Date: December 15, 2017

To: Participants in Sandia Corporation’s Benefit Plans

Subject: 2016 Summary Annual Reports

The Employee Retirement Income Security Act of 1974 (ERISA) requires Sandia Corporation to furnish a Summary Annual Report for covered benefit plans to all participants and beneficiaries. A listing of all benefit plans required to be reported to the Department of Labor is listed on page two.

The attached Summary Annual Report summarizes the financial information of benefit plans for plan year 2016, as required by the Department of Labor.

A benefit plan summarized in this report may or may not be applicable to each participant or beneficiary.

For questions about this document, please contact HR Customer Service at (505) 844-4237, option 2.
Summary Annual Reports

These are summaries of the Annual Reports for Sandia Corporation benefit plans, Employer Identification Number (EIN) 85-0097942, for the Plan year ending December 31, 2016:

- Savings and Income Plan (401k)
- Basic Group Term Life Insurance Plan
- Basic Supplemental Group Term Life Insurance Plan
- Sandia Accident/Business Travel Accident Insurance Plan for Non-Represented Employees
- Sandia Accident/Business Travel Accident Insurance Plan for Represented Employees
- Sandia Non-Occupation Illness/Injury While on Travel Status Plan
- Health and Work/Family Benefit Plan: Long-Term Disability/Disability Plus
- Primary Group Term Life Insurance Plan
- Voluntary Term Life Insurance Plan
- Sandia Employee Voluntary Separation Incentive Plan
- Sandia Termination Pay Plan
- Health Benefits Plan for Employees including HMSA Blue Cross Blue Shield of Hawaii
- Health Plan for Retirees including Lovelace Health Plan, Kaiser Foundation Health Plan, Inc., and Presbyterian Insurance Company Inc.
- Long Term Care Plan
- Dependent Group Life Insurance Plan
- Voluntary Group Accident Insurance Plan
- Sandia Flexible Spending Accounts Plan

The Annual Report for all plans below have been filed with the Employee Benefits Security Administration, as required under the Employee Retirement Income Security Act of 1974 (ERISA).

Sandia Corporation Savings and Income Plan: PN 008

Basic Financial Information
Benefits under the Plan are provided by the Sandia Corporation Savings and Income Plan/Trust. Plan expenses were $190,013,466. These expenses included $2,762,962 in administrative expenses and $187,250,504 in benefits paid to participants and beneficiaries. A total of 14,106 persons were participants in or beneficiaries of the Plan at the end of the Plan year, although not all of these persons had yet earned the right to receive benefits.

The value of Plan assets, after subtracting liabilities of the Plan, was $3,345,435,003 as of December 31, 2016, compared to $3,087,825,959 as of January 1, 2016. During the Plan year, the Plan experienced an increase in its net assets of $257,609,044. This increase includes unrealized appreciation or depreciation in the value of Plan assets; that is, the difference between the value of the Plan’s assets at the end of the year and the value of the assets at the beginning of the year or the cost of
assets acquired during the year. The Plan had total income of $447,194,510, including employer contributions of $76,219,887, employee contributions of $129,833,224, other contributions of $14,687,591, gains of $890,903 from the sale of assets, and earnings from investments of $225,562,905.

Your Rights to Additional Information
You have the right to receive a copy of the full annual report, or any part thereof, on request. The items listed below are included in that report:
1. An accountant’s report;
2. Assets held for investment;
3. Financial information and information on payments to service providers;
4. Information regarding any common or collective trusts, pooled separate accounts, master trusts or 103-12 investment entities in which the Plan participates.

To obtain this information, please refer to page 9 of this report for instructions.

Sandia Corporation Basic Group Term Life Insurance Plan: PN 506

The Plan has a contract with the Prudential Insurance Company of America to pay all covered life insurance claims incurred under the terms of the Plan. The total premiums paid for the Plan year ending December 31, 2016, were $4,647,459.

Because it is a so called “experience-rated” contract, the premium costs are affected by, among other things, the number and size of claims. Of the total insurance premiums paid for the plan year ending December 31, 2016, the premiums paid under such “experience-rated” contract were $4,517,903, and the total of all benefit claims paid under the experience-rated contract during the plan year was $5,322,821.

Your Rights to Additional Information
You have the right to receive a copy of the full Annual Report, or any part thereof, on request. The insurance information, including sales commissions paid by insurance carriers, is included in Schedule A of that report. To obtain this information, please refer to page 9 of this report for instructions.

Sandia Corporation Basic Supplemental Group Term Life Insurance Plan: PN 507

The Plan has a contract with the Prudential Insurance Company of America to pay all covered life insurance claims incurred under the terms of the Plan. The total premiums paid for the Plan year ending December 31, 2016 were $3,790,294.

Because it is a so called “experience-rated” contract, the premium costs are affected by, among other things, the number and size of claims. Of the total insurance premiums paid for the plan year ending December 31, 2016, the premiums paid under such “experience rated” contract were $3,790,294 and the total of all benefit claims paid under the experience-rated contract during the plan year was $4,414,442.
Your Rights to Additional Information
You have the right to receive a copy of the full Annual Report, or any part thereof, on request. The insurance information, including sales commissions paid by insurance carriers, is included in Schedule A of that report. To obtain this information, please refer to page 9 of this report for instructions.

**Sandia Accident/Business Travel Accident Insurance for Non-Represented Employees Plan: PN 508**

This Plan has a contract with AXIS Insurance Company to pay all covered accidental death and dismemberment claims incurred under the terms of the Plan. The total premiums paid for the plan year ending December 31, 2016, were $144,740.

Your Rights to Additional Information
You have the right to receive a copy of the full Annual Report, or any part thereof, on request. The insurance information, including sales commissions paid by insurance carriers, is included in Schedule A of that report. To obtain this information, please refer to page 9 of this report for instructions.

**Sandia Accident/Business Travel Accident Insurance for Represented Employees Plan: PN 509**

This Plan has a contract with AXIS Insurance Company to pay all covered accidental death and dismemberment claims incurred under the terms of the Plan. The total premiums paid for the plan year ending December 31, 2016, were $17,068.

Your Rights to Additional Information
You have the right to receive a copy of the full Annual Report, or any part thereof, on request. The insurance information, including sales commissions paid by insurance carriers, is included in Schedule A of that report. To obtain this information, please refer to page 9 of this report for instructions.

**Sandia Corporation Non-Occupation Illness/Injury While on Travel Status Plan, PN 514**

Sandia Corporation has committed itself to pay Non-Occupation Illness/Injury while on travel claims incurred under the terms of the plan.

Your Rights to Additional Information
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Sandia Corporation Health and Work/Family Benefit Plans: Long Term Disability/Disability Plus, PN 519

The Plan has a contract with UNUM Life Insurance Company of America to pay all covered long-term disability claims incurred under the terms of the Plans. The total premiums paid for the Plan year ending December 31, 2016, were $4,329,133.

Your Rights to Additional Information
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Sandia Corporation Primary Group Term Life Insurance Plan: PN 520

The Plan has a contract with the Prudential Insurance Company of America to pay all covered life insurance claims incurred under the terms of the Plan. The total premiums paid for the Plan year ending December 31, 2016, were $4,409,179.

Because it is a so called “experience-rated” contract, the premium costs are affected by, among other things, the number and size of claims. Of the total insurance premiums paid for the plan year ending December 31, 2016, the premiums paid under such “experience-rated” contract were $4,409,179, and the total of all benefit claims paid under the experience-rated contract during the plan year was $1,658,809.

Your Rights to Additional Information
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Sandia Corporation Voluntary Term Life Insurance Plan: PN 521

The Plan has a contract with Metropolitan Life Insurance Company to pay all covered life insurance claims incurred under the terms of the Plan. The total premiums paid for the Plan year ending December 31, 2016, were $4,925,862.

Your Rights to Additional Information
You have the right to receive a copy of the full Annual Report, or any part thereof, on request. The insurance information, including sales commissions paid by insurance carriers, is included in Schedule A of that report. To obtain this information, please refer to page 9 of this report for instructions.
Sandia Corporation Employee Voluntary Separation Incentive Plan, PN 525

Sandia Corporation has committed itself to pay voluntary separation incentive claims incurred under the terms of the plan.

Your Rights to Additional Information
You have the right to receive a copy of the full Annual Report, or any part thereof, on request. To obtain this information, please refer to page 9 of this report for instructions.

Sandia Termination Pay Plan, PN 535

Sandia Corporation has committed itself to pay termination pay claims incurred under the terms of the plan.

Your Rights to Additional Information
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Sandia Corporation Health Benefits Plan for Employees:

HMSA Blue Cross Blue Shield of Hawaii, PN 540

The Plan has a contract with HMSA Blue Cross Blue Shield of Hawaii to pay all covered health care claims incurred under the terms of the Plan. The total premiums paid under this contract for the Plan year ending December 31, 2016, were $15,916.68.

Your Rights to Additional Information
You have the right to receive a copy of the full Annual Report, or any part thereof, on request. The insurance information, including sales commissions paid by insurance carriers, is included in Schedule A of that report. To obtain this information, please refer to page 9 of this report for instructions.

Sandia Corporation Health Plan for Retirees:

Lovelace Senior Plan, Kaiser Permanente Senior Advantage Plan, and Presbyterian MediCare PPO, PN 545

The Plan has contracts with Lovelace Health Plan, Kaiser Foundation Health Plan, Inc., and Presbyterian Insurance Company Inc. to pay all covered health care claims incurred under the terms
of the Plan. The total premiums paid under these contracts for the Plan year ending December 31, 2016, were:

- Lovelace Health Plan $1,119,967.65
- Kaiser Foundation Health Plan HMO CT $1,037,344.17
- Presbyterian Insurance Company Inc. $6,785,963.70

**Your Rights to Additional Information**
You have the right to receive a copy of the full Annual Report, or any part thereof, on request. The insurance information, including sales commissions paid by insurance carriers, is included in Schedule A of that report. To obtain this information, please refer to pages 9 of this report for instructions.

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**Sandia Corporation Long Term Care Plan: PN 550**

The Plan has contracts with John Hancock Life Insurance Company and Mutual of Omaha Insurance Company to pay all covered long-term care claims incurred under the terms of the Plan. The total premiums paid under these contracts for the Plan year ending December 31, 2016, were:

- John Hancock $907,804.47
- Mutual of Omaha $444,746.00

**Your Rights to Additional Information**
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**Sandia Corporation Dependent Group Life Insurance Plan: PN 556**

The Plan has a contract with Metropolitan Life Insurance Company to pay all covered life insurance claims incurred under the terms of the Plan. The total premiums paid for the Plan year ending December 31, 2016, were $184,424.

**Your Rights to Additional Information**
You have the right to receive a copy of the full Annual Report, or any part thereof, on request. The insurance information, including sales commissions paid by insurance carriers, is included in Schedule A of that report. To obtain this information, please refer to page 9 of this report for instructions.
Sandia Corporation Voluntary Group Accident Insurance Plan: PN 557

The Plan has a contract with Metropolitan Life Insurance Company to pay all covered accidental death and dismemberment claims incurred under the terms of the Plan. The total premiums paid for the Plan year ending December 31, 2016, were $470,831.

Your Rights to Additional Information
You have the right to receive a copy of the full Annual Report, or any part thereof, on request. The insurance information, including sales commissions paid by insurance carriers, is included in Schedule A of that report. To obtain this information, please refer to page 9 of this report for instructions.

Sandia Flexible Spending Account Plan, PN 565

Sandia Corporation has committed itself to pay flexible spending account claims incurred under the terms of the plan.

Your Rights to Additional Information
You have the right to receive a copy of the full Annual Report, or any part thereof, on request. To obtain this information, please refer to page 9 of this report for instructions.
HOW TO OBTAIN COPIES OR EXAMINE REPORTS

***For questions about this document, please contact HR Customer Service at (505) 844-4237***

To obtain a copy of a full Annual Report, or any part thereof, write or call the office of:

**Leah Mitchell, Senior Manager**  
Retirement Investment Management Department 10520  
P.O. Box 5800, MS 1302  
Albuquerque, NM 87185  
(505) 845-9222

or

**Mary Romero Hart, Senior Manager**  
Total Rewards Department 3510  
P.O. Box 5800, MS 1021  
Albuquerque, NM 87185  
(505) 284-9660

The charge to cover copying costs will be $.10 per page (first ten pages free) or as follows for the full Annual Report:

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<th>Cost</th>
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<td>Sandia Corporation Basic Supplemental Group Term Life Insurance Plan, PN 507</td>
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<td>Sandia Accident/Business Travel Accident Insurance for Represented Employees, PN 509</td>
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<tr>
<td>Sandia Corporation Non-Occupation Illness/Injury While on Travel Status Plan, PN 514</td>
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</tbody>
</table>
You also have the right to receive from the plan administrator, on request and at no charge, a statement of the assets and liabilities of the plan(s) and accompanying notes, or a statement of income and expenses of the plan(s) and accompanying notes, or both. If you request a copy of the full annual report from the plan administrator, these two statements and accompanying notes will be included as part of that report. The charge to cover copying costs given above does not include a charge for the copying of these portions of the report because these portions are furnished without charge.

You also have the legally protected right to examine the annual reports at the Sandia Offices of Departments 10520 and 3510, located in Albuquerque New Mexico, or Department 8519, located in Livermore California, and at the U.S. Department of Labor in Washington, D.C., or to obtain a copy from the U.S. Department of Labor upon payment of copying costs. Requests to the Department should be addressed to: Public Disclosure Room, Room N-1513, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C. 20210.