Sandia National Laboratories

SAVINGS AND INCOME PLAN

Effective: January 1, 2009

Summary Plan Description

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Section 1. Introduction

The Sandia Corporation Savings and Income Plan can help you build financial resources for the future. Your savings plan can be an important part of your retirement income in supplementing your income from other sources.

This document is a summary of the Plan as of January 1, 2009. More detailed information is contained in the official Savings and Income Plan documents, which govern the operation of this Plan. Please read this document carefully and share it with your family.

IMPORTANT: The Sandia Corporation Savings and Income Plan is maintained at the discretion of Sandia and it is it is not intended to create a contract of employment and does not change the at-will employment relationship between you and Sandia. The Sandia Board of Directors (or its designated representative) reserves the right to change or amend in writing any or all provisions of the Savings and Income Plan and to terminate in writing the Savings and Income Plan for employees at any time without prior notice.

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Section 2. Highlights

This section contains a brief description of Plan changes that have been implemented since the previous Savings and Income Plan Summary Plan Description.

Summary of Plan Changes

- The investment options were modified to remove the following funds: the Fidelity Institutional Short-Intermediate Government Portfolio; the Conservative, Moderate, and Aggressive Life Strategy Funds; the Fidelity Growth and Income Fund; and the Spartan International Index Fund.
- The following funds were added to the investment options: the BGI LifePath funds, SSgA Passive Bond Market Index Fund, and BGI ACWI XUS Index Fund.
- A lower-priced share class was implemented for the Fidelity Contrafund, Fidelity Balanced Fund, Fidelity Growth Company Fund, Neuberger Berman Guardian Fund, Russell Small Cap Fund, and Templeton Foreign Fund.
- Participants who have been on military active duty for more than 30 days may request a distribution from their account. If such participants receive the distribution, they may not make an elective deferral or contribution during the 6-month period beginning on the distribution date.
- Mandatory cash-outs of account balances greater than $1,000 and less than $5,000 will automatically be rolled into an IRA at Fidelity unless the participant takes action to receive the distribution or roll the balance to another retirement savings account.
- Hardship withdrawals are now allowed for medical care for dependents, payments for burial or funeral expenses, and expenses related to the repair of damages to your principal residence.
- A participant may now make Roth 401(k) contributions to the Plan. In addition, the Plan will accept direct rollovers to a Roth 401(k) account from another Roth 401(k) account under a qualified retirement plan.
- Nonspouse beneficiaries are now permitted to roll over their interest in the account of a deceased participant to a qualifying Individual Retirement Account (IRA).
- A participant or beneficiary may not make a formal claim more than 365 days after the date the claimant has knowledge of all material facts that are the subject of the claim. A participant or beneficiary may not submit a dispute to a court with respect to a denied claim under this Plan more than 365 days after the date the Employee Benefits Claim Review Committee renders its final decision upon appeal.
- Eligible employees hired or rehired on or after January 1, 2009 may participate in the plan and immediately receive a company-matching contribution, both of which are

immediately vested. These employees will automatically receive an additional, service-based Enhanced Contribution that will vest after the employees complete three years of vesting service. This enhanced contribution is equal to 6% of eligible pay for Plan Service less than 15 years and 7% of eligible pay for 15 or more years of Plan Service.

- If a participant does not make an investment election, contributions will be contributed to the BGI Life Path fund that corresponds most closely to the year the participant attains age 65.

Section 3. Who Is Eligible to Participate

Eligible Employees

You are eligible to participate in the Savings and Income Plan if you have attained age 21 and are a:

- Regular, nonrepresented employee,
- Nonrepresented limited-term employee; or
- Post-doctoral appointee.

Enrolling

Your new-hire package contains information on the Plan including a Beneficiary Designation form and this SPD. It also contains details for enrolling and locating additional information. You will also receive a Notice Regarding Designated Default Investments to let you know how your contributions will be invested if you do not make a fund selection.

To enroll at any time, contact Fidelity at 1-800-240-4015 or on the web at www.401k.com under NetBenefits. Fidelity will confirm both your enrollment elections and your personal identification number (PIN) for future transactions. If you do not receive a confirmation letter within 10 business days, contact Fidelity at 1-800-240-4015.

Choosing or Changing a Beneficiary

At any time, you may designate one or more beneficiaries to receive your account balance upon your death.

To designate a beneficiary, go to NetBenefits at www.401k.com to complete the Beneficiary Designation Form.

Consider the following when you choose a beneficiary:

- If you are married and have not designated a beneficiary, your spouse (to whom you are married when you die) automatically becomes your beneficiary. Your spouse can roll your account balance directly to an IRA.
- If you are married and designate someone other than your spouse as your primary beneficiary (including a trust), your spouse must waive his or her right to your account

and consent to the non-spouse beneficiary designation in a written, notarized statement (the Beneficiary Designation Form includes a consent section).

- If you are not married and do not designate a beneficiary, or if you are married and your spouse predeceases you and you do not name a new beneficiary or remarry, your account balance will be paid to your estate upon your death. State law may then determine the disposition of those assets.
- Consult your attorney before naming a minor as a beneficiary.

The divorce of a participant and his or her spouse shall automatically make null and void any designation of that spouse as the participant's beneficiary.

You may change your beneficiary online at any time, with the consent of your spouse if required.

Section 4. Contributions

Contributions to the Plan may include your contributions (pretax, after-tax, Roth, catch-up, or rollover), and company contributions (company match or enhanced contributions if you were hired or rehired on or after January 1, 2009). When you enroll, you must specify the total percentage of your eligible earnings that you wish to contribute and the percentage to be contributed into the pretax, after-tax, and Roth sources.

Eligible Earnings

For Plan purposes, your eligible earnings include your base salary or wages plus certain nonbase compensation. Nonbase compensation awards include Individual Performance Awards (IPAs); advancement awards; Sandia Awards for Excellence; Special Recognition Awards; and promotion, sign-on, and appointment awards. Eligible earnings also include incentive compensation under the Lockheed Martin Corporation (LMC) Management Incentive Compensation Plan.

Eligible earnings do not include severance pay, shift differentials, overtime or premium pay, workers' compensation payments, royalty awards, the cash value of noncash compensation reported to the IRS for tax purposes (even if such noncash compensation is subject to withholding), or amounts paid as reimbursement for employee expenses, including relocation reimbursements, automobile reimbursements, travel allowances, or tax allowances.

Employee Contributions

Pretax Contributions

You can contribute from 2% to 18% of your eligible earnings in 1% increments, on a pretax basis, subject to IRS annual limits. Pretax contributions lower your taxable income, which, in turn, may lower your current income tax withholding. However, Social Security and Medicare taxes are withheld on both your pretax and after-tax contributions (including Roth), so your Social Security benefit will not be negatively affected by participating in the Plan.

Pretax contributions are taxed when they are paid out of the Savings and Income Plan. You are subject to IRS restrictions if you withdraw pretax contributions and earnings while you are employed by Sandia.

The following table illustrates how much you can reduce the federal income tax and increase your current disposable income by saving pretax rather than after-tax dollars in the Plan. The illustration assumes that you currently earn $50,000 and you contribute 6% of your earnings (or $3,000) to the Plan.

	Pretax Savings	After-tax Savings
W-2 Wages	$50,000	$50,000
Pretax Savings	3,000	0
W-2 Taxable Wages	47,000	50,000
Estimated Federal Income Taxes*	5,863	6,613
Estimated Social Security (FICA) Taxes	3,825	3,825
Earnings after Taxes	37,312	39,562
After-tax Savings	0	3,000
Spendable Income	37,312	36,562
Tax Reduction/Extra Take-home Pay	750	0

* This example is based on 2008 federal income tax rates for a single individual taking the standard deduction and claiming one exemption. Not shown in this example are any additional current savings of state and local taxes.

After-Tax Contributions

You can contribute from 2% to 18% of your eligible earnings, in 1% increments, on an after-tax basis.

After-tax contributions do not reduce your pay for federal income tax and tax withholding purposes. After-tax contributions are more readily available for withdrawal than pretax contributions under present IRS rules.

Roth Contributions

You can contribute from 2% to 18% of your eligible earnings, in 1% increments, as Roth contributions. Roth contributions are made after-tax, but are included with pretax contributions for purposes of the pretax annual limit ($16,500 for 2009). (See Contribution Limits). You will not be taxed on your Roth contributions or related earnings if you take a Qualified Distribution from the Plan.

Qualified Distributions may be made after:

- You reach age 59-1/2, you become disabled, or you die, and
- The five-year period beginning with the first year in which you make your Roth Contribution.

Catch-Up Contributions

Participants age 50 and above may elect to make additional pretax or Roth contributions to the Plan. The limit for 2009 is an additional $5,500, and contributions may range from 1% to 60% of eligible earnings. This election is not automatic, and you must contact Fidelity either by phone or on the web to make this election. You must contribute at least 6% of your eligible earnings *concurrently* with the catch-up contribution. Sandia does not match catch-up contributions.

Rollover Contributions

The Plan is a tax-qualified retirement plan that accepts rollovers from other tax-qualified retirement plans and certain other retirement vehicles listed below:

- 401(k) pretax accounts from another employer
- After-tax accounts from another employer
- 403(b) accounts from an educational institution or a nonprofit entity
- 457(b) accounts from a governmental entity
- IRA accounts (pre-tax only)
- Roth accounts from another employer

To roll a distribution into the Plan, you must either:

- Transfer the funds within 60 days after you receive payment from the former plan or IRA, or
- Directly transfer the funds from your former plan or IRA to this plan.

You will be required to certify that the rollover contribution is from a qualified plan or an IRA that qualifies as a rollover IRA. Contact Fidelity at 1-800-240-4015 for assistance with making the rollover.

Combination of Pretax, After-tax, and Roth Contributions

If you make pretax, after-tax, or Roth contributions, you must contribute a minimum of 2% of your eligible earnings. However, the total of your contributions cannot exceed 18% of your eligible earnings.

How Long Contributions Continue

Your Plan contributions continue until one of the following events occurs:

- You take a leave of absence from Sandia employment, including military leave (see Section 13, "Leave of Absence" for more details),
- You terminate employment at Sandia or transfer to another LMC company,
- You take a hardship withdrawal and are suspended from contributing for 6 months,

- You do not have enough net pay (after required withholdings) to cover your authorized Plan contributions,
- You discontinue your contributions, or
- You reach the IRS annual additions limit or the annual compensation limit.

Military Leaves of Absence

If you return to Sandia employment from a qualifying military leave of absence under the Uniformed Service Employment and Reemployment Rights Act of 1994 (USERRA), you are eligible to make up contributions to the Plan for the period of the leave (subject to the limits that would have been in place if you had been employed by Sandia during your period of covered military service). You may also receive company match and enhanced contributions for the period of the qualifying leave based on the plan provisions in effect for the applicable plan year.

Company Contributions

Company Match

If you were hired before January 1, 2009, you are eligible for the Sandia company match after completing one year of service with either Sandia or an Affiliated Company. If you are hired or rehired on or after January 1, 2009, you are eligible to receive the company match immediately upon hire.

Once you are eligible for the company match, Sandia will contribute 66-2/3 cents to your account for every dollar that you contribute to the Plan on a pretax, after-tax, or Roth basis up to the first 6% (your Basic Contribution) of your Eligible Earnings. Sandia does not match contributions above 6% (your Supplemental Contributions) of your Eligible Earnings. The company match is invested into the same funds in your account as your contribution.

Enhanced Contribution

If you are hired or rehired on or after January 1, 2009, you will receive a service-based enhanced contribution according to the following schedule:

Plan Service	Enhanced Contributions
Less than 15 years	6% of eligible earnings
15 or more years	7% of eligible earnings

You will receive this enhanced contribution automatically.

The Plan provides that individuals described below who satisfy certain requirements will not be treated as rehired employees, If your circumstances are described below, please contact your Sandia Benefits representative to determine the Plan provisions that will apply to you. You will not be considered a rehired employee if you:

- Were required to terminate from Sandia before January 1, 2009 to take temporary employment with the U.S. government that otherwise would have qualified for an approved Special Leave of Absence or Intergovernmental Personnel Assignment and your return to Sandia from your temporary employment at the conclusion of that government employment;
- Return to Sandia from a leave of absence (LOA) or Intergovernmental Personnel Assignment (IPA) at the conclusion of the LOA or IPA;
- Return to Sandia from qualified military service within the time required by applicable law;
- Were employed in a non-regular job not eligible to participate in the Plan on December 31, 2008 and later convert to an eligible job classification within 30 days; or
- Transfer to Sandia from a Parent Organization and assets are transferred to the Retirement Income Plan on your behalf from a Lockheed Martin-defined benefit pension plan.

Contribution Limits

Pretax Deferral Limit

Section 402(g) of the Internal Revenue Code limits the annual amount of your total **pretax and Roth** contributions to the Plan. The deferral limit for 2009 is $16,500.

NOTE: Regular after-tax contributions are not included in this limit.

Once your pretax and Roth contributions reach the deferral limit for a Plan year, Sandia's payroll department automatically switches your pretax and Roth contributions to after-tax so you will continue to receive the company match.

Annual Additions Limit

Section 415 of the Internal Revenue Code further limits the annual amount of your after-tax, pretax, Roth contributions, and the company match. These four sources added together cannot exceed $49,000 (for 2009) or 100% of your W-2 compensation for the year, whichever is less. If you exceed these limits, you will be informed of how this affects your Savings Plan account. Excess contributions and related earnings will be returned to you after the end of the Plan year and removed from your account in the following order:

- Supplemental after-tax contributions
- Supplemental pretax contributions
- Supplemental Roth contributions
- Basic after-tax contributions and the related company match
- Basic pretax contributions and the related company match
- Basic Roth contributions and related company match

Company match and any related earnings removed from your account will be forfeited according to Plan provisions. Fidelity will issue you a Form 1099 tax statement at the end of the year.

Compensation Limit

Section 401(a)(17) of the Internal Revenue Code limits the amount of your earnings that can be recognized for determining contributions to the Plan. For 2009, the limit on earnings is $245,000. When you reach $245,000 in compensation during a year, no additional pretax, after-tax, Roth, or catch-up contributions will be withheld from your paycheck for the remainder of the calendar year. If you are in this salary range, you may want to monitor your contributions so you can receive the maximum deferrals and company match before you reach the limit.

Plan-Level Nondiscrimination Tests

In addition to the three individual participant limits the Plan as a whole must comply with two additional tests to ensure that the Plan does not discriminate in favor of highly compensated employees. One test compares the average pretax contributions of highly compensated and non-highly-compensated employees. The other test compares the average after-tax contributions and company match of the two employee groups.

If at any time during the year it is projected that the Plan is going to fail the pretax test, those pretax contributions of highly compensated employees will be re-designated as after-tax contributions for the remainder of the Plan year.

If it is determined after the close of the Plan year that the pretax test has failed, excess pretax contributions and earnings will be refunded to the highly compensated employees.

If the Plan fails the additional test that compares the average after-tax contributions and company matching contributions between highly compensated and non-highly-compensated employees, the Plan will refund excess contributions and earnings to highly compensated employees affected by the limitations.

Contributions Snapshot	
Pretax, After-tax, or Roth Contributions	Minimum: 2% of eligible earnings Maximum: 18% of eligible earnings in 1% increments
Combined Pretax, Roth, and After-Tax Contributions	Combined Minimum: 1% to a contribution type (for a total minimum of 2%) Combined Maximum: 18% in 1% increments up to the Annual Addition Limit
Company Match	Amount: 66-2/3 cents for every dollar contributed up to 6% of eligible earnings Eligibility: If hired before 1/1/09, one year of service If hired or rehired on or after 1/1/09, immediate eligibility
Enhanced Contributions	Eligible employees hired or rehired on or after January 1, 2009, will automatically receive an additional, service-based enhanced contribution. This enhanced contribution is equal to 6% of eligible pay. Those with 15 or more years of Plan Service will receive a contribution of 7% of eligible pay.
Pretax and Roth Contribution Limit	Combined annual pretax and Roth contribution IRS limit: $16,500 (for 2009)
Annual Addition Limit	Cannot exceed $49,000 (for 2009) or 100% of W-2 compensation.

Contributions Snapshot	
Catch-up Limit	$5,500 (for 2009)

Section 5. Investment Options

Choices

You select the fund(s) in which to invest your contributions, company match, enhanced contributions, existing balances, and rollovers. The value of your Plan investments can increase—or decrease—depending on the performance of the fund(s). The financial markets determine the value of your investments. Sandia cannot make any guarantees about fund performance.

Before you invest in any of the funds, read the prospectus and other information regarding the funds, their restrictions (if any), their expenses, and the types of securities in which they invest. This information is available on Fidelity's NetBenefits web site and it can help you determine the investments that are appropriate for you. Sandia's Investment Committee reserves the right to add or terminate fund options at its discretion.

NOTE: The duty of Fidelity as the Plan's trustee is to invest and reinvest the money deposited into your fund options in accordance with your investment instructions. The Plan is intended to qualify as an ERISA Section 404(c) Plan. If participants provide investment instruction for the investment of their accounts in compliance with ERISA Section 404(c), Fidelity and the Plan fiduciaries will not be liable for investment losses that are the direct result of the participant's investment instructions.

You may choose from any of the funds discussed in the following sections. The funds are grouped by investment category.

Premixed Investment Strategies

BGI LifePath® Index M Portfolios

The Plan offers nine different premixed investment portfolios that adjust in risk over time as you approach retirement. The BGI LifePath® Index M Portfolios are designed as comprehensive investment strategies for individuals seeking a simple yet sophisticated way to invest for retirement.

Each fund strategy is a broadly diversified portfolio that is tailored to the investment horizon of the investor. The name of each strategy represents the year when the investor will most likely begin to draw interest and/or principal out of his or her investment portfolio. BGI employs a proprietary investment model that analyzes asset-class market data including risk, correlations, and expected returns. The model provides portfolio allocations amongst broad-asset classes. The allocations are constantly monitored and rebalanced in an effort to maximize expected return for a given level of risk. These funds are subject to the volatility of the financial markets in the U.S. and abroad and may be subject to the additional risks associated with investing in high-yield, small-cap, and foreign securities. Unit price and returns will vary. You may choose the portfolio that most closely matches the year in which you plan to start withdrawing money from your account. For example, the LifePath® 2020 may be appropriate for participants who plan to start withdrawing money in 2020. LifePath® 2045 is for participants at the beginning of their careers and who plan to withdraw funds in 2045.

To see the composition of the portfolios and how the risk adjusts over time as you near retirement, please click on the following link, www.401k.com, and go to NetBenefits, News Box, and Fact Sheets for descriptions.

Barclays Global Investors (BGI) manages these funds. The LifePath® Funds are not mutual funds. The fund codes are listed below:

- LifePath® Retirement Portfolio: Fund Code: OJB9
- LifePath® 2010 Portfolio: Fund Code: OJC1
- LifePath® 2015 Portfolio: Fund Code: OJC2
- LifePath® 2020 Portfolio: Fund Code: OJC3
- LifePath® 2025 Portfolio: Fund Code: OJC4
- LifePath® 2030 Portfolio: Fund Code: OJC5
- LifePath® 2035 Portfolio: Fund Code: OJC6
- LifePath® 2040 Portfolio: Fund Code: OJC7
- LifePath® 2045 Portfolio: Fund Code OJC8

Fixed-Income Funds

The Plan offers three fixed-income investment funds. They differ primarily in the types of firms (issuers) in whose securities they invest. They may also differ in the length of maturities of individual securities as well as in the credit quality of the issuers. Fixed-income securities are generally considered interest rate-sensitive. Their value (and possibly a fund's share price) tends to decrease when interest rates rise and increase when interest rates fall.

Interest Income Fund

This fund is managed by Fidelity Management Trust Company exclusively for Sandia. It seeks to preserve your principal investment while earning interest income. The fund will attempt to maintain a stable $1 unit price. However, the fund cannot guarantee this stable unit price, and its yield will fluctuate.

The fund invests in contracts (wrap contracts) issued by insurance companies and other financial institutions, fixed-income securities (which may include, but are not limited to, U.S. Treasury and agency bonds, corporate bonds, mortgage-backed securities, commercial mortgage-backed securities, asset-backed securities, and bond funds), and money market funds to provide daily liquidity.

Wrap contracts, purchased in conjunction with the fixed-income investments, are designed to permit the use of book value accounting to maintain a constant $1 unit price and to provide for the payment of participant-directed withdrawals and exchanges at book value (principal and interest accrued to date) during the term of the investment contracts. However, withdrawals prompted by certain events (for example, layoffs, early retirement windows, spin-offs, sale of a division, facility closings, plan terminations, partial plan terminations or changes in laws or regulations) may be paid at market value, which may be less than book value. There is no immediate recognition of investment gains and losses on the fixed-income securities. Instead, gains and losses are recognized over time by adjusting the interest rate credited to the fund under the wrap contracts.

All investment contracts and fixed-income securities purchased for the fund by Fidelity Management Trust Company must satisfy Fidelity Management Trust Company's credit quality standards. The financial resources of the issuer back the investment contracts and fixed-income security commitments. Although the fund seeks to maintain a stable $1 unit price, it is possible to lose money by investing in this fund. The yield of the fund will fluctuate. [Fund Code GCSA; No ticker symbol]

Fidelity Intermediate Bond Fund

This fund is a Fidelity-managed mutual fund that typically invests in investment-grade debt securities while maintaining an average maturity of three to ten years. Its objective is high current income. Risks include price fluctuations caused by changes in interest rates and changes in an issuer's credit standing. Additionally, the value of your investment may fluctuate based on market conditions and other economic and political news. [Fund Code 0032; Ticker Symbol FTHRX]

SSgA Passive Bond Market Index Fund

This is a fixed-income investment option (not a mutual fund) that seeks to match the total rate of return of the U.S. investment-grade bond market as represented by the BC AGG (or, Barclays

Capital Aggregate) bond index during a calendar year. It is invested in a well-diversified portfolio that may include US Treasury, agency, corporate, mortgage-backed, commercial mortgage-backed, and asset-backed securities. The return on your investment will vary and will generally reflect changes in interest rates. The yield can lag behind current market rates from time to time. [Fund Code OJRE; No ticker symbol]

Balanced Options

Balanced funds are invested in both fixed-income (bond) and equity (stock) investments. The Plan offers one balanced investment fund option.

Fidelity Balanced Fund - Class K

This is a Fidelity-managed mutual fund that is invested in a broadly diversified portfolio of debt and equity securities. The investment objective is income and capital growth consistent with reasonable risk. The fund typically invests in 60% stocks and 40% bonds. Risks include price fluctuations due to variations in corporate earnings and dividends, changes in interest rates, an issuer's credit standing, and the economy. [Fund Code 2077; Ticker Symbol FBALX]

Equity Funds

The Plan offers eight diversified equity (stock) investment options. These investments may, over the long-term, provide protection from the effects of inflation. However, they are considered more risky than fixed-income investments because equity prices typically fluctuate more than bond prices.

Stock values fluctuate in response to the activities of individual companies and general market and economic conditions. You may experience a gain or loss when you sell your shares. The stock prices of small, less well-known companies may be more volatile than those of larger companies. Investments in foreign stocks involve more risks than investments in U.S. stocks, including increased political and economic risks as well as exposure to currency fluctuations.

These funds differ in the types of companies in which they are invested, as well as whether they are investing in the U.S. market (domestic), foreign markets (international), or global markets (both international and domestic).

U.S. Equity Index Commingled Pool – Class II

This is an index fund managed by Geode Capital Management. It holds the stocks of the companies in the Standard and Poor's 500 (S&P 500®) stock indexes in the same proportion as that index. Its investment objective is to provide investment results that correspond to the total return performance of common stocks publicly traded in the U.S. Returns will fluctuate with the changes in stock prices of the companies in the S&P 500®.[Fund Code 5024; No ticker symbol]

DFA U.S. Small-Cap Portfolio

This is a small-cap mutual fund managed by Dimensional Funds Advisors, Inc. It is invested in common stocks of small-cap companies traded on principal U.S. exchanges or on the over-the-counter market. Its goal is long-term capital appreciation. Securities of very small companies are often less liquid and involve greater risk than those of larger companies. Therefore, their prices may fluctuate more than those of larger companies. Share prices and returns may vary. [Fund Code OFZS; Ticker Symbol DFSTX]

BGI All Country World Index (ACWI) XUS Index Fund

This is a diversified international stock fund comprised of foreign stocks from developed and emerging markets outside the U.S. This index fund seeks to match the performance of the MSCI All Country World Index (ACWI) ex-US Index by investing in stocks that make up the index. International stock funds may involve greater risk and may offer greater potential returns than U.S. investments. The risk includes political and economic uncertainties of foreign countries as well as currency fluctuation. [Fund Code TPR1; No ticker symbol]

Fidelity Contrafund® - Class K

This is a Fidelity-managed mutual fund. It is invested in securities of companies it believes to be undervalued or out of favor. The investment objective is capital appreciation (increase in the value of the fund’s shares). Returns will fluctuate with changes in stock prices. [Fund Code 2080; Ticker Symbol FCNTX]

Fidelity Growth Company Fund – Class K

This is a Fidelity-managed mutual fund. It is invested in equity securities of companies that the fund manager believes have above-average growth potential. The fund’s investment objective is capital appreciation (increase in the value of the fund’s shares). Returns will fluctuate with changes in stock prices. [Fund Code 2090; Ticker Symbol FDGRX]

Neuberger Berman Guardian Fund – Investor Class

This is a mutual fund managed by Neuberger Berman Management, LLC. It invests mainly in stocks from established, high-quality companies. Its primary objective is to seek capital appreciation, and its secondary objective is to seek current income. Returns will fluctuate with changes in stock prices. [Fund Code OMBC; Ticker Symbol NBGTX]

Templeton Foreign Fund – Advisor Class

This is a mutual fund managed by Templeton Global Advisors Limited. It invests primarily in stocks of companies outside the U.S. The fund’s investment objective is to seek long-term capital growth. Returns will fluctuate with changes in stock prices. If you sell your shares after holding them for less than 30 days, the fund will deduct a short-term trading fee from your account equal to 2% of the values of the shares sold. [Fund Code OSEF; Ticker Symbol TEMFX]

Russell Small-Cap Fund - Class H

This is a small-cap equity commingled pool managed by Frank Russell Trust Company. Based on the recommendation of multiple advisors, this fund invests in securities of small companies. This fund seeks high, long-term returns that exceed the Russell 2000 Index. Risks include the potential for greater price movements compared to those of larger companies, due to limited product lines, markets, and financial resources. Share prices and returns may vary. [Fund Code OJRO; No ticker symbol]

Employer Stock

Fidelity Management Trust Company manages the Company Common Stock Fund for the Plan. This fund consists primarily of shares of Lockheed Martin Corporation (LMC) common stock. To satisfy its cash requirements, some investments are in cash-type securities such as money market instruments. Dividends are typically reinvested in additional stock. Participants are stockholders in LMC, and they can direct the voting of shares of stock allocated to their accounts. Ownership in the fund is expressed in terms of units and not shares of stock. Returns will fluctuate mainly with the price of LMC common stock.

Because this fund is not diversified, it is considered more risky than diversified stock funds. You may elect at any time and as often as you like to transfer any portion of your account that is invested in the Company Common Stock Fund to one or more of the other investment options. All of the other investment options are available to you if you decide to diversify out of the Company Common Stock Fund [Fund Code TCMM: No ticker symbol (Ticker Symbol for LMC Common Stock: LMT)]

Investment Direction

You may direct your contributions, company match, and enhanced contributions to one fund or to any combination of the available funds in 1% increments. Dividends and interest earned by the funds are invested in the same fund.

NOTE: Sandia and Fidelity Investments reserve the right to limit individual daily trading privileges.

Default Contributions

If you do not select an investment option(s), your contributions (including any enhanced contributions and company match) will be invested in the BGI LifePath® Fund that most closely corresponds to the year in which you will turn 65. This direction will apply until you make an affirmative election and indicate how you would like your contributions to be invested.

Fees

The following two types of fees are associated with the Plan's investment options:

Expense Ratios: These are management fees and other operating expenses paid to the management company of the investment option. The daily valuations of each fund reflect these expenses (i.e., when you see the daily valuation of your investment option, these fees have already been deducted.). For more information on these fees, please refer to the prospectus or other fund information for the investment option.

Other Expenses: In addition to the expense ratios, you may be charged for certain transaction-related expenses, such as loan processing fees when you take a loan from your account; and for annual proxy costs, if any, for the Company Common Stock Fund if you have investments in that fund. These fees and costs are deducted from your account and noted on your statement.

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Section 6. Understanding Your Plan Account

Your Plan Account

When you enroll, Fidelity establishes an account in your name. Your account reflects such items as:

- Your contributions—basic, supplemental, pretax, after-tax, Roth, catch-up, and rollovers from another plan,
- Company match,
- Enhanced contributions for employees hired or rehired on or after January 1, 2009,
- Current value of the investment option(s) you have chosen, and
- Impact of any transactions you have made.

How Your Account Is Valued

Fidelity values your account daily. You may contact Fidelity 24 hours a day, seven days a week, at 1-800-240-4015 to request the value of your account. The value provided will be as of the prior day's close of business.

You may also access your account at home via the Internet. Contact Fidelity at 800-581-5800 to enable NetBenefits to access your account. Verify that you have a compatible Internet browser (America Online is not a compatible browser at this time) and type in www.401k.com. Enter your Social Security Number (SSN) and your PIN. After your first login, you may change your SSN as an identifier to a customer id different number that you choose.

Account Statements

A statement of your account is available each calendar quarter from Fidelity electronically through NetBenefits or alternatively mailed to you each quarter. To receive quarterly paper statements, call Fidelity at 1-800-240-4015 and request to receive quarterly statements. Fidelity will then mail you a statement each quarter at your address on record.

(Review all quarterly statements as soon as you receive them. If you discover an error, report it to Fidelity as soon as possible). You will also receive confirmations of the following transactions:

- A distribution calculation when you elect a payout, loan, or withdrawal from your account and a transaction confirmation when you elect a fund exchange, a plan transfer, or change in future contributions.
- An adjustment confirmation when an adjustment or correction is made to your account.
- A PIN change.

Review all confirmations immediately to compare the information to your records. Report any discrepancy to Fidelity within 30 days of receiving the statement.

Changing Your Contributions

By contacting Fidelity at 1-800-240-4015 or by contacting Fidelity via www.401k.com, you can:

- Increase or decrease the percentage of your contributions (pretax, after-tax, Roth, or Catch-up),
- Discontinue your contributions, or
- Restart your contributions.

You can change or discontinue your contributions or change your pretax/after-tax/Roth mix on any business day. The change will generally be effective by the second payroll period following the date of your change. Fidelity will generally mail a confirmation notice to you or e-mail you within three business days verifying your request. Review the confirmation notice carefully; if it is incorrect, notify Fidelity immediately.

After changing your contributions, check your next few pay stubs to verify that the change has been made. Notify the Pension Fund and Savings Plan Department at 505-844-0997 if there is any discrepancy. The department will work with Sandia Payroll and Fidelity to correct any error.

Changing Your Investment Direction

You may change your investment direction for future contributions and company match on any business day. To make a change, contact Fidelity at 1-800-240-4015 or via www.401k.com. Changes will generally be effective on the next regular pay date.

Exchanging Investment Fund Balances

You can exchange all or part of your fund(s) balances (in 1% increments) to other investment funds on any business day that the New York Stock Exchange is open.

To make an exchange, contact Fidelity at 1-800-240-4015 or via www.401k.com. The exchange will generally be effective the same day if you call before 4 P.M. EST or the next day if you call after 4 P.M. EST.

NOTE: Sandia and Fidelity Investments reserve the right to limit individual daily trading privileges.

Voting Lockheed Martin Corporation Shares

If a portion of your account balance is invested in the Company Common Stock Fund, the special services fiduciary for proxies or tenders for this fund is Evercore Trust Company. The special services fiduciary will send you a copy of the Annual Report of Shareholders before each annual meeting or other materials before a special meeting of LMC shareholders.

You will receive the proxy soliciting material for any upcoming meeting and a form requesting instructions on how to vote the LMC shares held in your account. The special services fiduciary will vote such shares based on your instructions. If you do not return voting instructions, the special services fiduciary will vote your LMC shares in what it determines, based on independent judgment, to be in your best interest.

If a tender offer is made for LMC shares, you will receive tender information and instructions from the special services fiduciary.

Your account may be charged a fee for providing these services whether or not you provide proxy-voting instructions to the special services fiduciary.

Requirements for Transactions

To change your contributions or investment direction or to transfer investment fund balances, you must provide Fidelity with your name, SSN (or personally selected customer ID number), and PIN, and you must have a correct address on record in addition to the transaction-related information. These measures help protect your account from unauthorized access.

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Section 7. Vesting

Vesting Events

Vesting is describes the portion of your account balance that is nonforfeitable if you leave Sandia. Your contributions and company match, and associated earnings, are always 100% vested. Beginning with the year of your 18th birthday, a year of vesting service is a calendar year in which you are credited with 1,000 hours of service with an Affiliated Company.

Full-time employees are credited with 45 hours of vesting service for each week they are paid for one or more hours. Part-time employees, or employees who are employed for no more than three consecutive weeks and for no more than a total of 30 days in a calendar year, are credited with 10 hours of vesting service for each day they are paid for one or more hours.

If you are hired or rehired on or after January 1, 2009, the enhanced contribution portion of your account and any associated earnings will vest after you are credited with three years of vesting service.

If you terminate from Sandia before completing three years of vesting service, your nonvested account balance will be forfeited.

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Section 8. Borrowing Against Your Account

Eligibility for Loans

You may borrow against your account if you are an active employee with an account balance sufficient to meet the minimum loan requirement. Former employees are not eligible to take loans from their Plan account balances, but they may continue to repay any outstanding loans directly to Fidelity by automatic deduction from their checking account. If loans are not repaid, the loan, including accrued interest, will be deemed to have been distributed and will be subject to applicable taxes and penalties. Plan loans are administered in accordance with a Plan loan policy. For more information on these procedures, please contact Fidelity at 1-800-240-4015.

Loan Restrictions

Eligible Plan participants may borrow from their vested account balances, subject to the following conditions:

- Minimum loan amount is $1,000.
- Maximum loan amount is the lesser of 50% of your vested account balance or $50,000, minus your highest outstanding loan balance during the preceding 12-month period.
- Allowable loan terms are 1 year, 2 years, 3 years, 4 years, or 56 months.
- Biweekly repayments are after-tax.
- The Plan Administrator determines the interest rate for the full term of the loan.
- An initial $35 processing fee will be charged and $3.75 will be deducted from your account for each quarter that the loan is outstanding.
- No more than two loans may be outstanding at one time.
- You can take a new loan immediately after paying off an existing loan.

Loan Proceeds

Your loan comes from your account in the following fund source order:

- Basic pretax contributions and earnings
- Pretax employee catch-up contributions and earnings
- Supplemental pretax contributions and earnings

- Company match and earnings
- Vested enhanced contributions
- Pretax rollover balance
- After-tax rollover and earnings
- Basic after-tax contributions and earnings
- Supplemental after-tax contributions and earnings

Within each of these fund sources, you borrow first from the most current Plan year(s) until the loan amount is reached. Loans come from your investment funds on a prorated basis (within the fund sources listed above), which depends on the amount you have invested in each investment option (Interest Income Fund, Contrafund K, etc.). Loan repayments will be invested according to your most recent investment direction. **Balances in the Roth contribution (basic and supplemental) fund source will be included to determine the loan maximum, but will not be included in the loan itself**.

Loan Processing

You can contact Fidelity at 1-800-240-4015 or go to NetBenefits at www.401k.com to verify your account balance available for a loan and current interest rates. A Fidelity representative will review (or the website presents) various loan scenarios consistent with the Plan provisions. You may also set up an electronic funds transfer to have the funds directly sent to your bank account. You do not have to state a reason for requesting the loan.

Section 9. Withdrawing Funds from Your Account

Accessing Funds While Still Working

Although the Plan helps you save for retirement, you may take certain withdrawals during your working years subject to the following restrictions:

- Minimum withdrawal is $300.
- Maximum number of withdrawals is four during a calendar year.

The following fund sources are available for withdrawal at any time (subject to the restrictions listed above):

- After-tax basic contributions and related earnings for all Plan years.
- After-tax supplemental contributions and related earnings for all Plan years.
- Any amount rolled over from another qualified plan.
- Company match and related earnings that have been in your account for two full Plan years.

If you are age 59 ½ or older, you may withdraw all of the funds in your account. If you only withdraw a portion of your account, the funds will be taken out in the following order:

  - After-tax supplemental contributions and related earnings
  - After-tax basic contributions and related earnings
  - Pretax rollover contributions and related earnings
  - After-tax rollover contributions and related earnings
  - Vested enhanced contributions
  - Company matching contributions and related earnings
  - Pretax supplemental contributions and related earnings
  - Pretax basic contributions and related earnings
  - Catch-up pretax contributions
  - Roth supplemental, basic, and catch-up contributions.

The taxable portion of your withdrawal is subject to a mandatory federal income tax withholding of 20%. You may also be subject to a 10% penalty tax (see 10% Penalty Tax,) unless you transfer the withdrawal directly to an IRA or another tax-qualified employer plan.

You will be considered to have withdrawn a proportionate share of any earnings on after-tax contributions that were deposited after January 1, 1987. These after-tax contributions and earnings can be rolled into an IRA or another 401(k) plan if the contributions and earnings are accepted by these plans. You will owe taxes on the earnings that are withdrawn unless they are rolled over.

Participants who have been on military active duty for more than 30 days may request a distribution of their account. If such participants receive the distribution, they may not make an elective deferral or contribution during the 6-month period beginning on the distribution date.

Requesting a Withdrawal

Request a withdrawal by contacting Fidelity at 1-800-240-4015 or via www.401k.com. Before Fidelity can process your request, you must read the 402(f) notice on the NetBenefits website, which outlines the tax consequences of taking a withdrawal. Once your request is received, Fidelity will generally send you a distribution calculation and a check within 10 business days, or you can have the withdrawal amount sent to your bank account through electronic funds transfer.

Section 10. Making a Hardship Withdrawal

Eligibility for Hardship Withdrawals

You can withdraw employee pretax contributions (and related earnings for Plan years before January 1, 1989) before age 59-1/2 if you can demonstrate financial hardship.

In general, a financial hardship is a defined event that creates an immediate and heavy financial need that cannot be relieved by all other readily available financial resources (including in-service withdrawals and Plan loans). All of these other sources must be exhausted before you can make a hardship withdrawal.

Hardship withdrawals are permitted for the following reasons:

- Severe, uninsured medical expenses for you, your spouse, or your dependents.
- Purchase of a primary residence (but not including mortgage payments).
- College tuition for you, your spouse, your children, or your dependents.
- Preventing foreclosure on, or eviction from your home.
- Extensive home repairs or renovations related to fire, natural disaster, or other similar unforeseeable event.
- Large legal expenses.
- Purchase or repair of the vehicle that you use or your spouse uses to commute to and from work (your primary transportation vehicle). The purchase or repair must be made necessary by an unforeseeable event.
- Funeral or burial expenses for your parents, spouse, children, or dependents.

You will not be able to contribute to the Plan for six months following a hardship withdrawal. For example, if you take a hardship withdrawal on February 17, 2009, you are eligible to reenroll on August 18, 2009. Contact Fidelity to reinstate your contributions. Multiple suspensions run concurrently.

Requesting a Hardship Withdrawal

Contact Fidelity at 1-800-240-4015 to inquire about amounts available for a hardship withdrawal and to obtain the application form. To request a hardship withdrawal, you must submit the application form with the following additional information to the Pension Fund and Savings Plan Department:

- Proof of the hardship event (e.g., hospital bills, a home purchase contract, or tuition bills);
- Documentation of the amounts needed to satisfy the hardship; and
- A signed statement saying that all other sources of funds have been reasonably exhausted and that the financial need cannot be relieved except through a hardship withdrawal.

The following limitations are imposed on hardship withdrawals:

- The amount of the withdrawal may not exceed the amount required to satisfy the need created by the hardship event.
- You may not use hardship withdrawal funds for any purpose other than that for which you submitted the request.
- The 10% penalty on taxable amounts for withdrawals before age 59-1/2 may apply unless certain conditions are met, and federal income tax is owed on taxable amounts (see Tax Considerations on Withdrawals and Distributions).

The Plan Administrator will determine whether your request for a hardship withdrawal meets the necessary requirements.

Section 11. Receiving Distributions

In Retirement

If you retire from Sandia with a Service or Disability pension, you may leave your account balance in the Plan, but, if you choose to take a distribution from your account, you may elect to receive your vested account balance in one of the following payment options:

- A total distribution in a single lump sum, or
- Up to 12 withdrawals per calendar year with each withdrawal being a minimum of $500

Distribution is not automatic. You must contact Fidelity at 1-800-240-4015 to elect one of these options. If you choose the withdrawal option, you must contact Fidelity each time that you want to receive a payment. Funds are withdrawn from your account according to a fund source hierarchy with after-tax funds withdrawn first (See Withdrawing Funds from your Account). Withdrawn funds are prorated from all of your investment options within these fund sources.

Until you choose one of these distribution options, payment of your account will automatically be deferred until you reach age 70-1/2 (see In Retirement, Upon Attainment of Age 70-1/2). If your account is deferred, you can revoke the deferral at any time by requesting a distribution from Fidelity.

Until your account is fully distributed to you, it remains invested in the funds you select. You can exchange your fund balances to other Plan investments according to Plan provisions.

Note that if you retire before age 55, you may have a premature distribution tax penalty unless you meet an exception to this IRS rule. These exceptions may be explored with a tax consultant. (See Tax Considerations for Withdrawals and Distributions).

In Retirement, Upon Attainment of Age 70-1/2

As required by law, the Plan provides for automatic annual minimum distributions from your account if you are a retired employee who has attained age 70-1/2. If you do not request a distribution during the year you turn 70-1/2 (or each year thereafter) that would meet or exceed the minimum required distribution by December 1, Fidelity will initiate annual distributions of your vested account balance that December. This requirement does not apply if you are actively employed by Sandia.

Near your attainment of age 70-1/2, Fidelity will send you a letter requesting your election of calculation method and life expectancy. Fidelity computes the minimum required distribution based on these elections. Your account balance will be distributed over your life expectancy if you elected single status or over the joint lives of you and your spouse if you elected married status, based on IRS tables. Funds withdrawn from your account will be prorated across all your fund sources.

NOTE: The first year that you are eligible for the minimum required distribution, the distribution may be deferred until April 1 of the following year.

When You Terminate Employment (Other than Retirement)

If you terminate employment (other than by retiring with a Service or Disability pension from the Retirement Income Plan), you are eligible to receive a single lump sum distribution of your vested account balance. You are not eligible for annual withdrawals.

If you do not contact Fidelity to request a distribution immediately and your vested account balance is more than $5,000, a payment will not be made until you request a distribution. If your account balance is greater than $1,000 but does not exceed $5,000 and you do not elect a distribution, your account balance will be rolled over to a Fidelity IRA. You will automatically receive a lump sum distribution if your vested account balance is $1,000 or less.

Requesting a Distribution

The following two events must generally occur before Fidelity can distribute your account after your termination of employment from Sandia and all Affiliated Companies:

- Sandia must report your termination of employment to Fidelity, and your employment status code is changed from an active to terminated status; and
- You must contact Fidelity to request the distribution.

If either of these events is delayed, then your distribution will also be delayed.

To initiate the distribution, contact Fidelity at 1-800-240-4015. Be prepared to supply your name, SSN, PIN (or customer ID), and current address in addition to the transaction-related information. You can also contact Fidelity online through NetBenefits at www.401k.com.

Distributions Upon Death

If you die while participating in the Plan, your account will be paid in a single lump sum as soon as practicable to your named beneficiary(ies).

If you designate a beneficiary who is not your spouse, the named beneficiary may roll your account balance directly to a qualifying IRA.

How Your Account Is Paid

Generally, all withdrawals and distributions from the Plan will be made by check. Funds can also be sent electronically if an account exists to receive the funds and if the electronic funds transfer option is selected. If you invested in the Company Common Stock Fund, you may request that the portion of your distribution derived from stock in this fund be made in shares of LMC common stock. Any fractional shares will be paid by check. There is no automatic income tax withholding on the distribution of stock; automatic withholding only applies to cash distributions.

Special Distribution Rules for Transferred Accounts

If your account under the Plan includes a Money Purchase Plan balance transferred from the LMC Salaried Savings Plan, you have additional distribution options for that portion of your account. Contact the Pension Fund and Savings Plan Department at 1-505-844-0997 for more information.

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Section 12. Tax Considerations for Withdrawals and Distributions

Under current law, you do not pay federal or state income taxes on your pretax contributions or on any company match or earnings as long as they stay in the Plan. You will pay federal and applicable state taxes when these amounts are paid to you.

You do not owe taxes on your after-tax or Roth contributions when they are withdrawn or distributed from the Plan since you paid taxes before they were deposited into your account. For withdrawals that include after-tax contributions deposited after January 1, 1987, you are considered to have withdrawn a proportionate share of any earnings on these contributions, and taxes will apply.

If the distribution of your Roth contribution is a Qualified Distribution, the earnings on your Roth contributions will not be subject to income tax. If the distribution of your Roth contribution is not a Qualified Distribution, the earnings will be subject to income tax.

TIP: For advice or answers to your questions regarding taxes or withholding, consult a qualified tax expert.

10% Penalty Tax

The IRS imposes a 10% penalty tax on the taxable portion of a withdrawal, hardship withdrawal, or distribution following termination of employment if you receive the withdrawal or distribution before age 59-1/2. The penalty tax is imposed in addition to the regular income tax you must pay on the taxable portion of the withdrawal.

However, the penalty tax may not apply if:

- You terminate employment any time during the year in which you turn 55 (or later),
- You become disabled or die,
- You use the distribution for medical expenses that are deductible on your tax return,
- The distribution is part of a series of substantially equal periodic payments over your life expectancy or the joint life expectancies of you and your spouse, or

- The distribution is required by a Qualified Domestic Relations Order (QDRO) following a divorce (see Nonassignment of Benefits).

NOTE: If you are an employee older than 59-1/2, you are not subject to the 10% penalty tax on your withdrawals.

20% Withholding

Federal tax regulations require that 20% must be withheld for federal income taxes on all eligible withdrawals or distributions from the Plan that are not directly rolled over to an IRA, Roth IRA, or the qualified Plan of a new employer. To avoid the 20% withholding, you must instruct Fidelity to directly roll over your distribution or withdrawal to the trustee of an IRA, Roth IRA, or qualified retirement plan. The following distributions cannot be rolled over and are exempt from this automatic withholding rule:

- Minimum required distributions at age 70-1/2 and after age 70-1/2.
- Substantially equal periodic payments made to you on an annual basis for your life or the joint lives of you and your spouse.
- Substantially equal periodic payments made to you on an annual basis for a specified period of 10 years or more.
- Hardship withdrawals.

Section 13. Other Important Information

Transfers between Plans

If you change between a represented (union) job and a nonrepresented (nonunion) job, your Plan affiliation will automatically be reassigned to the appropriate plan, and your contributions will be made to the new Plan as soon as possible. Your investment option choices will not change unless you initiate a change with Fidelity. The balance in your existing Plan will be moved as soon as administratively practicable. For a short time, you may have balances in both Plans. If you have any questions, please contact the Pension Fund and Savings Plan Department at 505-844-0997.

Leave of Absence

If you take a company-approved leave of absence, your contributions, company matching contributions, and enhanced contributions will be suspended during the leave. Your account may continue to experience investment gains or losses based on your investment choices, and you may exercise all options available to an active participant except to take new loans. Contributions that are temporarily discontinued automatically resume when you return from the leave.

If you have an outstanding loan when you start your leave, your loan repayments will be suspended during the leave, not to exceed one year. When you return to active employment, you must reinitiate loan payments or the loan will be treated as a taxable distribution. When you contact Fidelity to reinitiate loan payments, Fidelity calculates the additional amount (including accrued interest) that you must repay for the remaining term of the loan to “catch up” on the missed payments.

If you are on leave for more than one year, you can reinitiate payment on your loan through an automatic payment process. If you do not reinitiate loan payments, your loan will be treated as a taxable distribution. Contact the Pension Fund and Savings Plan Department at 505-844-0997 for details.

Participants on a military leave of absence may have their loans suspended for more than one year. In addition, missed employee contributions, company match and enhanced contributions for the period of the military leave of absence can be restored (see Contributions).

When you return as an active employee, the contribution rate in effect at the time the leave commenced resumes automatically. Your contribution percentage and mix between pretax and after-tax will be the same as before the leave of absence. There is no make-up of missed contributions for the period of your leave of absence unless you were on a military leave of absence.

Sickness

If you are receiving benefits under Sandia's Sickness Absence Plan, your contributions will continue unless you elect otherwise. If your Sickness Absence Plan benefits are reduced to one-half pay, your Plan contributions will also be reduced accordingly. You may always stop your contributions by contacting Fidelity.

Nonassignment of Benefits

You cannot assign or transfer amounts payable under the Plan. Similarly, amounts payable to you under the Plan may not be used to pay debts or obligations of any nature except to comply with properly executed federal tax levies and judgments, settlements or directions to third parties allowed by the and addressed by Internal Revenue Code Section 401(a)(13), and with court-issued Qualified Domestic Relations orders (QDROs). A QDRO could require the Plan to distribute all or part of a participant's vested benefit to an alternate payee. In order for a QDRO to be honored, Sandia must determine that the QDRO meets specified legal standards. You may obtain a written description of the Plan's QDRO procedures at no charge from the QDRO administrator in the Sandia Benefits Department.

Top-Heavy Rules

A "top-heavy" plan provides more than 60% of its benefits to "key employees." Both "top heavy" and "key employees" are terms defined by the IRS. If the Plan becomes top heavy, you will be informed, and the company match made on your behalf may be increased.

Loss of Benefits

You may lose all or part of your vested benefit if:

- Sandia is unable to locate you for 2 years from the date your benefit is required to be paid; or
- A Qualified Domestic Relations Order (QDRO) or other assignment of benefits accepted by Sandia requiring payment of all or a portion of your benefit to an alternate payee (see Nonassignment of Benefits).

Funding Arrangement and Administration

All assets of the Plan are held by the Trustee in the Sandia Corporation Master Savings Plan Trust. Your contributions, Sandia matching contributions and enhanced contributions are deposited into the Trust, and all Plan benefits are paid from the Trust. The Trustee is Fidelity Management Trust Company (82 Devonshire Street, Boston, MA 02109).

Fidelity Institutional Retirement Services Company (82 Devonshire Street, Boston, MA 02109) provides recordkeeping services for the Plan.

Plan Termination

Sandia's Board of Directors reserves the right to amend any or all provisions of the Plan or terminate the Plan in writing at any time without prior notice.

In the event of the termination or partial termination of the Plan, the account balances of all affected participants will be 100% vested. If the termination constitutes a distribution event within the meaning of Internal Revenue Code Section 401(k), your account balance will be distributed to you or your beneficiary within a reasonable time. If the termination does not meet those requirements, your account balance will be held in trust for distribution at a later time as required by law.

Benefits provided by the Plan are not insured by the Pension Benefit Guaranty Corporation (PBGC) because the insurance requirements of Title IV of ERISA do not apply to this Plan.

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Section 14. Benefits Claim and Appeal Procedures

File a Claim

A participant or beneficiary who has questions or concerns about his or her Plan benefits is encouraged to communicate with the designated delegate of the Employee Benefits Committee regarding those questions or concerns. If the participant or beneficiary ("Claimant") is not satisfied with this communication, the claimant may make a formal claim for benefits in accordance with the procedures outlined below. A Claimant may not make a formal claim more than three hundred sixty-five (365) days after the date the Claimant has knowledge of all material facts that are the subject of the claim.

A formal claim must be filed, in writing, with the Employee Benefits Committee at P.O. Box 5800, MS 1463, Albuquerque, NM 87185-1463. The Employee Benefits Committee will give the Claimant written notice of the disposition of a claim within 90 days after the claim has been filed unless special circumstances require an extension of time for processing. In such a case, the notice of disposition will be given within 180 days after the application has been filed.

If a Claim is Denied

If a claim is denied in whole or in part, the Employee Benefits Committee will give the Claimant written notification that will include:

- The specific reason for the denial;
- Specific references to pertinent Plan provisions on which the denial is based;
- A description of any additional material or information that needs to be submitted with an explanation of why the material or information is necessary;
- An offer to provide the Claimant, on request, free of charge, reasonable access to and copies of all documents, records, and other information relevant to the claim; and
- A description of the Plan's review procedures and the time limits applicable to the Claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse benefit determination on review.

Appeal a Denied Claim

If the Claimant wants to appeal a denied claim, the Claimant must submit an appeal in writing to the Secretary of the Employee Benefits Claim Review Committee, P.O. Box 5800, MS 1463, Albuquerque, NM 87185-1463. The deadline for submitting any such appeal will be 60 days after the Claimant receives written notification of the denial of the claim, as described above. Within 60 days following receipt of the appeal, the Employee Benefits Claim Review Committee will give the Claimant either (i) a written notice of its decision, or, (ii) if special circumstances require an extension of time for review, a notice of a 60-day extension of the review period. The Employee Benefits Claim Review Committee will take into account all comments, documents, records, and other information the Claimant submits without regard to whether that information was submitted or considered in the initial benefit determination.

If the appeal is denied, the notification will:

- Explain the specific reason(s) and specific Plan provisions on which the decision is based;
- Include a statement describing any voluntary appeal procedures offered by the Plan and the claimant's right to obtain information about these procedures;
- Include a statement regarding the Claimant's right to bring a civil action under ERISA 502(a); and
- Offer to provide the Claimant, on request, free of charge, reasonable access to and copies of all documents, records, and other information relevant to his or her claim for benefits.

A claim or appeal may be filed by an authorized representative on behalf of a Claimant. The decision by the Employee Benefits Claim Review Committee will be the final and conclusive administrative review proceeding under the Plan. The Claimant is required to pursue all administrative appeals described above as a precondition to challenging the denial of the claim in a lawsuit. The Claimant may not submit a dispute to a court with respect to a denied claim under this Plan more than three hundred sixty-five (365) days after the date the Employee Benefits Claim Review Committee renders its final decision upon appeal.

Section 15. ERISA Rights

Your Rights under ERISA

The Employee Retirement Income Security Act of 1974 (ERISA) provides that you, as a Plan participant, shall be entitled to certain rights and protections, including the following:

- Examining, without charge, at the Plan Administrator's office and at other specified locations such as worksites, all documents governing the plan, and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.
- Obtaining, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan and copies of the latest annual report (Form 5500 Series) and updated summary plan description. The Plan administrator may charge a reasonable dollar amount for the copies.
- Receiving a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual report.

Prudent Actions by Plan Fiduciaries

In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for operating this Plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other plan participants and beneficiaries.

No one, including Sandia or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

Enforce Your Rights

If your claim for a benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time periods.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of plan documents or the latest annual report from the plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Administrator.

If you have a claim for benefits that is denied or ignored, in whole or in part, you may file suit in a state or federal court after exhausting the appeals mechanisms provided in the Plan. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in Federal court.

If it should happen that Plan fiduciaries misuse funds, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees (for example, if it finds your claim is frivolous).

Assistance with Your Questions

If you have any questions about this Plan, contact your Benefits representative at Sandia in Albuquerque at 505-844-0997. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory, or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, DC 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline for the Employee Benefits Security Administration.

Section 16. Plan Identification Information

Plan Sponsor

Sandia Corporation is the Plan Sponsor. Inquiries should be directed to:

Sandia Corporation
P.O. Box 5800, MS 1302
Albuquerque, NM 87185-1302
(505) 844-1511

Plan Administrator

The Employee Benefits Committee is the Plan Administrator. Inquiries should be directed to the following address:

Employee Benefits Committee
P.O. Box 5800, MS 1463
Albuquerque, NM 87185-1463
(505) 284-1800

Agent for Service of Legal Process

The Sandia Legal Division is the agent for service of legal process. Inquiries should be directed to:

Sandia Legal Division
Sandia Corporation
1515 Eubank SE, MS 0141
Albuquerque, NM 87123

Identification Numbers

The Employer Identification Number assigned to Sandia by the IRS is 85-0097942. The Plan Identification Number assigned by Sandia for the Savings and Income Plan is 008.

Plan Type

The Savings and Income Plan is a defined contribution plan with a 401(k) feature.

Plan Year

The Plan year is a calendar year, beginning each January 1 and ending December 31.

Section 17. IRS 402(f) Notice

The IRS 402(f) special tax notice is available on the web by following these steps:

- Log onto NetBenefits at www.401k.com
- Click on your middle top tab labeled Savings and Retirement
- Select Loans and withdrawals from the drop down dialog box that says select action
- Click "Withdrawals"
- Click "View the Participant Distributions and Tax Notices" PDF at the bottom of the page.

NOTE: If you do not have a computer, you may receive a written 402(f) notice by contacting Fidelity at 1-800-240-4015.

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Appendix A: Definitions

Affiliated Company	Sandia, and pursuant to Internal Revenue Code Section 414, any corporation within the same controlled group of corporations as Sandia, any company under common control with Sandia, any employer that is a member of an affiliated service group with Sandia, and any employer required to be aggregated with Sandia.
Beneficiary	The person(s) or legal entity designated to receive the value of your account if you die while a participant in the Plan.
Company match	Sandia matching contributions (Sandia adds an additional 66-2/3% of your Basic Contribution to your account).
Basic Contribution	The first 6% of your eligible earnings that you authorize to be withheld from your pay and directed to the Plan. You can elect pretax contributions, after-tax contributions, Roth contributions, or a combination of the three types of contributions.
Employee	A common law employee of Sandia.
Highly Compensated Employee	For 2009, employees earning over $110,000 per year.
Hour of service	Each hour for which you are paid or are entitled to payment as an employee of Sandia or an Affiliated Company, including paid absences such as vacation, holiday, illness, disability, layoff, military duty, or jury duty.
Marriage	A relationship recognized as a marriage between a man and a woman under applicable federal law.
Net unrealized appreciation	The increase in the value of LMC company stock distributed over the cost of the shares.
Parent Organization	A company which directly or indirectly owns at least 80% of the Sandia stock, and any member of that company's controlled group other than Sandia
Plan	Sandia Corporation Savings and Income Plan.

Plan Service	A measure of your service as defined in the Sandia Corporation Retirement Income Plan
Plan year	A calendar year beginning each January 1 and ending December 31.
Regular employee	An individual employed directly by Sandia Corporation for an unspecified period working a full-time or part-time schedule. Limited term employees, post-doctoral appointees, recurrent employees, and student interns are non-regular employees.
Spouse	The individual recognized as a participant's lawful husband or wife under applicable federal laws.
Supplemental contributions	Your contributions greater than 6% of your eligible earnings. These contributions are not matched by Sandia.
Vesting	An event that causes your account to become nonforfeitable under any circumstances.
Year of service	A year of employment with Sandia or an Affiliated Company in which you are credited with at least 1,000 hours of service

Appendix B: Contact Information

Contact Information		
Resource	**Contact**	**Service**
Fidelity	www.401k.com	Enables Internet account access and transactions via Net Benefits.
Fidelity	1-800-240-4015	Provides information on accounts, exchanges, loans, withdrawals, and distributions as well as PINs and statements.
Pension Fund and Savings Plan Department	505-844-0997 505-844-9965	Provides assistance on savings plan issues, including eligibility for hardship withdrawals.