                    |               |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|--------------------|---------------|
| <b>31</b> Target normal cost and excess assets (see instructions)                                                                                                              |                     |                    |               |
| <b>a</b> Target normal cost (line 6)                                                                                                                                           | <b>31a</b>          | 627,909            |               |
| <b>b</b> Excess assets, if applicable, but not greater than line 31a                                                                                                           | <b>31b</b>          | 0                  |               |
| <b>32</b> Amortization installments                                                                                                                                            | Outstanding Balance | Installment        |               |
| <b>a</b> Net shortfall amortization installment                                                                                                                                | 21,829,434          | 5,500,902          |               |
| <b>b</b> Waiver amortization installment                                                                                                                                       | 0                   | 0                  |               |
| <b>33</b> 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 | <b>33</b>           |                    |               |
| <b>34</b> Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)                                                         | <b>34</b>           | 6,128,811          |               |
|                                                                                                                                                                                | Carryover balance   | Prefunding balance | Total balance |
| <b>35</b> Balances elected for use to offset funding requirement                                                                                                               | 0                   | 6,128,811          | 6,128,811     |
| <b>36</b> Additional cash requirement (line 34 minus line 35)                                                                                                                  | <b>36</b>           | 0                  |               |
| <b>37</b> Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)                                                  | <b>37</b>           | 0                  |               |
| <b>38</b> Present value of excess contributions for current year (see instructions)                                                                                            |                     |                    |               |
| <b>a</b> Total (excess, if any, of line 37 over line 36)                                                                                                                       | <b>38a</b>          | 0                  |               |
| <b>b</b> Portion included in line 38a attributable to use of prefunding and funding standard carryover balances                                                                | <b>38b</b>          | 0                  |               |
| <b>39</b> Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)                                                                      | <b>39</b>           | 0                  |               |
| <b>40</b> Unpaid minimum required contributions for all years                                                                                                                  | <b>40</b>           | 0                  |               |

**Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)**

|                                                                                          |                                                                                                                         |  |  |  |
|------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|--|--|--|
| <b>41</b> If an election was made to use PRA 2010 funding relief for this plan           |                                                                                                                         |  |  |  |
| <b>a</b> Schedule elected                                                                | <input type="checkbox"/> 2 plus 7 years <input type="checkbox"/> 15 years                                               |  |  |  |
| <b>b</b> Eligible plan year(s) for which the election in line 41a was made               | <input type="checkbox"/> 2008 <input type="checkbox"/> 2009 <input type="checkbox"/> 2010 <input type="checkbox"/> 2011 |  |  |  |
| <b>42</b> Amount of acceleration adjustment                                              | <b>42</b>                                                                                                               |  |  |  |
| <b>43</b> Excess installment acceleration amount to be carried over to future plan years | <b>43</b>                                                                                                               |  |  |  |

**Schedule SB Attachment (Form 5500)—2016 Plan Year**  
**Lockheed Martin Aerospace Pension Plan for Michoud Hourly Employees**  
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**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 beginning of year.

| (a)              | (b)     | (c)    | (d)                        |
|------------------|---------|--------|----------------------------|
| Age              | Rate    | Weight | Product<br>(a) × (b) × (c) |
| 55               | 10.00%  | 1.0000 | 5.50                       |
| 56               | 5.00%   | 0.9000 | 2.52                       |
| 57               | 5.00%   | 0.8550 | 2.44                       |
| 58               | 5.00%   | 0.8123 | 2.36                       |
| 59               | 10.00%  | 0.7716 | 4.55                       |
| 60               | 10.00%  | 0.6945 | 4.17                       |
| 61               | 15.00%  | 0.6250 | 5.72                       |
| 62               | 20.00%  | 0.5313 | 6.59                       |
| 63               | 15.00%  | 0.4250 | 4.02                       |
| 64               | 15.00%  | 0.3613 | 3.47                       |
| 65               | 20.00%  | 0.3071 | 3.99                       |
| 66               | 15.00%  | 0.2457 | 2.43                       |
| 67               | 20.00%  | 0.2088 | 2.80                       |
| 68               | 15.00%  | 0.1670 | 1.70                       |
| 69               | 15.00%  | 0.1420 | 1.47                       |
| 70               | 100.00% | 0.1207 | 8.45                       |
| Weighted Average |         |        | 62.18                      |

**Schedule SB Attachment (Form 5500)—2016 Plan Year**  
**Lockheed Martin Aerospace Pension Plan for Michoud Hourly Employees**  
**in the Bargaining Unit**  
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**Schedule SB, Part V—Statement of Actuarial Assumptions/Methods**

|                                                    |                                                                                                                                                                           |
|----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Interest Rates for Minimum Funding Purposes</b> | Based on segment rates with a four-month lookback (as of September 2015), each adjusted as needed to fall within the 25-year average interest rate stabilization corridor |
| 1st Segment Rate                                   | 4.43%                                                                                                                                                                     |
| 2nd Segment Rate                                   | 5.91%                                                                                                                                                                     |
| 3rd Segment Rate                                   | 6.65%                                                                                                                                                                     |
| <b>Interest Rates for Maximum Tax Purposes</b>     | Based on segment rates with a four-month lookback (as of September 2015), without regard to interest rate stabilization                                                   |
| 1st Segment Rate                                   | 1.34%                                                                                                                                                                     |
| 2nd Segment Rate                                   | 4.03%                                                                                                                                                                     |
| 3rd Segment Rate                                   | 5.06%                                                                                                                                                                     |
| <b>Retirement Age</b>                              |                                                                                                                                                                           |
| Active Participants                                | See Table 1                                                                                                                                                               |
| Terminated Vested Participants                     | Age 65                                                                                                                                                                    |
| <b>Mortality Rates</b>                             |                                                                                                                                                                           |
| Healthy and Disabled                               | 2016 static mortality table for annuitants and non-annuitants per §1.430(h)(3)-1(e)                                                                                       |
| <b>Withdrawal Rates</b>                            | 2003 SOA select and ultimate table. See Table 2                                                                                                                           |
| <b>Disability Rates</b>                            | See Table 3                                                                                                                                                               |
| <b>Decrement Timing</b>                            | Beginning of year decrements, with 100% retirement occurring at beginning of year.                                                                                        |
| <b>Surviving Spouse Benefit</b>                    | It is assumed that 80% of males and 50% of females have an eligible spouse, and that males are three years older than their spouses.                                      |
| <b>Benefit Limits</b>                              | Projected benefits are limited by the current IRC Section 415 maximum benefit of \$210,000.                                                                               |

Schedule SB Attachment (Form 5500)—2016 Plan Year  
Lockheed Martin Aerospace Pension Plan for Michoud Hourly Employees  
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Valuation of Plan Assets

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.

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).

Expected Return on Assets

2014 Plan Year

8.00%, limited to 6.99%

2015 Plan Year

8.00%, limited to 6.81%

2016 Plan Year

8.00%, limited to 6.65%

Trust Expenses Included in Target Normal Cost

\$498,165

Actuarial Method

Standard unit credit cost method

Valuation Date

January 1, 2016

**Schedule SB Attachment (Form 5500)—2016 Plan Year**  
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**Table 1**

**Retirement Rates**

| <u>Age</u> | <u>Rate</u> |
|------------|-------------|
| 55         | 10.00%      |
| 56         | 5.00%       |
| 57         | 5.00%       |
| 58         | 5.00%       |
| 59         | 10.00%      |
| 60         | 10.00%      |
| 61         | 15.00%      |
| 62         | 20.00%      |
| 63         | 15.00%      |
| 64         | 15.00%      |
| 65         | 20.00%      |
| 66         | 15.00%      |
| 67         | 20.00%      |
| 68         | 15.00%      |
| 69         | 15.00%      |
| 70+        | 100.00%     |

**Schedule SB Attachment (Form 5500)—2016 Plan Year**  
**Lockheed Martin Aerospace Pension Plan for Michoud Hourly Employees**  
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**Table 2—Page 1 of 2**

**Withdrawal Rates**

| <b>Age</b> | <b>Years of Service</b> |            |            |            |
|------------|-------------------------|------------|------------|------------|
|            | <b>0-1</b>              | <b>2-4</b> | <b>5-9</b> | <b>10+</b> |
| 18         | 39.64%                  | 0.00%      | 0.00%      | 0.00%      |
| 19         | 20.23%                  | 0.00%      | 0.00%      | 0.00%      |
| 20         | 17.99%                  | 14.19%     | 0.00%      | 0.00%      |
| 21         | 22.38%                  | 18.19%     | 0.00%      | 0.00%      |
| 22         | 24.07%                  | 19.60%     | 15.00%     | 0.00%      |
| 23         | 23.85%                  | 19.58%     | 15.09%     | 0.00%      |
| 24         | 22.70%                  | 18.32%     | 14.25%     | 0.00%      |
| 25         | 21.74%                  | 17.14%     | 12.96%     | 0.00%      |
| 26         | 20.95%                  | 16.27%     | 11.29%     | 0.00%      |
| 27         | 20.41%                  | 15.29%     | 9.97%      | 0.00%      |
| 28         | 19.42%                  | 14.52%     | 9.15%      | 8.75%      |
| 29         | 18.73%                  | 13.93%     | 8.69%      | 5.21%      |
| 30         | 18.61%                  | 13.58%     | 8.39%      | 4.84%      |
| 31         | 18.83%                  | 13.09%     | 8.02%      | 5.39%      |
| 32         | 18.32%                  | 12.60%     | 7.76%      | 5.47%      |
| 33         | 17.39%                  | 11.97%     | 7.56%      | 5.30%      |
| 34         | 16.94%                  | 11.33%     | 7.37%      | 5.15%      |
| 35         | 16.78%                  | 11.02%     | 7.15%      | 5.02%      |
| 36         | 16.69%                  | 10.98%     | 6.85%      | 4.87%      |
| 37         | 16.29%                  | 10.99%     | 6.68%      | 4.68%      |
| 38         | 16.00%                  | 10.77%     | 6.44%      | 4.43%      |
| 39         | 15.36%                  | 10.59%     | 6.27%      | 4.32%      |
| 40         | 15.91%                  | 10.35%     | 6.01%      | 4.15%      |
| 41         | 15.94%                  | 10.01%     | 5.89%      | 3.93%      |
| 42         | 16.05%                  | 9.72%      | 5.84%      | 3.86%      |
| 43         | 15.98%                  | 9.71%      | 5.75%      | 3.81%      |
| 44         | 15.88%                  | 9.62%      | 5.77%      | 3.79%      |
| 45         | 15.48%                  | 9.47%      | 5.82%      | 3.73%      |
| 46         | 15.61%                  | 9.54%      | 5.81%      | 3.64%      |
| 47         | 15.30%                  | 9.47%      | 5.61%      | 3.66%      |
| 48         | 15.15%                  | 9.37%      | 5.52%      | 3.70%      |
| 49         | 15.53%                  | 9.02%      | 5.60%      | 3.65%      |

**Schedule SB Attachment (Form 5500)—2016 Plan Year  
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**Table 2—Page 2 of 2**

**Withdrawal Rates**

| <b>Age</b> | <b>Years of Service</b> |            |            |            |
|------------|-------------------------|------------|------------|------------|
|            | <b>0-1</b>              | <b>2-4</b> | <b>5-9</b> | <b>10+</b> |
| 50         | 15.60%                  | 8.90%      | 5.32%      | 3.49%      |
| 51         | 15.35%                  | 9.32%      | 5.13%      | 3.38%      |
| 52         | 14.35%                  | 9.52%      | 4.99%      | 3.35%      |
| 53         | 14.34%                  | 9.24%      | 4.70%      | 3.22%      |
| 54         | 14.17%                  | 8.80%      | 4.12%      | 2.37%      |
| 55         | 13.52%                  | 7.82%      | 2.59%      | 0.88%      |
| 56         | 12.84%                  | 7.49%      | 1.84%      | 0.23%      |
| 57         | 12.66%                  | 7.67%      | 1.54%      | 0.11%      |
| 58         | 12.74%                  | 7.68%      | 1.58%      | 0.22%      |
| 59         | 13.50%                  | 7.94%      | 1.92%      | 0.31%      |
| 60         | 13.63%                  | 7.84%      | 2.12%      | 0.20%      |
| 61+        | 0.00%                   | 0.00%      | 0.00%      | 0.00%      |

**Schedule SB Attachment (Form 5500)—2016 Plan Year  
Lockheed Martin Aerospace Pension Plan for Michoud Hourly Employees  
in the Bargaining Unit  
EIN: 52-1893632 PN: 057**

**Table 3**

**Disability Rates**

| <b>Age</b> | <b>Rate</b> | <b>Age</b> | <b>Rate</b> |
|------------|-------------|------------|-------------|
| 18         | 0.03%       | 45         | 0.10%       |
| 19         | 0.03%       | 46         | 0.11%       |
|            |             | 47         | 0.12%       |
| 20         | 0.03%       | 48         | 0.14%       |
| 21         | 0.03%       | 49         | 0.16%       |
| 22         | 0.03%       |            |             |
| 23         | 0.03%       | 50         | 0.18%       |
| 24         | 0.03%       | 51         | 0.20%       |
|            |             | 52         | 0.23%       |
| 25         | 0.03%       | 53         | 0.26%       |
| 26         | 0.04%       | 54         | 0.30%       |
| 27         | 0.04%       |            |             |
| 28         | 0.04%       | 55         | 0.36%       |
| 29         | 0.04%       | 56         | 0.42%       |
|            |             | 57         | 0.50%       |
| 30         | 0.04%       | 58         | 0.59%       |
| 31         | 0.04%       | 59         | 0.69%       |
| 32         | 0.04%       |            |             |
| 33         | 0.05%       | 60         | 0.90%       |
| 34         | 0.05%       | 61         | 1.16%       |
|            |             | 62         | 1.46%       |
| 35         | 0.05%       | 63         | 1.81%       |
| 36         | 0.05%       | 64         | 2.22%       |
| 37         | 0.05%       |            |             |
| 38         | 0.06%       |            |             |
| 39         | 0.06%       |            |             |
|            |             |            |             |
| 40         | 0.07%       |            |             |
| 41         | 0.07%       |            |             |
| 42         | 0.08%       |            |             |
| 43         | 0.08%       |            |             |
| 44         | 0.09%       |            |             |

**Schedule SB Attachment (Form 5500)—2016 Plan Year  
Lockheed Martin Aerospace Pension Plan for Michoud Hourly Employees  
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**Actuarial Assumptions and Methods**

**Discussion of Actuarial Assumptions and Methods**

For the funding valuation, the allowable interest rates and mortality tables available to measure plan liabilities are prescribed by IRC Section 412. Aon Hewitt provided guidance with respect to the alternative interest rate and mortality table options, and it is our belief that the options prescribed by Lockheed Martin Corporation are appropriate for funding purposes. It is our belief that all other actuarial assumptions used for the funding valuation represent reasonable expectations of anticipated plan experience. The actuarial cost and amortization methods used are prescribed by IRC Section 412. While the method used to value assets is prescribed by Lockheed Martin Corporation, Aon Hewitt provided guidance with respect to the use of this method, and it is our belief that the method is appropriate for funding purposes.

**Calculation of Normal Costs and Liabilities**

The method used to calculate the ERISA target normal cost and funding target is the unit credit cost method. The funding target under IRC Section 430 is calculated as the present value of all benefits that have been accrued or earned under the plan as of the first day of the plan year, based on current service and current pay. The target normal cost is the present value of all benefits expected to accrue or be earned under the plan during the plan year, including any increase in benefits earned in prior plan years attributable to compensation increases in the current plan year, plus certain trust expenses.

Under this method, benefits are estimated at each decrement age using service and earnings as of the valuation date. The present value of these estimated benefits using the applicable ERISA assumptions is the ERISA funding target. The target normal cost is the present value of the benefits earned during the year.

For calculating the actuarial present value of vested benefits, benefits at each decrement age are determined in the same manner, but are then multiplied by each participant's vesting percentage as of the valuation date. The present value of these estimated vested benefits is determined without recognition of any benefit for which a participant will become entitled only through the advancement in service or age while actively employed. In addition, certain ancillary benefits have been treated as vested consistent with PBGC premium regulations.

The ERISA funding target for lump sum benefits is determined by valuing the annuity that corresponds to the distribution using special actuarial assumptions, as described under Treasury regulations Section 1.430(d). Under these special assumptions, for the period beginning with the annuity starting date, the current IRC Section 417(e) applicable mortality table is substituted for the mortality table otherwise used.

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**Lockheed Martin Aerospace Pension Plan for Michoud Hourly Employees**  
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**Schedule SB, Part V—Summary of Plan Provisions**

|                                                         |                                                                                                                                                                       |
|---------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Effective Date of Plan</b>                           | January 1, 1979                                                                                                                                                       |
| <b>Most Recent Collective Bargaining Agreement</b>      | August 2015                                                                                                                                                           |
| <b>Eligibility</b>                                      | Employees hired prior to July 1, 2010 are eligible on their date of employment. Employees hired on or after July 1, 2010 are not eligible to participate in the plan. |
| <b>Normal Retirement Eligibility Requirement</b>        | The later of age 65 and the fifth anniversary of date of hire                                                                                                         |
| <b>Benefit</b>                                          | \$75 multiplied by the number of years of credited service (\$68 prior to negotiations).                                                                              |
| <b>Regular Early Retirement Eligibility Requirement</b> | Age 55 and 10 years of credited service                                                                                                                               |
| <b>Benefit</b>                                          | Monthly benefit, computed as in normal retirement, reduced for payment commencing prior to age 65 in accordance with the following:                                   |

| <b>Age at Retirement</b> | <b>Percent Reduction</b> |
|--------------------------|--------------------------|
| 64                       | 0%                       |
| 63                       | 0%                       |
| 62                       | 0%                       |
| 61                       | 3%                       |
| 60                       | 6%                       |
| 59                       | 10%                      |
| 58                       | 14%                      |
| 57                       | 18%                      |
| 56                       | 22%                      |
| 55                       | 26%                      |

Schedule SB Attachment (Form 5500)—2016 Plan Year  
Lockheed Martin Aerospace Pension Plan for Michoud Hourly Employees  
in the Bargaining Unit  
EIN: 52-1893632 PN: 057

Special Early Retirement  
Eligibility Requirement

Age 55 and 10 years of credited service under mutually satisfactory conditions. Since these conditions are difficult to estimate, this benefit is not valued.

Benefit

An unreduced monthly benefit computed as in normal retirement, plus a monthly supplement to age 65 equal to the current benefit level, multiplied by the number of years of credited service to a maximum of 25 years.

Early Retirement with LISA  
Eligibility Requirement

Age 60 and 20 years of credited service or age 58 and 30 years of credited service.

Benefit

An unreduced monthly benefit computed as in normal retirement plus a monthly supplement to age 62 equal to \$590 (\$565 prior to negotiations).

Total and Permanent Disability  
Retirement  
Eligibility Requirement

10 years of credited service

Benefit

An unreduced monthly benefit computed as in normal retirement, plus a monthly supplement to age 65 or commencement of Social Security disability benefit, whichever comes first, equal to the current benefit level, multiplied by the number of years of credited service to a maximum of 25 years.

**Schedule SB Attachment (Form 5500)—2016 Plan Year**  
**Lockheed Martin Aerospace Pension Plan for Michoud Hourly Employees**  
**in the Bargaining Unit**  
**EIN: 52-1893632 PN: 057**

**Preretirement Surviving Spouse's  
Benefit**

**Eligibility Requirement**

Five years of credited service

**Benefit**

If the participant died from active status, 55% of the monthly benefit the participant would have received if he had retired on the first of the month preceding or coincident with his death. If the participant died from terminated vested status, 50% of the monthly benefit the participant would have received if he had retired on the first of the month preceding or coincident with his death. If the participant had 10 years of service and had not attained age 55 upon his death, the benefit is deferred to the month he would have attained age 55. If the participant had between five and ten years of service and had not attained age 65 upon his death, the benefit is deferred to the month he would have attained age 65.

**Termination**

**Eligibility Requirement**

Five years of vesting service

**Benefit**

A deferred monthly benefit computed as in normal retirement, payable at age 62.

**Normal Form of Benefit Payment**

**Married Participants**

A reduced 55% joint and survivor annuity with a five year certain period.

**Unmarried Participants**

Five year certain and continuous annuity

**Plan Changes Since the Prior Year**

The funding valuation reflects the following plan changes:

- The pension multiplier increased to \$75 from \$68 effective January 1, 2016.
- The monthly supplement increased to \$590 from \$565 effective January 1, 2016.

**Schedule SB Attachment (Form 5500)—2016 Plan Year  
Lockheed Martin Aerospace Pension Plan for Michoud Hourly Employees  
in the Bargaining Unit  
EIN: 52-1893632 PN: 057**

**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)—2016 Plan Year  
Lockheed Martin Aerospace Pension Plan for Michoud Hourly Employees  
in the Bargaining Unit  
EIN: 52-1893632 PN: 057**

**Schedule SB, line 24—Change in Actuarial Assumptions**

The following Assumption Changes have been made since the prior Valuation:

The expense load was changed from \$326,410 to \$498,165 to reflect actual administrative expense.

**Schedule SB Attachment (Form 5500)—2016 Plan Year**  
**Lockheed Martin Aerospace Pension Plan for Michoud Hourly Employees**  
**in the Bargaining Unit**  
**EIN: 52-1893632 PN: 057**

**Schedule SB, line 26—Schedule of Active Participant Data as of January 1, 2016**

| 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          |                           |     |     |       |       |       |       |       |       |     |
| 25-29        |                           |     |     |       |       |       |       |       |       |     |
| 30-34        |                           |     |     |       |       |       |       |       |       |     |
| 35-39        |                           |     |     |       |       |       |       |       |       |     |
| 40-44        |                           |     | 1   |       |       |       |       |       |       |     |
| 45-49        |                           |     |     | 1     |       |       |       |       |       |     |
| 50-54        |                           |     |     |       | 1     |       |       | 2     | 1     |     |
| 55-59        |                           |     | 1   |       |       |       |       | 4     | 8     |     |
| 60-64        |                           |     |     |       |       |       |       |       | 1     |     |
| 65-69        |                           |     |     |       |       |       |       |       |       |     |
| 70+          |                           |     |     |       |       |       |       |       |       |     |

**Schedule SB Attachment (Form 5500)—2016 Plan Year**  
**Lockheed Martin Aerospace Pension Plan for Michoud Hourly Employees**  
**in the Bargaining Unit**  
**EIN: 52-1893632 PN: 057**

**Schedule SB, line 32—Schedule of Amortization Bases**

| <b>Type of<br/>Base</b> | <b>Present Value<br/>of Installment</b> | <b>Date<br/>Established</b> | <b>Years<br/>Remaining</b> | <b>Amortization<br/>Installment</b> |
|-------------------------|-----------------------------------------|-----------------------------|----------------------------|-------------------------------------|
| Shortfall               | \$ 7,740,811                            | January 1, 2011             | 2                          | \$ 3,954,277                        |
| Shortfall               | \$ (7,080,037)                          | January 1, 2012             | 3                          | \$ (2,463,018)                      |
| Shortfall               | \$ 3,175,305                            | January 1, 2013             | 4                          | \$ 846,162                          |
| Shortfall               | \$ 2,040,011                            | January 1, 2014             | 5                          | \$ 444,117                          |
| Shortfall               | \$ 3,811,366                            | January 1, 2015             | 6                          | \$ 713,225                          |
| Shortfall               | \$ 12,141,978                           | January 1, 2016             | 7                          | \$ 2,006,139                        |

Schedule SB Attachment (Form 5500)—2016 Plan Year  
 Lockheed Martin Aerospace Pension Plan for Michoud Hourly Employees  
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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 beginning of year.

| (a)<br>Age       | (b)<br>Rate | (c)<br>Weight | (d)<br>Product<br>(a) × (b) × (c) |
|------------------|-------------|---------------|-----------------------------------|
| 55               | 10.00%      | 1.0000        | 5.50                              |
| 56               | 5.00%       | 0.9000        | 2.52                              |
| 57               | 5.00%       | 0.8550        | 2.44                              |
| 58               | 5.00%       | 0.8123        | 2.36                              |
| 59               | 10.00%      | 0.7716        | 4.55                              |
| 60               | 10.00%      | 0.6945        | 4.17                              |
| 61               | 15.00%      | 0.6250        | 5.72                              |
| 62               | 20.00%      | 0.5313        | 6.59                              |
| 63               | 15.00%      | 0.4250        | 4.02                              |
| 64               | 15.00%      | 0.3613        | 3.47                              |
| 65               | 20.00%      | 0.3071        | 3.99                              |
| 66               | 15.00%      | 0.2457        | 2.43                              |
| 67               | 20.00%      | 0.2088        | 2.80                              |
| 68               | 15.00%      | 0.1670        | 1.70                              |
| 69               | 15.00%      | 0.1420        | 1.47                              |
| 70               | 100.00%     | 0.1207        | 8.45                              |
| Weighted Average |             |               | 62.18                             |

Schedule SB Attachment (Form 5500)—2016 Plan Year  
 Lockheed Martin Aerospace Pension Plan for Michoud Hourly Employees  
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Schedule SB, Part V—Summary of Plan Provisions

|                                                  |                                                                                                                                                                       |
|--------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Effective Date of Plan                           | January 1, 1979                                                                                                                                                       |
| Most Recent Collective Bargaining Agreement      | August 2015                                                                                                                                                           |
| Eligibility                                      | Employees hired prior to July 1, 2010 are eligible on their date of employment. Employees hired on or after July 1, 2010 are not eligible to participate in the plan. |
| Normal Retirement Eligibility Requirement        | The later of age 65 and the fifth anniversary of date of hire                                                                                                         |
| Benefit                                          | \$75 multiplied by the number of years of credited service (\$68 prior to negotiations).                                                                              |
| Regular Early Retirement Eligibility Requirement | Age 55 and 10 years of credited service                                                                                                                               |
| Benefit                                          | Monthly benefit, computed as in normal retirement, reduced for payment commencing prior to age 65 in accordance with the following:                                   |

| Age at Retirement | Percent Reduction |
|-------------------|-------------------|
| 64                | 0%                |
| 63                | 0%                |
| 62                | 0%                |
| 61                | 3%                |
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| 59                | 10%               |
| 58                | 14%               |
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| 56                | 22%               |
| 55                | 26%               |

Schedule SB Attachment (Form 5500)—2016 Plan Year  
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Schedule SB, line 32—Schedule of Amortization Bases

| Type of Base | Present Value of Installment | Date Established | Years Remaining | Amortization Installment |
|--------------|------------------------------|------------------|-----------------|--------------------------|
| Shortfall    | \$ 7,740,811                 | January 1, 2011  | 2               | \$ 3,954,277             |
| Shortfall    | \$ (7,080,037)               | January 1, 2012  | 3               | \$ (2,463,018)           |
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