

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-8

REGISTRATION STATEMENT
Under
THE SECURITIES ACT OF 1933

LOCKHEED MARTIN CORPORATION
(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

52-1893632
(I.R.S. Employer Identification No.)

6801 Rockledge Drive
Bethesda, Maryland 20817
(Address of principal executive offices)

Sandia Corporation
Savings and Income Plan

Sandia Corporation
Savings and Security Plan
(Full title of the plan)

Stephen M. Piper, Esquire
Assistant General Counsel
Lockheed Martin Corporation
6801 Rockledge Drive
Bethesda, Maryland 20817
(301) 897-6000

(Name, address, including zip code, and telephone number, including area code,
of agent for service)

CALCULATION OF REGISTRATION FEE

Title of securities to be registered(*)	Amount to be registered(*)	Proposed maximum offering price per share(**)	Proposed maximum aggregate offering price(**)	Amount of registration fee(**)
Common Stock, par value \$1.00 per share...	1,000,000	\$26.52	\$26,520,000	\$9,144.90

(*) In addition, pursuant to Rule 416(c) under the Securities Act of 1933, this registration statement also covers an indeterminate amount of plan interests to be offered or sold pursuant to the plans described herein.

(**) At the time of the filing of this Registration Statement on Form S-8, there is no market for the Registrant's securities to be offered. Accordingly, the fee has been computed, pursuant to Rule 457(h)(1) and guidance provided by the Office of Chief Counsel, based on the book value of the securities to be offered as of December 31, 1994.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference.

The following documents filed by the Registrant, Martin Marietta Corporation, Lockheed Corporation or the Plans with the Securities and Exchange Commission (the "Commission") are incorporated by reference and made a part hereof:

(a) The Registrant's Joint Proxy Statement/Prospectus filed pursuant to Registration Statement No. 33-57645 on Form S-4 filed with the Commission on February 9, 1995;

(b) The description of the Registrant's Common Stock contained in the Registrant's Registration Statement on Form 8-B filed with the Commission pursuant to Section 12 of the Securities Exchange Act of 1934 (the "Exchange Act") (as amended on Form 8-B/A filed on March 9, 1995), and any amendment or report filed for the purpose of updating such description;

(c) Martin Marietta Corporation's Current Report on Form 8-K filed with the Commission on February 13, 1995;

(d) Martin Marietta Corporation's Current Report on Form 8-K filed with the Commission on February 17, 1995;

(e) Lockheed Corporation's Current Report on Form 8-K filed with the Commission on February 21, 1995; and

(f) The Registrant's Current Report on Form 8-K filed with the Commission on March 15, 1995.

All documents subsequently filed by the Registrant, Martin Marietta Corporation, Lockheed Corporation or the Plans pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act prior to filing of a post-effective amendment which indicates that all securities offered have been sold or which removes from registration all securities then remaining unsold, shall be deemed to be incorporated by reference into this Registration Statement and to be a part hereof from the date of the filing of such documents.

Item 4. Description of Securities.

Not Applicable

Item 5. Interests of Named Experts and Counsel.

The Opinion of Counsel as to the legality of the securities being issued (constituting Exhibit 5) has been rendered by counsel who is a full-time employee of the Registrant. Counsel rendering such opinion is not eligible to participate in the Plan.

Item 6. Indemnification of Directors and Officers.

The Maryland General Corporation Law authorizes Maryland corporations to limit the liability of directors and officers to the corporation or its stockholders for money damages, except (a) to the extent that it is proved that the person actually received an improper benefit or profit in money, property or services, for the amount of the benefit or profit in money, property or services actually received, (b) to the extent that a judgment or other final adjudication adverse to the person is entered in a proceeding based on a finding that the person's action or failure to act was the result of active and deliberate dishonesty and was material to the cause of action adjudicated in the proceeding or (c) in respect of certain other actions not applicable to the Registrant. Under the Maryland General Corporation Law, unless limited by charter, indemnification is mandatory if a director or an officer has been successful on the merits or otherwise in the defense of any proceeding by reason of his or her service as a director unless such indemnification is not otherwise permitted as described in the following sentence. Indemnification is permissive unless it is established that (a) the act or omission of the director was material to the matter giving rise to the proceeding and was committed in bad faith or was the result of active and deliberate dishonesty, (b) the director actually received an improper personal benefit in money, property or services or (c) in the case of any criminal proceeding, the director had reasonable cause to believe his or her act or omission was unlawful. In addition to the foregoing, a court of appropriate jurisdiction may under certain circumstances order indemnification if it determines that the director or officer is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not the director or officer has met the standards of conduct set forth in the preceding sentence or has been adjudged liable on the basis that a personal benefit was improperly received in a proceeding charging improper personal benefit to the director or officer. If the proceeding was an action by or in the right of the corporation or involved a determination that the director or officer received an improper personal benefit, however, no indemnification may be made if the individual is adjudged liable to the corporation, except to the extent of expenses approved by a court of competent jurisdiction.

Article XI of the charter of the Registrant limits the liability of directors and officers to the fullest extent permitted by the Maryland General Corporation Law. Article XI of the charter of the Registrant also authorizes the Registrant to adopt by-laws

or resolutions to provide for the indemnification of directors and officers. Article VI of the By-laws of the Registrant provides for the indemnification of the Registrant's directors and officers to the fullest extent permitted by the Maryland General Corporation Law. In addition, the Registrant's directors and officers are covered by certain insurance policies maintained by the Registrant.

Item 7. Exemption from Registration Claimed.

Not Applicable

Item 8. Exhibits.

4-A. Sandia Corporation Savings and Income Plan.

4-B. Sandia Corporation Savings and Security Plan.

5. Opinion of Stephen M. Piper, Esquire.

23-A. Consent of Ernst & Young LLP (Washington, D.C.).

23-B. Consent of Ernst & Young LLP (Los Angeles, CA).

23-C. Consent of KPMG Peat Marwick LLP.

23-D. Consent of Arthur Andersen LLP.

23-E. Consent of Stephen M. Piper, Esquire (contained in Exhibit 5 hereof).

25. Powers of Attorney (included as an exhibit to a Registration Statement on Form S-8 relating to the Lockheed Martin Corporation Directors Deferred Stock Plan filed by the Registrant with the Commission on March 15, 1995 and incorporated herein by reference).

The Registrant hereby undertakes that the Registrant will submit or has submitted the Plans and any amendment thereto to the Internal Revenue Service ("IRS") in a timely manner and has made or will make all changes required by the IRS in order to qualify the Plans.

Item 9. Undertakings.

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

Provided, however, that subparagraphs (1)(i) and (1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the Registrant pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense

of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the County of Montgomery, State of Maryland.

LOCKHEED MARTIN CORPORATION

Date: March 15, 1995

By: /s/ Frank H. Menaker, Jr.

Frank H. Menaker, Jr.
Vice President and
General Counsel

Pursuant to the requirements of the Securities Act of 1933, the trustees (or other persons who administer the Plans) have duly caused this registration statement to be signed on their behalfs by the undersigned, thereunto duly authorized, in the County of Bernalillo, State of New Mexico.

Date: March 15, 1995

SANDIA CORPORATION SAVINGS AND
INCOME PLAN

By: /s/ M. Robert Kestenbaum

M. Robert Kestenbaum
General Counsel, Secretary
and Vice President, Sandia
Corporation, Plan Sponsor

Date: March 15, 1995

SANDIA CORPORATION SAVINGS AND
SECURITY PLAN

By: /s/ M. Robert Kestenbaum

M. Robert Kestenbaum
General Counsel, Secretary
and Vice President, Sandia
Corporation, Plan Sponsor

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed below by the following persons in the capacities and on the date indicated.

Signature -----	Title -----	Dated -----
/s/ Daniel M. Tellep ----- Daniel M. Tellep*	Chairman of the Board and Chief Executive Officer and Director	March 15, 1995
/s/ Marcus C. Bennett ----- Marcus C. Bennett*	Senior Vice President, Chief Financial Officer and Director	March 15, 1995
/s/ Robert E. Rulon ----- Robert E. Rulon*	Controller and Chief Accounting Officer	March 15, 1995
/s/ Norman R. Augustine ----- Norman R. Augustine*	Director	March 15, 1995
/s/ Lynne V. Cheney ----- Lynne V. Cheney*	Director	March 15, 1995
/s/ Edwin I. Colodny ----- Edwin I. Colodny*	Director	March 15, 1995
/s/ Lodwrick M. Cook ----- Lodwrick M. Cook*	Director	March 15, 1995
/s/ James L. Everett, III ----- James L. Everett, III*	Director	March 15, 1995
/s/ Houston I. Flournoy ----- Houston I. Flournoy*	Director	March 15, 1995
/s/ James F. Gibbons ----- James F. Gibbons*	Director	March 15, 1995
/s/ Edward E. Hood, Jr. ----- Edward E. Hood, Jr.*	Director	March 15, 1995
/s/ Caleb B. Hurtt ----- Caleb B. Hurtt*	Director	March 15, 1995

Signature -----	Title -----	Date -----
/s/ Gwendolyn S. King ----- Gwendolyn S. King*	Director	March 15, 1995
/s/ Lawrence O. Kitchen ----- Lawrence O. Kitchen*	Director	March 15, 1995
/s/ Gordon S. Macklin ----- Gordon S. Macklin*	Director	March 15, 1995
/s/ Vincent N. Marafino ----- Vincent N. Marafino*	Director	March 15, 1995
/s/ Eugene F. Murphy ----- Eugene F. Murphy*	Director	March 15, 1995
/s/ Allen E. Murray ----- Allen E. Murray*	Director	March 15, 1995
/s/ Carlisle A.H. Trost ----- Carlisle A.H. Trost*	Director	March 15, 1995
/s/ James R. Ukropina ----- James R. Ukropina*	Director	March 15, 1995

*By: /s/ Stephen M. Piper March 15, 1995

(Stephen M. Piper, Attorney-in-fact**)

- - - - -

**By authority of Powers of Attorney filed with this Registration
Statement on Form S-8

EXHIBIT INDEX

Exhibit Number -----	Description -----	Page No. -----
4-A.	Sandia Corporation Savings and Income Plan.	
4-B.	Sandia Corporation Savings and Security Plan.	
5.	Opinion of Stephen M. Piper, Esquire.	
23-A.	Consent of Ernst & Young LLP (Washington, D.C.).	
23-B.	Consent of Ernst & Young LLP (Los Angeles, CA).	
23-C.	Consent of KPMG Peat Marwick LLP.	
23-D.	Consent of Arthur Andersen LLP.	
23-E.	Consent of Stephen M. Piper, Esquire (contained in Exhibit 5 hereof).	
25.	Powers of Attorney (included as an exhibit to a Registration Statement on Form S-8 filed by the Registrant relating to the Lockheed Martin Corporation Directors Deferred Stock Plan filed with the Commission on March 15, 1995 and incorporated herein by reference).	

SANDIA CORPORATION SAVINGS AND
INCOME PLAN

TABLE OF CONTENTS

Item	Page
- - - - -	- - - - -
Article I. The Plan.....	SIP 1
1.1 Background of Plan.....	SIP 1
1.2 Purpose of Plan.....	SIP 1
Article II. Definitions.....	SIP 2
2.1 Accounts.....	SIP 2
2.2 After-Tax Basic Contribution.....	SIP 2
2.3 After-Tax Basic Contribution Account.....	SIP 2
2.4 After-Tax Supplemental Contribution.....	SIP 2
2.5 After-Tax Supplemental Contribution Account.....	SIP 2
2.6 Alternate Payee.....	SIP 2
2.7 Annual Addition.....	SIP 2
2.8 Applicable Determination.....	SIP 2
2.9 Approved Leave of Absence.....	SIP 2
2.10 AT&T Shares Fund.....	SIP 3
2.11 Section Reserved.....	SIP 3
2.12 Beneficiary.....	SIP 3
2.13 Code.....	SIP 3
2.14 Committee.....	SIP 3
2.15 Company.....	SIP 3
2.16 Company Matching Contribution.....	SIP 3
2.17 Company Matching Contribution Account.....	SIP 4
2.18 Compensation.....	SIP 4
2.19 Contribution.....	SIP 5
2.20 Contribution Agreement.....	SIP 5
2.21 Defined Benefit Fraction.....	SIP 5
2.22 Defined Contribution Fraction.....	SIP 5
2.23 Department of Energy.....	SIP 5
2.24 Domestic Relations Order.....	SIP 6
2.25 Elective Contribution.....	SIP 6
2.26 Eligible Employee.....	SIP 6
2.27 Employee.....	SIP 6
2.28 Entry Date.....	SIP 6
2.29 ERISA.....	SIP 7
2.30 Highly Compensated Employee.....	SIP 7
2.31 Hour of Service.....	SIP 7
2.32 Investment Fund.....	SIP 10
2.33 Key Employee.....	SIP 10
2.34 Limitation Compensation.....	SIP 10
2.35 MMC Common Stock Fund.....	SIP 10
2.36 Nonelective Contribution.....	SIP 10
2.37 Normal Retirement Date.....	SIP 10

Item	Page
-----	-----
2.38 One-Year Break in Service.....	SIP 10
2.39 Parent Organization.....	SIP 10
2.40 Participant.....	SIP 11
2.41 Permanent Disability.....	SIP 11
2.42 Plan.....	SIP 11
2.43 Plan Year.....	SIP 11
2.44 Pretax Basic Contribution.....	SIP 11
2.45 Pretax Basic Contribution Account.....	SIP 11
2.46 Pretax Supplemental Contribution.....	SIP 11
2.47 Pretax Supplemental Contribution Account.....	SIP 11
2.48 Prior Plan(s).....	SIP 11
2.49 Projected Annual Benefit.....	SIP 12
2.50 Qualified Domestic Relations Order.....	SIP 12
2.51 Recordkeeper.....	SIP 12
2.52 Rollover Contribution Account.....	SIP 12
2.53 Sandia Corporation Savings Plan Committee.....	SIP 12
2.54 Trust.....	SIP 12
2.55 Trust Agreement.....	SIP 12
2.56 Trustee.....	SIP 12
2.57 Vested Balance.....	SIP 12
2.58 Year of Eligibility Service.....	SIP 13
2.59 Year of Vesting Service.....	SIP 13
Article III. Participation.....	SIP 14
3.1 Commencement of Participation.....	SIP 14
3.2 Eligible Classifications.....	SIP 14
3.3 Year of Eligibility Service.....	SIP 14
3.4 Enrollment.....	SIP 14
3.5 Reemployed Participants.....	SIP 14
3.6 Cessation of Participation.....	SIP 15
3.7 Loss of Status as Eligible Employee.....	SIP 15
3.8 Prior Plan-Participants.....	SIP 15
Article IV. Contributions and Allocations.....	SIP 17
4.1 Elective Contributions.....	SIP 17
4.2 Nonelective Contributions.....	SIP 17
4.3 Limitations on Elective and Nonelective Contributions.....	SIP 18
4.4 Company Matching Contributions.....	SIP 18
4.5 Contribution Agreement.....	SIP 18
4.6 Limitation on Elective Contributions.....	SIP 19
4.7 Adjustment of Elective Contributions During Year.....	SIP 20

Item		Page
- - - - -		- - - - -
4.8	Excess Elective Contributions After Plan Year.....	SIP 20
4.9	Limitation on Nonelective and Company Matching Contributions.....	SIP 21
4.10	Excess Nonelective and Matching Contributions After Plan Year.....	SIP 22
4.11	Application of General Nondiscrimination Requirements.....	SIP 23
4.12	Restriction on Multiple Use of Alternative Limit.....	SIP 23
4.13	Limitation on Annual Additions.....	SIP 24
4.14	Transfers From Qualified Plans.....	SIP 28
4.15	Suspension of Contributions.....	SIP 29
4.16	Return of Contributions.....	SIP 29
Article V.	Participant Accounts; Investment Funds.....	SIP 30
5.1	Establishment of Participants' Accounts	SIP 30
5.2	Investment Funds.....	SIP 30
5.3	Investment Instructions.....	SIP 31
5.4	Plan Expenses.....	SIP 32
5.5	Voting of Shares.....	SIP 33
5.6	Valuations; Allocations of Investment Earnings and Losses.....	SIP 33
Article VI.	Vesting and Forfeitures.....	SIP 34
6.1	Vesting in Contribution Accounts.....	SIP 34
6.2	Vesting in Company Matching Contribution Account.....	SIP 34
6.3	Full Vesting of Company Matching Contribution Accounts.....	SIP 34
6.4	Forfeitures.....	SIP 35
Article VII.	Distributions.....	SIP 36
7.1	Normal Retirement.....	SIP 36
7.2	Disability Retirement.....	SIP 36
7.3	Distribution Upon Death of Participant.....	SIP 36
7.4	Distribution Upon a Termination of Employment for Other Causes.....	SIP 37
7.5	Form and Timing of Distributions.....	SIP 38

Item	Page
-----	-----
7.6 Direct Rollover.....	SIP 40
7.7 Distribution Requirements.....	SIP 41
7.8 Transfer to Non-Participating Parent Organization.....	SIP 43
 Article VIII. In-Service Withdrawals.....	 SIP 44
8.1 General Rule.....	SIP 44
8.2 Non-Hardship Non-Suspension Withdrawals.....	SIP 44
8.3 Non-Hardship Suspension Withdrawals.....	SIP 45
8.4 Hardship Withdrawals.....	SIP 46
 Article IX. Loans To Participants.....	 SIP 49
9.1 Authorization to Make Loans.....	SIP 49
9.2 Amounts of Loans.....	SIP 49
9.3 Interest.....	SIP 50
9.4 Term.....	SIP 50
9.5 Repayment.....	SIP 51
9.6 Documents.....	SIP 52
9.7 Default.....	SIP 52
 Article X. The Committee.....	 SIP 53
10.1 Establishment and Authority of Committee.....	SIP 53
10.2 Resignation and Removal of Members.....	SIP 54
10.3 Appointment of Members.....	SIP 54
10.4 Committee Procedures.....	SIP 54
10.5 Plan Administrator.....	SIP 55
10.6 Communications to the Committee.....	SIP 55
 Article XI. Administration.....	 SIP 56
11.1 Plan Administrator.....	SIP 56
11.2 Procedural Bylaws.....	SIP 57
11.3 Determination of Claims.....	SIP 58
11.4 Appeals of Claims Determination.....	SIP 58
11.5 Determination Conclusive.....	SIP 59
11.6 Expenses.....	SIP 60
11.7 Allocation of Responsibilities.....	SIP 60
11.8 Service in Multiple Capacities Permitted.....	SIP 61
11.9 Agent for Service of Legal Process.....	SIP 61

Item	Page
- - - - -	- - - - -
Article XII. Amendment; Termination; Merger.....	SIP 62
12.1 Amendments.....	SIP 62
12.2 Terminations and Partial Termination.....	SIP 63
12.3 Mergers; Consolidations; Transfers of Assets.....	SIP 63
Article XIII. Top-Heavy Plan Provisions.....	SIP 64
13.1 General Rule.....	SIP 64
13.2 When Plan is Top-Heavy.....	SIP 64
13.3 When Plan is in Top-Heavy Group.....	SIP 64
13.4 Minimum Contribution.....	SIP 65
13.5 Accelerated Vesting.....	SIP 65
13.6 Adjustment in Maximum Limitation on Account Additions.....	SIP 66
13.7 Definitions.....	SIP 66
Article XIV. Qualified Domestic Relations Orders.....	SIP 67
14.1 Applicability of Article.....	SIP 67
14.2 Establishment of Procedures.....	SIP 67
14.3 Determination of Qualified Domestic Relations Order Status.....	SIP 67
14.4 Definitions.....	SIP 67
Article XV. Miscellaneous Provisions.....	SIP 68
15.1 Construction.....	SIP 68
15.2 Nonassignability.....	SIP 68
15.3 Missing Persons.....	SIP 68
15.4 Interest of Participants.....	SIP 68
15.5 No Right to Employment Granted by Plan.....	SIP 68
15.6 Incompetency.....	SIP 69
15.7 Titles.....	SIP 69

SANDIA CORPORATION

SAVINGS AND INCOME PLAN

(Effective June 1, 1993)

Article I. The Plan

1.1 Background of Plan.

Sandia Corporation has established the Sandia Corporation Savings and Income Plan as a new plan effective as of June 1, 1993, including corrections and modifications made as of January _____, 1995. The Savings and Income Plan is a successor plan for employees of Sandia Corporation who prior to June 1, 1993 were eligible to participate in the AT&T Long Term Savings Plan for Management Employees or the AT&T Long Term Savings and Security Plan.

1.2 Purpose of Plan.

The purpose of the Plan is to allow Participants to elect to set aside a portion of their salaries on a pretax and after-tax basis, and to encourage Participant savings by matching a portion of such deferrals with Company contributions to the extent set forth in the Plan, and to provide for a portion of the livelihood of Participants in their retirement. The Plan and Trust are intended to meet the applicable requirements of sections 401(a), 401(k), 401 (m) and 501(a) of the Internal Revenue Code of 1986, as amended from time to time.

Article II. Definitions

Whenever used in the Plan, the following terms shall have the meanings set forth below unless otherwise expressly provided. The masculine pronoun shall be deemed to refer either to a male or a female, whichever is appropriate in the context.

2.1 Accounts shall mean the Pretax Basic and Supplemental Contribution

Accounts, After-Tax Basic and Supplemental Contribution Accounts, Company Matching Contribution Account, and Rollover Contribution Accounts established for Participants under the Plan.

2.2 After-Tax Basic Contribution shall mean Employee Contribution between

2% and 6% (in one percent increments) of the Employee's Compensation which the Employee authorized to be withheld from his pay. After-Tax Basic Contributions are eligible for Company Matching Contributions.

2.3 After-Tax Basic Contribution Account shall mean the Account

established by the Company for each Participant to which After-Tax Basic Contributions and earnings thereon are credited.

2.4 After-Tax Supplemental Contribution shall mean an Employee

Contribution in excess of 6% (in one percent increments) of the Employee's Compensation, which the Employee authorized to be withheld from his pay. After-Tax Supplemental Contributions are not eligible for Company Matching Contributions.

2.5 After-Tax Supplemental Contribution Account shall mean the Account

established by the Company for each Participant to which After-Tax Supplemental Contributions and earnings thereon are credited.

2.6 Alternate Payee shall mean any individual described in section

14.4(a).

2.7 Annual Addition shall have the meaning set forth in section

4.14(c)(1).

2.8 Applicable Determination Date shall have the meaning set forth in

section 13.7(a).

2.9 Approved Leave of Absence shall mean--

(a) an absence during which an Employee is directly paid by the Company or a Parent Organization, or

- (b) an absence which is approved by the Company acting through the Committee, or otherwise, for any of the following reasons; family leave, medical leave, personal absence, continuation of education, improvement of professional status, contribution to charitable purposes or for educational leave, political, community service time, military service, security leave, special leave or any other reason approved in advance by the Company in its sole and absolute discretion.

2.10 AT&T Shares Fund shall mean the Investment

Fund invested primarily in AT&T Corporation ("AT&T") securities and established under the Trust Agreement for Participant Accounts under section 5.2.

2.11 Section Reserved.

2.12 Beneficiary shall mean the person or persons (including any trust)

designated under section 7.3(b).

2.13 Code shall mean the Internal Revenue Code of 1986, as amended from

time to time and as in effect at the time with respect to which such term is used.

2.14 Committee shall mean the Sandia Corporation Savings Plan Committee,

(also known as the Employee Benefits Committee) the duties of which are set out under Article X, Sandia corporation Savings Plan to which the Company has delegated the power to interpret and construe the Plan and to make benefit determinations under the Plan.

2.15 Company shall mean Sandia Corporation.

- (a) The words "AT&T Company" shall mean the AT&T Corporation or its successors and all its subsidiaries other than the Company for the period of time the Company was such a subsidiary.
- (b) The words "MMC Company" shall mean Martin Marietta Corporation or its successors and all its subsidiaries and parents other than the Company for all periods on or after October 1, 1993.
- (c) The term "Parent Organization" shall mean every company which directly or indirectly owns 80% or more of the stock of the Company, so "Parent Organization" shall mean AT&T Company through September 30, 1993 and MMC Company as of October 1, 1993 as the sense requires.

2.16 Company Matching Contribution shall mean a contribution made by the

Company under section 4.5.

2.17 Company Matching Contribution Account shall mean the Account

established by the Company for each Participant to which Company Matching Contributions and earnings thereon are credited.

2.18 Compensation shall mean a Participant's pay from the Company,

determined as follows:

- (a) For all purposes of the Plan, except as otherwise specified, Compensation shall mean base pay (prior to reductions under sections 125 and 401(k) of the Code), payments received under the Sandia Sickness Absence Plan or the Sandia Job Incurred Accident Disability Plan, Individual Performance Awards, Advancement Awards, Distinguished Member of Technical Staff Awards and lump sum merit awards and incentive compensation but shall not include--
- (1) shift differentials;
 - (2) overtime or other premium pay, worker's compensation payments; or
 - (3) the cash value of non-cash compensation reported to the Internal Revenue Service; or
 - (4) any amounts paid as reimbursements to a Participant for expenses incurred by such Participant as an Employee including, but not limited to, relocation reimbursements, automobile reimbursements, travel allowances, and any amounts paid to the Participant to offset the tax liability of the Participant with respect to any such reimbursements.
- (b) For purposes of satisfying the limits on contributions described in sections 4.7 and 4.10, Compensation generally shall mean an Employee's compensation, as defined in section 415(c)(3) of the Code and the applicable Treasury regulations thereunder, increased by amounts otherwise excluded by reason of an Employee's election to reduce wages in lieu of benefits under a cafeteria plan under section 125 of the Code or a cash or deferred arrangement under section 401(k) of the Code. Alternatively, the Company may elect for such purposes to use any alternative definition that may be permitted under Treasury regulations in lieu of this definition.

- (c) For purposes of applying the limits of section 415 of the Code, as described in section 4.14, and for purposes of the top-heavy provisions of Article XIII, Compensation shall mean an Employee's compensation as defined in section 415 (c)(3) of the Code and the applicable Treasury regulations thereunder.
- (d) For Plan Years beginning prior to January 1, 1994, the maximum amount of Compensation of each Employee that may be taken into account each Plan Year shall not exceed \$200,000 and for Plan Years beginning after December 31, 1993, \$150,000 (both dollar amounts as adjusted by the Secretary of the Treasury under Code section 401(a)(17)). In determining the Compensation of a Participant for purposes of this limitation, the rules of section 414(q)(6) of the Code shall apply, except in applying such rules, the term "family" shall include only the spouse of the Participant and any lineal descendants of the Participant who have not attained age 19 before the close of the year. If, as a result of the application of such rules the adjusted annual compensation limitation is exceeded, then the limitation shall be prorated among the affected individuals in proportion to each such individual's compensation as determined under this section prior to the application of this limitation.

2.19 Contribution shall mean amounts contributed by a Participant and on

behalf of a Participant and shall include Elective and Nonelective Contributions.

2.20 Contribution Agreement shall mean an agreement which may, but need

not, be in written form, under which the Participant directs the Company to reduce the Participant's paycheck by Pretax Contributions or After-Tax Contributions; if the Contribution Agreement is not in written form, the Company shall cause written confirmation to be sent to the Participant as soon as practicable.

2.21 Defined Benefit Fraction shall have the meaning set forth in section

4.14(c)(2).

2.22 Defined Contribution Fraction shall have the meaning set forth in

section 4.14(c)(3).

2.23 Department of Energy or "DOE" shall mean the United States Department

of Energy and any other federal department, instrumentality or agency established by any branch of the federal government to succeed DOE.

2.24 Domestic Relations Order shall have the meaning set forth in

section 14.4(b).

2.25 Elective Contribution shall mean the Participant's Pretax Basic and

Pretax Supplemental Contributions, collectively.

2.26 Eligible Employee shall mean any individual employed by the Company as

a regular employee on an indefinite basis who has attained age 21 and who is in
an eligible classification as set forth in section 3.2. A leased employee shall
be excluded from the definition of Eligible Employee.

2.27 Employee shall mean an individual who is a common-law employee (i.e.,

a person whose wages from the employer are subject to federal income tax
withholding).

- (a) A person rendering services to the Company purportedly as (1) an independent contractor or (2) the employee of another company providing services to the Company shall not be treated as an employee eligible to participate in this Plan (even if the individual is determined to be a common law employee of the Company entitled to service credits for eligibility or vesting purposes of this Plan) before the date the Company actually begins to withhold federal income taxes from his or her pay.
- (b) To the extent required by Code Section 414(n), a "leased employee" shall be treated as an employee but shall not be eligible to participate in this Plan. To the extent required by Internal Revenue Code Section 414(o), individuals who are not otherwise employees shall be treated as employees but shall not be eligible to participate in this Plan.
- (c) The words "salaried employee" shall mean an individual employed by the Company whose pay is at a monthly or annual rate and whose position is not subject to automatic wage progression.
- (d) The words "non-salaried employee" shall mean an individual employed by the Company whose position is subject to automatic wage progression and whose pay is not at a monthly or annual rate.

2.28 Entry Date shall mean the first day of the first month following the

Eligible Employee's completion of the eligibility requirements described in
Article III.

2.29 ERISA shall mean the Employee Retirement Income Security Act of 1974,

as amended from time to time and as in effect at the time with respect to which such term is used.

2.30 Highly Compensated Employee shall mean an individual determined by the

Company to meet the criteria set forth in Code section 414(q) and the regulations thereunder. For purposes of section 4.7 (Adjustment of Elective Contributions During Year), Highly Compensated Employee shall also mean an individual determined by the Company during a given Plan Year to be likely to meet such criteria for that Plan Year.

2.31 Hour of Service.

(a) General Rule. The words "Hour of Service" for purposes of vesting

and/or Eligibility shall mean each hour for which the Employee is directly or indirectly paid or entitled to payment by the Company or a Parent Organization--

- (1) for the performance of duties,
- (2) on account of a period of time during which no duties are performed due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty, or leave of absence, or
- (3) for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by the Company or a Parent Organization; provided, however, that no hour shall be credited as an Hour of Service under more than one of the preceding paragraphs.

(b) Applicable Computation Period.

- (1) Hours of Service described in subsection (a)(1) shall be credited to the computation period (as defined below) in which the duties are performed.
- (2) Hours of Service described in subsection (a)(2) shall be credited to the computation period in which the Employee is compensated for such Hours of Service.
- (3) Hours of Service described in subsection (a)(3) shall be credited to the computation period to which the award, agreement, or payment is made.

(4) Notwithstanding anything to the contrary in paragraph (1), (2) or (3), in the case of Hours of Service to be credited to the Employee in connection with a payroll period of no more than 31 days which extends beyond the end of a computation period, all such Hours of Service shall be credited to the following computation period.

(5) For purposes of this section the term "computation period" shall mean the calendar year, except that in determining whether an Employee completes a Year of Eligibility Service under section 3.3 during the 12-month period following his commencement of employment, the term "computation period" shall mean that 12-month period.

(c) Hours Not Counted. This subsection limits the Hours of Service

credited for periods during which no duties are performed and applies whether or not Hours of Service otherwise would have been counted for such periods under subsection (a)(2).

(1) Unpaid Time. An hour for which an Employee is not paid, either

directly or indirectly, shall not be credited except in the case of an Approved Leave of Absence.

(2) Worker's Compensation, Disability Insurance, Unemployment

Compensation. An hour for which an Employee is directly or

indirectly paid or entitled to payment on account of a period during which the Employee performed no duties

(A) shall be credited in the sole discretion of the Committee if such payment is made or due under a plan maintained solely for the purposes of complying with an applicable worker's compensation or disability insurance law, but

(B) shall not be credited if such payment is made or due under a plan maintained solely for the purpose of complying with an applicable unemployment compensation law.

(3) Medical Reimbursement. Hours of Service shall not be credited

for a payment which reimburses the Employee solely for medical or medically-related expenses.

(4) 501 Hour Limitation. Except in the case of an Approved Leave of

Absence, not more than 501 Hours of Service shall be credited
under subsection (a)(2) on account of any single period during
which the Employee performs no duties (whether or not such period
occurs in a single calendar year).

(d) Equivalent Hours. For the purpose of determining a year of service,

there shall be counted an employee's service with a Parent
Organization.

(e) Approved Leave of Absence. Notwithstanding subsection (a), an

Employee shall be credited with no less than 45 Hours of Service for
each week of Approved Leave of Absence.

(f) Maternity and Paternity Absence. Solely for purposes of determining

whether a One Year Break in Service has occurred, an Employee shall be
credited with an Hour of Service for each which would have been
credited to such Employee but for such Employee's absence from
employment for maternity or paternity reasons. An absence from work
for maternity or paternity reasons shall mean an absence--
(1) by reason of pregnancy of the Employee,

(2) by reason of the birth of a child of the Employee,

(3) by reason of the placement of a child with the Employee in
connection with the adoption of such child by such Employee, or

(4) for purposes of caring for such child for a period beginning
immediately following such birth or placement. No more than 501
Hours of Service shall be credited under this subsection for any
such absence. Hours of Service under this subsection shall be
credited in the Plan Year in which the absence from employment
commences if the crediting is necessary to prevent a One Year
Break in Service or, in all other cases, such Hours of Service
shall be credited in the following Plan Year.

(g) Construction. This section is intended to be consistent with the

requirements of section 2530.200b-2 of Department of Labor Regulations
and shall be so construed.

2.32 Investment Fund shall mean an investment fund established under the

Trust Agreement for Participant Accounts under section 5.2.

2.33 Key Employee shall mean any individual described in section 13.7(b).

2.34 Limitation Compensation shall have the meaning set forth in section

4.14(c)(4).

2.35 MMC Common Stock Fund shall mean the Investment Fund invested

primarily in Martin Marietta Corporation ("MMC") common stock and established
under the Trust Agreement for Participant Accounts under Section 5.2.

2.36 Nonelective Contribution shall mean the Participant's After-Tax Basic

and After-Tax Supplemental Contributions, collectively.

2.37 Normal Retirement Date shall mean the later to occur of the first day

of the month in which a Participant attains his 65th birthday or the fifth
anniversary of the date on which the Participant first earned an Hour of
Service.

2.38 One-Year Break in Service shall mean a Plan Year for which a

Participant is credited with less than 501 Hours of Service. However, in
determining a One Year Break in Service for a Plan Year in which, or following
which, a maternity or paternity absence as defined in section 2.36(f) shall be
credited to the Plan Year in which such absence begins, if the Employee would
incur a One Year Break in Service if the hours were not so credited; in all
other cases the Hours of Service shall be credited to the following Plan Year.
The total Hours of Service credited under a maternity or paternity absence shall
not exceed 501 hours. As a condition of an Employee being credited with Hours
of Service pursuant to this paragraph, the Committee can require that the
Employee timely furnish such information as is reasonably necessary to establish
that the absence from work was for a maternity or paternity absence and the
number of days attributable to such cause.

2.39 Parent Organization shall mean (a) any corporation which is a member

of the same controlled group of corporations (within the meaning of section
414(b) of the Code) as the Company, and any other trade or business (whether or
not incorporated) which is under common control with the Company within the
meaning of section 414(c) of the Code; (b) any organization which (along with
the Company) is a member of an affiliated service group (within the meaning of
section 414(m) of the Code); and (c) any other entity required to be

aggregated with the Company pursuant to regulations under section 414(o) of the Code.

2.40 Participant shall mean a person who has become a Participant under

Article III, and shall include a former Employee until his Vested Balance has been fully distributed.

2.41 Permanent Disability shall mean a state of physical or mental

condition which the Company's Employee Benefits Committee determines to be sufficient for the employee to qualify for a disability pension under one of the Company's qualified defined benefit pension plans, whether or not the employee's term of employment or credited service is then sufficient for him to be eligible for such a disability pension.

2.42 Plan shall mean the Sandia Corporation Savings and Income Plan.

2.43 Plan Year shall mean the period beginning June 1, 1993 and ending

December 31, 1993 and thereafter, each calendar year.

2.44 Pretax Basic Contribution shall mean a Company contribution made by an

Employee's elective deferral of compensation. Pretax Basic Contributions shall be between 2% and 6% (in one percent increments) of the Employee's Compensation. Pretax Basic Contributions are eligible for Company Matching Contributions.

2.45 Pretax Basic Contribution Account shall mean the Account established

by the Company for each Participant to which Pretax Basic Contributions and earnings thereon are credited.

2.46 Pretax Supplemental Contribution shall mean a Company Contribution

made by an Employee's elective deferral in excess of 6% (in one percent increments) of the Employee's Compensation. Pretax Supplemental Contributions are not eligible for Company Matching Contributions.

2.47 Pretax Supplemental Contribution Account shall mean the Account

established by the Company for each Participant to which Pretax Supplemental Contributions and earnings thereon are credited.

2.48 Prior Plan(s) shall mean the AT&T Long-Term Savings Plan for

Management Employees and/or the AT&T Long-Term Savings and Security Plan for Management Employees, as in effect on May 31, 1993.

2.49 Projected Annual Benefit shall have the meaning set forth in section

4.14(c)(5).

2.50 Qualified Domestic Relations Order shall mean any

Domestic Relations Order described in section 14.4(c).

2.51 Recordkeeper shall mean that entity with which the Company contracts

with from time to time to perform duties relating to keeping records regarding
contributions and transactions of Participant Accounts in their Plan; initially
the Recordkeeper is Fidelity Institutional Retirement Services Company.

2.52 Rollover Contribution Account shall mean the Account established by

the Company for each Participant who made a rollover or transfer contribution
under the Prior Plans or under this Plan, to which such rollover or transfer
contributions, and earnings thereon, are credited.

2.53 Sandia Corporation Savings Plan Committee (the "Committee") shall mean

a committee established by the Company's Board of Directors to administer and
interpret the provisions of the Plan and the Sandia Corporation Savings and
Security Plan and to determine benefits under the Plan.

2.54 Trust shall mean the Sandia Corporation Master Savings Plans Trust

established by and under the Trust Agreement in connection with the Plan under
which Plan assets are held and invested and from which all benefits under the
Plan are paid.

2.55 Trust Agreement shall mean the Sandia Corporation Master Savings Plans

Trust effective June 1, 1993 and as it may hereafter be amended.

2.56 Trustee shall mean Fidelity Management Trust Company or such other

person or persons as are subsequently appointed to act as trustee of the Trust.

2.57 Vested Balance as of a given date shall mean the sum of:

- (a) a Participant's Pretax Basic, Pretax Supplemental, After-Tax Basic and
After-Tax Supplemental Contribution Accounts;
- (b) the Participant's Rollover Contribution Account
- (c) the vested portion (determined under Article VI) of the Participant's
Company Matching Contribution Account.

2.58 Year of Eligibility Service shall have the meaning set forth in

section 3.3.

2.59 Year of Vesting Service.

(a) In General. The term "Year of Vesting Service" shall mean a Plan

Year during which an Employee is credited with at least 1,000
Hours of Service, plus each year of vesting service credited to
an Employee under the Prior Plans.

(b) Effect of Five Consecutive One Year Breaks in Service. In the

case of an Employee who incurs five or more consecutive One Year
Breaks in Service before earning a vested interest in his Company
Matching Contribution Account or Account under Section 6.2, all
Years of Vesting Service prior to the commencement of the first
of such One Year Break in Service shall be disregarded for
purposes of such section 6.2.

Article III. Participation

3.1 Commencement of Participation.

Each Eligible Employee who is employed in a classification set forth in Section 3.2 who has submitted the appropriate enrollment forms on a timely basis shall become a Participant in the Plan on the later of (a) the Entry Date next following his completion of a Year of Eligibility Service (as defined below) or (b) the Entry Date next following the date he becomes an Eligible Employee employed in a classification set forth in section 3.2.

3.2 Eligible Classifications.

Each active Eligible Employee of the Company who is not a participant in the Sandia Corporation Savings and Security Plan shall become a Participant hereunder upon satisfying the requirements of section 3.1.

3.3 Year of Eligibility Service.

"Year of Eligibility Service" means any 12-month period during which the Employee completes 1,000 Hours of Service beginning on--

- (a) the date on which the Employee first earns an Hour of Service for the Company or a Parent Organization, or
- (b) any January 1 thereafter.

3.4 Enrollment.

Each Eligible Employee who has satisfied the requirements of Section 3.2 shall complete a Contribution Agreement and an investment election under Section 5.3, at the time and in the manner specified by the Company. Each Participant shall also complete a Beneficiary designation form pursuant to section 7.3(b).

3.5 Reemployed Participants.

- (a) Except as provided in subsection (b), each former Employee who had completed a Year of Eligibility Service prior to his termination of employment shall be eligible to participate as of the Entry Date coinciding with or next following his reemployment date, provided that he is then an Eligible Employee.

- (b) In the case of an Employee who is reemployed by the Company or a Parent Organization following five or more consecutive one Year Breaks in Service and who has never had a vested interest in his Company Matching Contribution Account, service prior to such consecutive One Year Breaks in Service shall be disregarded, and the Employee shall be treated for eligibility purposes as a new Employee.

3.6 Cessation of Participation.

Participation hereunder shall cease upon the complete distribution (and/or forfeiture) of the Participant's Account or, if earlier, the Participant's death.

3.7 Loss of Status as Eligible Employee.

- (a) In General. For any period during which an Employee remains in the -----
employ of the Company, but ceases to be an Eligible Employee, no contributions shall be made on his behalf, but such Employee shall remain a Participant for all other purposes until the earlier of his death or the complete distribution (and/or forfeiture) of his Accounts.
- (b) Transfer to Sandia Corporation Savings and Security Plan. In the -----
event the Employee ceases to be an Eligible Employee under this Plan by virtue of becoming an Eligible Employee under the Sandia Corporation Savings and Security Plan, contributions to this Plan on his behalf shall cease. Such Employee may enroll in the Sandia Corporation Savings and Security Plan in accordance with the enrollment procedures of that plan, if the Employee desires to participate in the Sandia Corporation Savings and Security Plan. Upon such enrollment, the Participant's Account in this Plan shall be transferred to the Sandia Corporation Savings and Security Plan.

3.8 Prior Plan-Participants.

- (a) In General. Notwithstanding any other provisions of this Article III, -----
each person who, as of May 31, 1993, is an Eligible Employee of the Company and was eligible to participate in a Prior Plan immediately preceding such date, shall become a Participant in the Plan as of June 1, 1993, and any accounts of such Employee under a Prior Plan shall be held subject to the terms of the Plan and the Trust.

- (b) Employees Hired Before October 1, 1993. Notwithstanding any other

provisions of this Article III, each Employee of the Company on
October 1, 1993 who is otherwise an Eligible Employee
- (1) with at least one (1) year of service with AT&T, or any of its
subsidiaries or affiliates; or
 - (2) with at least one (1) year of service with any of the Bell
Operating Companies before January 1, 1984, shall be eligible to
participate in the Plan immediately.
- (c) Employees Hired After October 1, 1993. Each person who is first earns

an Hour of Service for the Company after October 1, 1993 and who is
otherwise an Eligible Employee
- (1) with at least one (1) year of service with AT&T or any of its
subsidiaries or affiliates; or
 - (2) with at least one (1) year of service with any of the Bell
Operating Companies before January 1, 1984, shall be eligible to
participate in the Plan on the Entry Date next following his
completion of a Year of Eligibility Service.

Article IV. Contributions and Allocations

4.1 Elective Contributions.

The Company shall contribute to the Trust for each payroll period on behalf of each Participant an amount equal to the amount by which the Participant's Compensation has been reduced under a Contribution Agreement (as described in section 4.6). Such contribution shall be transferred to the Trustee, and invested by the Trustee in the Investment Fund(s) designated by the Participant under section 5.3 as soon as practicable after the payroll period; provided that in no event shall a contribution under this section for a Plan Year be made later than 30 days following the close of such Plan Year or such later date as may be allowed by law. Contributions made under this section on behalf of each Participant shall be credited to the Participant's Pretax Basic Contribution Account (for Contributions up to 6% of the Participant's Compensation) or Pretax Supplemental Account (for Contributions in excess of 6% of the Participant's Compensation).

4.2 Nonelective Contributions.

(a) General Rule. Each Participant may contribute to the Trust for each

payroll period a dollar amount as After-Tax Contributions. Such contributions shall be transferred to the Trustee and invested by the Trustee in the Investment(s) Fund(s) designated by the Participant under section 5.3, as soon as practicable after the payroll period. Contributions made under this section on behalf of each Participant shall be credited to the Participant's After-Tax Basic Contribution Account (for Contributions of at least 2% but not more than 6% of the Participant's Compensation) or After-Tax Supplemental Account (for contributions in excess of 6% of the Participant's Compensation).

(b) Procedure for Making Nonelective Contributions. A Participant may

make Nonelective Contributions by payroll deduction under the Plan according to procedures adopted by the Company.

(c) Amendment or Termination of Nonelective Contributions. A Participant

may amend or terminate his Nonelective Contributions on any business day or at such other time as prescribed in writing by the Company. An amendment to increase or decrease the amount of Nonelective Contribution or a termination of the Nonelective Contribution shall be effective as soon as administratively

feasible following the date the plan's recordkeeper receives the instructions for such change from the Participant according to the Company's procedures.

4.3 Limitations on Elective and Nonelective Contributions.

The sum of Elective and Nonelective Contributions made to a Participant's Account cannot exceed sixteen percent (16%) of the Participant's Compensation.

4.4 Company Matching Contributions.

- (a) The Company shall make a contribution equal to sixty-six and two thirds percent (66-2/3%) of the sum of the Participant's Pretax Basic and After-Tax Basic Contributions not exceeding six percent (6%) of the Participant's Compensation. No Company Matching Contribution shall be made with respect to Pretax and/or After-Tax Contributions in excess of six percent (6%) of the Participant's Compensation.
- (b) Company Matching Contributions shall be made for any completed payroll period notwithstanding the Participant's termination of employment during or after the end of such payroll period.
- (c) Company Matching Contributions shall be paid to the Trust as soon as practicable after the end of the week in which ends the payroll period with respect to which such contribution is made.
- (d) Company Matching Contributions otherwise required under this section shall be reduced by the amount of available forfeitures which are reallocated pursuant to section 6.4.
- (e) The Plan is a profit sharing Code section 401(k) plan, under which Company contributions are not limited to the Company's current or accumulated profits.

4.5 Contribution Agreement.

- (a) General Rule. In order to make Elective Contributions under

the Plan, a Participant shall utilize a Contribution Agreement with the Company as prescribed by the Company whereby his Compensation shall be reduced (subject to section 4.7) by up to sixteen percent (16%) of his Compensation, and whereby the Company contributes such amount on the Participant's behalf to the Plan

under section 4.1. The initial Contribution Agreement shall be effective for payroll periods commencing on and after the date on which participation begins under section 3.1, and shall be effective until canceled or amended.

- (b) Amendment or Termination. A Participant may amend or terminate his

Contribution Agreement according to procedures established by the Company. An amendment or a termination of the Contribution Agreement shall be effective no later than the second payroll period following the date the Company receives the instructions for such change from the Participant.
- (c) Maximum Reduction Amount. Notwithstanding the foregoing, the maximum

pay reduction amount for any Plan Year shall be \$7,000, or such other amount determined by the Secretary of Treasury under section 402(g)(5) cost-of-living adjustments) of the Code.

4.6 Limitation on Elective Contributions. -----

- (a) General Rule. For each Plan Year the actual deferral percentage of

Elective Contributions for the group of eligible Highly Compensated Employees may not exceed the greater of--
 - (1) one and one-quarter (1.25) times the actual deferral percentage of the group of all other Eligible Employees; or
 - (2) the lesser of (A) two (2) times the actual deferral percentage of the group of all other Eligible Employees or (B) the actual deferral percentage of the group of all other Eligible Employees plus two percentage points (2%).

(b) Definitions. -----

- (1) The "actual deferral percentage" for a group of Eligible Employees for a Plan Year is the average of the ratios, calculated separately for each Employee in each such group, of the amount of Elective Contributions made on behalf of each Eligible Employee for such Plan Year to the Employee's Compensation. Compensation for purposes of this test shall be Compensation for the full Plan Year for Plan Years ending prior to January 1, 1995, and for Plan Years beginning after December

31, 1994, shall mean the Participant's Compensation which the Employee was eligible to participate under Article III.

(c) Participation in More than One Plan. In the case of a Highly

Compensated Employee who is eligible to participate in more than one cash or deferred arrangement maintained by the Company or a Parent Organization, the ratio of the amount of Elective Contributions made on behalf of such Highly Compensated Employee for such Plan Year to the Highly Compensated Employee's Compensation for such Plan Year shall be calculated by treating all the cash or deferred arrangements in which the Highly Compensated Employee is eligible to participate as one arrangement. However, plans that are not permitted to be aggregated under Treasury Regulations 1.401(k)-1(b)(3)(ii)(B) under section 401(k) of the Code are not aggregated for this purpose, except as specifically provided in section 1.401(m)-2(b)(1).

(d) Compliance with Limitation. Compliance with the limitation in

subsection (a) shall be achieved (as necessary) either by prospective adjustments during the Plan Year under section 4.7 or distributions after the Plan Year under section 4.8.

4.7 Adjustment of Elective Contributions During Year.

Notwithstanding anything in section 4.5 to the contrary, if the Company determines that the nondiscrimination test set forth in section 4.6 otherwise might not be met for the Plan Year, the Company shall reduce the maximum percentage of Compensation at which Highly Compensated Employees may elect to have Elective Contributions made on their behalf to such percentage as the Company determines appropriate to ensure that such test will be met for such Plan Year. Such reduction shall be made by the "leveling method" described in section 4.8(b). Such a reduction may be imposed for the entire Plan Year or any part thereof. Following such reduction, the future pretax contributions of Highly Compensated Employees in excess of the reduced limits shall be redesignated from pretax contributions to after-tax contributions.

4.8 Excess Elective Contributions After Plan Year.

(a) Correction of Excess Elective Contribution After Plan Year.

If the Company determines after that end of the Plan Year that the nondiscrimination test set forth in section 4.6 has not been met, Elective Contributions (adjusted to reflect any

income or losses allocable to such excess for the Plan Year) of the Highly Compensated Employees shall be distributed to such Highly Compensated Employees to eliminate such excess Elective Contributions.

- (b) Determination of Amount of Excess Elective Contributions. The amount -----
of excess Elective Contributions for a Highly Compensated Employee for a Plan Year shall be determined by the following leveling method, under which the actual deferral percentage of the Highly Compensated Employee with the highest actual deferral percentage is reduced to the extent necessary to
- (1) enable the Plan to satisfy the actual deferral percentage limitation, or
 - (2) cause such Highly Compensated Employee's actual deferral percentage to equal the percentage of the Highly Compensated Employee with the next highest actual deferral percentage.

The process of determining the amount of excess Elective Contributions and correcting such excess Elective Contributions shall be repeated until the Plan satisfies the actual deferral percentage limitation.

- (c) Return of Excess Elective Contributions. Excess Elective -----
Contributions determined under this section 4.8 shall be distributed as soon as practicable, without regard to any limitation otherwise imposed by law or by the provisions of this Plan.

4.9 Limitation on Nonelective and Company Matching -----
Contributions.

- (a) General Rule. For each Plan Year the contribution percentage of -----
Nonelective and Company Matching Contributions for all Highly Compensated Employees who are Eligible Employees may not exceed the greater of--
- (1) one and one-quarter (1.25) times the contribution percentage of the group of all Eligible Employees; or
 - (2) the lesser of (A) two (2) times the contribution percentage of the group of all other Eligible Employees or (B) the

contribution percentage of the group of all other Eligible Employees plus two percentage points (2%).

- (b) Definitions. The "contribution percentage" for each such group of -----
Eligible Employees for a Plan Year is the average of the ratios, calculated separately for each Employee in each such group, of Nonelective and Company Matching Contributions made on behalf of each Eligible Employee for such Plan Year to the Employee's Compensation for such Plan Year.
- (c) Participation in More than One Plan. In the case of a Highly -----
Compensated Employee who is eligible to participate in more than one plan maintained by the Company or a Parent Organization to which Nonelective and Company Matching Contributions are made, the ratio of the amount of Nonelective and Matching Contributions made on behalf of such Highly Compensated Employee for such Plan Year to the Highly Compensated Employee's Compensation for such Plan Year shall be calculated by treating all the plans in which the Highly Compensated Employee is eligible to participate as one plan.
- (d) Elective Contributions. To the extent permitted by applicable -----
regulations, the Company may elect to take Elective Contributions into account in determining the contribution percentage.

4.10 Excess Nonelective and Matching Contributions After Plan Year. -----

If the Company determines after the end of the Plan Year that the nondiscrimination limitation in section 4.09 has not been met, the Company shall first return After-Tax Supplemental and After-Tax Basic Contributions of the Participants with the highest contribution, and next shall reduce Company Matching Contributions (adjusted to reflect any income or losses allocable to such excess to the date of distribution) of the Highly Compensated Employees (if vested) or treated as a forfeiture and reallocated under section 6.4 (if not vested) to the extent necessary to eliminate such excess Matching Contributions. The amount of excess After-Tax Supplemental Contributions and After-Tax Basic in conjunction with Company Matching Contributions for a Highly Compensated Employee for a Plan Year is to be determined by the following leveling method, under which the contribution percentage of a Highly Compensated Employee with the highest contribution percentage is reduced to the extent required to--

- (a) enable the Plan to satisfy the contribution percentage limitation, or
- (b) cause such Highly Compensated Employee's contribution percentage to equal the percentage of the Highly Compensated Employee with the next highest contribution percentage.

The process of determining the amount of excess After-Tax Supplemental, After-Tax Basic, and Company Matching Contributions and distributing or forfeiting such amounts shall be repeated until the Plan satisfies the contribution percentage limitation.

4.11 Application of General Nondiscrimination Requirements.

In the event that all or a portion of the Elective Contributions of a Participant who is a Highly Compensated Employee is distributed to such Participant under section 4.10, the Company Matching Contribution generated by such Elective Contribution under section 4.5 (adjusted to reflect any income or loss allocable thereto) shall be treated as a forfeiture and reallocated under section 6.4

4.12 Restriction on Multiple Use of Alternative Limit.

- (a) General Rule. If each of the limits set forth in sections 4.6 and 4.9

would otherwise be satisfied only by use of the alternative limitation set forth in subsection (a)(1) of such sections, Nonelective Contributions of Highly Compensated Employees shall be reduced in the manner described in section 4.10 until the sum of the actual deferral percentage (as defined in section 4.6(b)(1) and the contribution percentage (as defined in section 4.9(b)(1) for Highly Compensated Employees who are Eligible Employees is equal to the "aggregate limit" defined below.

- (b) Aggregate Limit. For purposes of this section 4.12, the "aggregate

limit" means the sum of--

- (1) one and one-quarter (1.25) times the greater of the actual deferral percentage or the contribution percentage of the group of all Eligible Employees who are not Highly Compensated Employees, and
- (2) the lesser of--

- (a) two times the lesser of the Actual deferral percentage or contribution percentage of the group of all Eligible Employees who are not Highly Compensated Employees, or
- (b) the sum of two percentage points and the lesser of the actual deferral percentage or contribution percentage Eligible Employees who are not Highly Compensated Employees.

4.13 Limitation on Annual Additions.

- (a) General Limitation. Notwithstanding anything to the contrary in this

Article IV, the Annual Addition (as defined below) with respect to a Participant for a Plan Year shall not exceed the lesser of--

- (1) \$30,000, or, if greater, one-fourth of the defined benefit dollar limitation in effect for the Plan Year under Code section 415(b)(1)(A); or
- (2) 25 percent of the Participant's Limitation Compensation (as defined below) for such Plan Year.

- (b) Limitation for Participant also Covered by Defined Benefit Plan. In

the case of a Participant who is or has been covered under a qualified defined benefit plan maintained by the Company or a Parent Organization, the Projected Annual Benefit (as defined below) under such defined benefit plan shall be reduced (prior to any reduction under this Plan) to the extent necessary to ensure that the sum of the Defined Contribution Fraction (as defined below) and the Defined Benefit Fraction (as defined below) does not exceed 1.0 for any Plan Year.

- (c) Definitions. For purposes of this section,

- (1) Annual Addition means the sum of the following amounts credited

to a Participant's account for the limitation year:

- (a) employer contributions
- (b) employee contributions;

- (c) forfeitures;
- (d) amounts allocated, after March 31, 1984, to an individual medical account, as defined in section 415(1)(2) of the Code, which is part of a pension or annuity plan maintained by the employer are treated as annual additions to a defined contribution plan. Also amounts derived from contributions paid or accrued after December 31, 1985, in taxable years ending after such date, which are attributable to post-retirement medical benefits, allocated to the separate account of a key employee, as defined in section 419A(d)(3) of the Code, under a welfare benefit fund, as defined in section 419(e) of the Code, maintained by the employer are treated as annual additions to a defined contribution plan; and
- (e) allocations under a simplified employee pension.

Restored forfeitures, repaid distributions, rollover and transfer contributions, and loan payments shall not be treated as Annual Additions.

- (2) Defined Benefit Fraction means a fraction, the numerator of which -----
is the sum of the Participant's Projected Annual Benefits under all qualified defined benefit plans (whether or not terminated) maintained by the Company or a Parent Organization, and the denominator of which is the lesser of--
 - (A) 1.25 times the dollar limitation of section 415(b)(1)(A) of the Code in effect for the Plan Year, or
 - (B) 1.4 times the Participant's average Limitation Compensation for the three consecutive Plan Years that produce the highest average.
- (3) Defined Contribution Fraction.

 - (A) In General. "Defined Contribution Fraction" shall mean a -----
a fraction, the numerator of which is the sum of the Annual Additions to the Participant's

accounts under all qualified defined contribution plans (whether or not terminated) maintained by the Company or a Parent Organization for the current and all prior calendar years, and the denominator of which is the sum of the lesser of the following amounts determined for such year and for each prior year of service with the Company or its Parent Organization--

(i) 1.25 times the dollar limitation in effect under Code Section 415(c)(1)(A) for such year, or

(ii) 1.4 times the amount which may be taken into account under Code section 415(c)(1)(B).

(B) Adjustment Under Tax Reform Act of 1986.

Effective December 31, 1986, the numerator of the Defined Contribution Fraction shall be permanently reduced (but not below zero) by an amount equal to the product of--

(i) the sum (determined as of December 31, 1986) of the Defined Contribution Fraction plus the Defined Benefit Fraction minus one, times

(ii) the denominator of the Defined Contribution Fraction as of December 31, 1986.

Solely for purposes of this paragraph, the Defined Contribution Fraction shall be determined as if the changes to section 415 of the Code under the Tax Reform Act of 1986 were in effect.

(4) Limitation Compensation for purposes of this section means wages,

salaries, and fees for professional services and other amounts received (without regard to whether or not an amount is paid in cash) for personal services actually rendered in the course of employment with the employer maintaining the plan to the extent that the amounts are includable in gross income (including, but not limited to, commissions paid salesmen, compensation for

services on the basis of a percentage of profits, commissions on insurance premiums, tips, bonuses, fringe benefits, and reimbursements or other expense allowances under a nonaccountable plan (as described in 1.62-2(c)), and excluding the following:

- (a) Employer contributions to a plan of deferred compensation which are not includable in the employee's gross income for the taxable year in which contributed, or employer contributions under a simplified employee pension plan, or any distributions from a plan of deferred compensation;
- (b) Amounts realized from the exercise of a non-qualified stock option, or when restricted stock (or property) held by the employee either becomes freely transferable or is no longer subject to a substantial risk of forfeiture;
- (c) Amounts realized from the sale, exchange or other disposition of stock acquired under a qualified stock option; and
- (d) other amounts which received special tax benefits, or contributions made by the employer (whether or not under a salary reduction agreement) towards the purchase or an annuity contract described in section 403(b) of the Internal Revenue Code (whether or not the contributions are actually excludable from the gross income of the employee).

For any self-employed individual, compensation will mean earned income.

For limitation years beginning after December 31, 1991, for purposes of applying the limitations of this article, compensation for a limitation year is the compensation actually paid or made available in gross income during such limitation year.

- (5) Projected Annual Benefit means the annual benefit to which the ----- Participant would be entitled under the terms of a defined benefit plan, if--

- (A) the Participant continues in covered employment until his Normal Retirement Date (or current age, if later), and
- (B) the Participant's Limitation Compensation for the Plan Year and all other relevant factors used to determine such benefit remained constant until such Normal Retirement Date (or current age, if later).

(d) Procedure By Which Excess Annual Additions Shall Be Reduced. If the

 Company determines that Annual Additions in excess of the amount allowed under subsection (a) have been made with respect to a Participant for a Plan Year, such additions shall be reduced, by removing such excess, to the extent necessary from the Participant's Accounts in the following order: After-Tax Supplemental, Pretax Supplemental, After-Tax Basic and related Company Matching, Pretax Basic and related Company Match. In addition, earnings related to any such removed amounts, through the date of distribution, shall also be removed.

4.14 Transfers From Qualified Plans.

(a) Rollovers Permitted. Amounts may be transferred in cash or in common

 stock of Martin Marietta Company from other qualified plans by any Eligible Employee (determined without regard to the provisions of sections 3.1 and 3.3 of this Plan) provided that the trust from which such funds are transferred permits the transfer to be made and the Company determining, in its discretion that transfer will not jeopardize the tax exempt status of the Plan or create adverse tax consequences for the Company or its Parent Organization. The amounts transferred shall be credited to the Participant's Rollover Contribution Account.

(b) Definitions. For purposes of this section, the term "qualified plan"

 shall mean any tax-qualified plan under Code Section 401(a). The term "amounts transferred from other qualified plans" shall mean:

- (1) amounts transferred to this Plan directly from another qualified plan;
- (2) lump sum distributions received by an Eligible Employee from another qualified plan which are eligible for tax-free rollover to a qualified

plan and which are transferred by the Eligible Employee to this Plan within sixty (60) days following his receipt thereof;

- (3) amounts transferred to this Plan from a conduit individual retirement account provided that the conduit individual retirement account has no assets other than assets (and related earnings) which (A) were previously distributed to the Employee by another qualified plan as a lump sum distribution (B) were eligible for tax-free rollover to a qualified plan and (C) were deposited in such conduit individual retirement account within sixty (60) days of receipt thereof; and
- (4) amounts distributed to the Employee from a conduit individual retirement account meeting the requirements of section (3) above, and transferred by the Employee to this Plan within sixty (60) days of his receipt thereof from such conduit individual retirement account.

(c) Requirements for Rollover. Prior to accepting any transfers to which -----
this section applies, the Company shall require the Employee to establish that the amounts to be transferred to this Plan meet the requirements of this section.

4.15 Suspension of Contributions. -----

During an Approved Leave of Absence, the Elective Contributions made on behalf of the Participant, Nonelective Contributions made by the Participant and Company Matching Contributions shall be suspended. Upon the Participant's return to active employment as an Eligible Employee of the Company in an eligible classification, such Contributions shall resume.

4.16 Return of Contributions. -----

Notwithstanding any other provision of the Plan, the Trustee shall return to the Company, if the Company so directs, any Company Contribution made by a mistake of fact, provided that no Contribution shall be returned by reason of this section more than one year after it was paid to the Trustee. Earnings attributable to the mistaken contribution shall not be returned, but losses attributable thereto will reduce the amount to be returned. All contributions to the Plan are contingent upon their deductibility.

Article V. Participant Accounts; Investment Funds

5.1 Establishment of Participants' Accounts.

The Company shall establish on its books for each Participant a Pretax Basic Contribution Account, an After-Tax Basic Contribution Account, a Pretax Supplemental Account, an After-Tax Supplemental Account, a Company Matching Contribution Account, and a Rollover Contribution Account. Each Account shall be maintained so long as there shall be a credit balance therein. Amounts held in Accounts on behalf of Employees shall remain invested, and shall be subject to all adjustments under this Article, at all times.

5.2 Investment Funds.

The Trustee shall, upon direction from the Company, establish and maintain Investment Funds. Subject to the provisions of Article XIV (Qualified Domestic Relations Orders), each Participant shall direct the investment of his Accounts in the Investment Funds. The Investment Funds shall include such funds as the Company deems advisable and shall always include at least the following:

- (a) A fixed income fund which invests primarily in contracts issued by

insurance companies and other financial institutions and/or bonds and other debt instruments that provide for a fixed or variable rate of interest and repayment of principal.
- (b) An interest income fund which invests in investment contracts paying

specified rates of interests offered by banks, insurance companies and other institutions.
- (c) A growth fund which invests primarily in common and preferred stocks,

convertible securities, bonds and futures and options.
- (d) The AT&T Shares Fund which holds investments of Participants enrolled

in the Prior Plan(s) with a balance in the AT&T Shares Fund or Employer Stock Fund of the Prior Plans as of May 31, 1993. The AT&T

Shares Fund is invested in shares of AT&T common stock and is subject

to the following limitations:
 - (1) a Participant cannot direct any new contributions or loan repayments to the AT&T Share Fund after May 31, 1993;

- (2) dividends earned on AT&T common stock in the AT&T Shares Fund will be reinvested in the other fund(s) which the Participant has chosen for current contributions; and
- (3) the AT&T Shares Fund will be discontinued effective June 1, 1998 and Participants will be required to transfer any remaining account balances in the AT&T Shares Fund to other options before that date.
- (e) Effective August 15, 1994, the MMC Common Stock Fund which invests primarily in Martin Marietta Company common stock.

5.3 Investment Instructions.

Each Participant shall give such investment instructions with respect to his Account in such manner and at such times as the Company shall determine. Any such direction shall remain in effect until terminated or modified by the Participant. A Participant may direct his Accounts in any combination of the Investment Funds described in Section 5.2, in one percent (1%) increments. Dividends and interest earned by the funds, excluding dividends earned by the AT&T Shares Fund, are reinvested in the same fund.

- (a) Frequency of Changes for Future Contributions. A Participant may -----
change investment direction for future contributions according to procedures prescribed in writing by the Company.
- (b) Frequency of Election Changes Regarding Existing Accounts. A -----
Participant may change the allocation of existing accounts by transferring amounts in increments of one percent (1%) of the Participant's balance in a fund to another fund. Such transfers, subject to the limitations set out below, shall be made according to procedures prescribed in writing by the Company. Transfers among funds are subject to any restrictions established in writing by the Company.
- (c) Investment of Accounts Not Directed. During any period of time for -----
which a Participant has not directed the investment of his Accounts hereunder, the Company shall have the discretion as Plan fiduciary to direct such Account in such manner as it deems advisable.

5.4 Plan Expenses.

- (a) Investment Fees, Etc. Expenses attributable to the management and

investment of each of the Investment Funds shall be charged against the respective fund.

- (b) Administrative Expenses, Etc. All fees paid to the Trustee for

trustee services are paid out of the Trust assets and charged against Participant accounts in proportion to the balance of such accounts. Except as provided in the preceding sentence and in (c) and (d) below, all fees paid for recordkeeping services performed by the Trustee or by any other third-party service provider (except for such services as are attributable to the Participant loan program described in Article VIII), and all reasonable expenses incurred in the administration of the Plan or the Trust (including, but not limited to, the fees and compensation of auditors, accountants, legal counsel, and actuarial counsel) shall be paid by the Company.

- (c) Loan Program. Expenses attributable to administration of Article VIII

shall be defrayed in part by fees paid by loan applicants in amounts determined by the Company, with the remaining expenses, if any, paid by the Trust. Notwithstanding the foregoing, for loans made prior to June 1, 1993, the Company shall pay the ongoing administrative expenses.

- (d) Participants in the AT&T Shares Fund. Expenses attributable to proxy

solicitations with respect to AT&T shares shall be charged to the accounts of Participants with balances in the AT&T Shares Fund on a per capita basis in an amount reasonably sufficient to recover such expenses. Employees participating in that fund shall be informed of said amount.

- (e) Participants in the MMC Common Stock Fund. Expenses attributable to

proxy solicitations with respect to MMC shares shall be charged to the accounts of Participants with balances in the MMC Common Stock Fund on a per capita basis in an amount reasonably sufficient to recover such expenses. Employees participating in that fund shall be informed of said amount.

5.5 Voting of Shares.

Before each annual or special meeting of shareholders of AT&T or MMC, the Trustee shall send or cause to be sent to each Participant with a balance in the AT&T Shares Fund or MMC Common Stock Fund, as appropriate, a copy of the Annual Report to Shareowners, the proxy soliciting material for the meeting and a form requesting instructions for the Trustee on how to vote the shares represented by amounts credited to the Participant's Account. Upon receipt of such instructions, the Trustee shall vote the shares as instructed. The Trustee shall vote the shares for which it does not receive voting instructions on the basis of the Trustee's independent judgment and in the best interest of the Participants.

5.6 Valuations; Allocations of Investment Earnings and Losses.

Accounts and Investment Funds shall be valued as of each business day. Earnings, gains, and losses (realized or unrealized) for each Investment Fund shall be allocated to the portion ("subaccount") of a Participant's Accounts maintained with respect to that fund, in the same ratio that the value of his subaccount (determined as of the Valuation Date) bears to the sum of the values of all Participants' subaccounts maintained with respect to the Investment Fund. For the purpose of this ratio, the value of a subaccount shall be the value of the sub account as of the last preceding business day, adjusted for contributions, reallocated forfeitures, loan expenses and repayments, interfund transfers, distributions, withdrawals, and expenses.

Article VI. Vesting and Forfeitures

6.1 Vesting in Contribution Accounts.

A Participant shall have a fully vested interest in his After-Tax Basic, After-Tax Supplemental, Pretax Basic and Pretax Supplemental Contribution Accounts and his Rollover Contribution Account at all times.

6.2 Vesting in Company Matching Contribution Account.

(a) General Rule. An Employee shall earn a vested interest in a portion of his Company Matching Contribution Account based on his Years of Vesting Service as follows:

Years of Vesting Service	Vested Percentage of Account Balance
Less than 5	0%
5 or more	100%

(b) Preservation of Rights Under Class Year Vesting Provisions. In the case of an Employee who has an Hour of Service before June 1, 1993, the portion of his Company Matching Contribution Account in which he is vested shall be equal to the greater of--

- (1) the amount determined under the vesting schedule set forth in subsection (a), or
- (2) the amount which became vested under the class year vesting schedule in effect under the Prior Plans for periods of service credited before June 1, 1993, calculated as if such schedule had remained in effect.

6.3 Full Vesting of Company Matching Contribution Accounts.

Participant shall have a fully vested interest in his Matching Contribution Account if the Company determines that any of the following events occurred prior to (or concurrently with) his termination of employment with the Company or a Parent Organization:

- (a) the Participant incurs a Permanent Disability;
- (b) the Participant attains the first day of the month in which his 65th birthday occurs or, if later, the date on which he is 100% vested;

(c) the Participant is laid off; or

(d) the Participant dies.

6.4 Forfeitures.

(a) Company Matching Contribution Account. In the event that a

Participant's interest in his Company Matching Contribution Account is not yet fully vested on the termination of his employment with the Company, the nonvested portion of his Company Matching Contribution Account shall be immediately forfeited by the Participant upon the earlier to occur of the date on which distribution is made or as of the last day of the Plan Year in which the Participant incurs five consecutive One Year Breaks in Service. Subject to restoration under subsection (b), the non-vested amount shall be reallocated to the Company Matching Contribution Accounts of remaining active Participants in lieu of Company Matching Contributions which otherwise would have been made by the Company on or after the date of such forfeiture.

(b) Restoration of Forfeitures. If a Participant with respect to whom

forfeitures have occurred under this section is reemployed by the Company or a Parent Organization prior to incurring five or more consecutive One Year Breaks in Service, amounts forfeited under subsection (a) shall be restored to his Company Matching Contribution Account as of the close of the Plan Year in which such Participant is reemployed. No earnings shall be credited to such restored amount which such restored amounts would have earned if such restored amounts had remained invested in the Plan. The source for restored forfeitures and additional credited amounts to Company Matching Contribution Accounts shall be other current forfeitures from Company Matching Contribution Accounts and, if such other forfeitures are insufficient, additional Company (as determined by the Company) contributions made without regard to the existence of profits.

Article VII. Distributions

7.1 Normal Retirement.

A Participant whose employment with the Company or a Parent Organization terminates on or after attainment of eligibility for a Service Pension under the terms of the Sandia Retirement Income Plan or the Sandia Corporation Pension Security Plan shall be entitled to receive the entire balance of his Accounts in accordance with the provisions of section 7.5.

7.2 Disability Retirement.

A Participant whose employment with the Company and its Parent Organization terminates when he terminates employment with a Disability Pension from the Sandia Retirement Income Plan or the Sandia Pension Security Plan shall be entitled to receive the entire balance of his Accounts in accordance with the provisions of section 7.5.

7.3 Distribution Upon Death of Participant.

(a) Death of Participant. In the event of a Participant's death, the

Beneficiary of such Participant shall be entitled, subject to section 8.5 (loan repayments) and Article XIV (Qualified Domestic Relations Orders), to receive the entire balance of such Participant's Accounts in a single lump sum payment.

(b) Designation of Beneficiary.

(1) General Rule. Each Participant may designate one or more persons

as Beneficiary(ies) to receive his Account Balance upon his death. Each such designation shall be made on a form provided by the Company, shall be effective only when filed in writing with the Company or recordkeeper, and shall revoke all prior designations, subject to the provisions of paragraph (2) below.

(2) Rule for Surviving Spouses. A Participant's surviving spouse

shall be his sole Beneficiary unless, prior to the Participant's death, one or more other persons have been named pursuant to a qualified alternate designation (as defined in paragraph (3) below) made and filed with the Company prior to the Participant's death or unless the Company determines that the consent otherwise required under paragraph

(3) could not have been obtained because the Participant's spouse could not be located or because of such other circumstances as the Secretary of Treasury shall prescribe by regulation.

(3) Qualified Alternate Beneficiary Designation. A designation

shall be a qualified alternate designation only if--

- (A) the Participant, in a signed written instrument, designates by name one or more persons to be Beneficiary(ies) in lieu of, or along with, his surviving spouse;
- (B) at the time of such designation the Participant's spouse consents in writing to the naming of such Beneficiary (if other than said spouse) and acknowledges the effect of such consent; and
- (C) such consent is notarized or witnessed by a designated representative of the Company.

A qualified alternate designation shall not be changed without spousal consent, but may be revoked without spousal consent.

(4) Default Beneficiary. If no person is otherwise designated under

this subsection, or if a designation is revoked in whole or in part, or if no designated Beneficiary survives the Participant, the Participant's Beneficiary shall be his surviving spouse or, if there is no surviving spouse, the Participant's estate.

(c) Form and Timing of Distribution to Beneficiary.

The normal form of distribution to a Beneficiary shall be a lump sum payable as soon as practicable following the Participant's death.

7.4 Distribution Upon a Termination of Employment for Other Causes.

-
- (a) A Participant whose employment with the Company or Parent Organization terminates before attainment of eligibility for a Service Pension or Disability Pension under the Sandia Corporation Retirement Income Plan or the Sandia Corporation Pension Security Plan shall be entitled to receive the

Vested Balance of his Accounts following such termination in accordance with the provisions of section 7.5.

- (b) Balances Under \$3500. In the event the Participant's Vested Balance -----
at the date of any distribution has never exceeded \$3500, or such other amount as is provided under Code section 411(a)(11)(A) from time to time, such amount will be distributed to the Participant as soon as practicable following the Participant's termination of employment. Immediately following distribution to a terminated Participant, the nonvested balance of any Accounts shall be forfeited in accordance with section 6.4.
- (c) Procedure For Requesting Distribution. A Participant eligible to -----
receive a distribution under this Article VII may request such distribution at such time as prescribed by the Company. In order to request such distribution the Participant shall follow the procedure prescribed by the Company. The distribution will be processed only after the following events have occurred:
- (1) The Participant has requested a distribution pursuant to this paragraph (c); and
 - (2) The Company has reported the termination of employment to the recordkeeper.

7.5 Form and Timing of Distributions.

- (a) Normal Form of Distribution. The normal form of distribution under -----
the Plan shall be a lump sum. The Participant may elect to be paid a lump sum on any date following the Participant's termination of employment. Except as otherwise provided in this section and in Article XIV (Qualified Domestic Relations Orders), and subject to section 9.5 (loan repayments), the lump sum amount distributed shall be equal to the Vested Balance of the Participant's Accounts determined as of the date the distribution is made.
- (b) Withdrawal. A Participant who retires with a Service or Disability -----
Pension from the Sandia Corporation Retirement Income Plan or the Sandia Corporation Pension Security Plan may elect to receive his Account in the form of discretionary annual withdrawals, subject to section 7.7.

- (1) A Participant who elects this option shall follow the procedures prescribed by the Company on any business day, or at such other time as prescribed by the Company and request a distribution in each year that the Participant wishes to receive a distribution of a portion of his Account.
- (2) The Participant shall determine the amount of the annual distribution, but such amount shall not be less than the lesser of \$500 or the Participant's remaining Vested Balance.
- (3) Subject to the provisions of Section 7.7(b), the Trustee will distribute any balance remaining in the Participant's Account in a single sum by April 1 of the calendar year following the year the Participant attains age 70 1/2 and thereafter, not later than December 1 of the year in which the distribution is required.

(c) Installment Payments.

(1) Employees Retiring Before June 1, 1993. A Participant who

 participated in the Prior Plan, retired with a Service Pension or Disability Pension from the Sandia Corporation Pension Security Plan or the Sandia Corporation Retirement Income Plan, and elected to receive a distribution of his Vested Balance in a series of pre-selected installments as permitted under the Prior Plans will continue to receive such installments unless the Participant selects to accelerate payments as provided in section 7.5(c)(2) or to take withdrawals, as provided in section 7.5(b).

(2) Election to Accelerate Payments. A Participant to whom

 installment payments are being made may irrevocably elect to receive his remaining Vested Balance in a single sum distribution. To make such election, the Participant shall follow the procedures prescribed in writing by the Company. The Participant's remaining Vested Balance will be paid as soon as practicable following the date the Participant makes such election to accelerate payments.

(3) Investment During Deferral Period. Vested Balances remaining in

the Plan after the Participant's termination of employment shall
be invested according to the Participant's election made under
section 5.3.

(d) Deferred Accounts. Notwithstanding the foregoing provisions of this

section, if a Participant terminates employment for reasons other than
retirement with a Service or Disability Pension from the Sandia
Corporation Retirement Income Plan or the Sandia Corporation Pension
Security Plan before the Employee attains age sixty-five, and the
present value of the vested amount in the Employee's Account at the
time of any distribution has ever exceeded \$3500, then the Account
shall remain in the Plan unless the Participant elects to receive
payment prior to attainment of age sixty-five. The Participant shall
continue to give investment instructions with respect to existing
balances, but is not eligible to take a loan or any in-service
withdrawals from the Plan. If the Participant has not requested
distribution of his Account by the date the Participant has attained
age sixty-five, the Participant's Account will be distributed to him
in a lump sum upon attainment of age sixty-five.

(e) Waiver of Thirty-Day Notice Period. Distribution may commence less

than 30 days after the notice required under section 1.411(a)-11(c) of
the Income Tax Regulations is given, provided that

(1) the Company clearly informs the Participant in writing that the
Participant has a right to a period of at least 30 days after
receiving the notice to consider the decision of whether or not
to elect a distribution (and, if applicable, a particular
distribution option), and

(2) the Participant, after receiving the notice, affirmatively elects
a distribution.

7.6 Direct Rollover. -----

Notwithstanding any provision of the Plan to the contrary that would
otherwise limit a Participant's election under this section, a Participant may
elect, at the time and in the manner prescribed by the Company, to have any
portion of an Eligible Rollover Distribution paid directly to an Eligible

Retirement Plan specified by the Participant in a direct rollover.

- (a) An "Eligible Rollover Distribution" shall mean any distribution of all or any portion of the balance to the credit of the Participant, except that an Eligible Rollover Distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Participant or the joint lives or (joint life expectancies) of the Participant and his designated Beneficiary, or for a specified period of ten (10) years or more; any distribution to the extent such distribution is required under section 401(a)(9) of the Code; and the portion of any distribution that is not includable in gross income (determined without regard to the exclusion for net unrealized appreciation with respect employer securities).
- (b) An "Eligible Retirement Plan" shall mean an individual retirement account described in section 408(a) of the Code, an individual retirement annuity described in section 408(b) of the Code, an annuity plan described in section 403(a) of the Code, or a qualified trust described in section 401(a) of the Code, that accepts the Participant's Eligible Rollover Distribution. However, in the case of an Eligible Rollover Distribution to the surviving spouse, an Eligible Retirement Plan is an individual retirement account or individual retirement annuity.

7.7 Distribution Requirements.

Notwithstanding any other provision of the Plan to the contrary--

- (a) General Rule. Unless the Participant otherwise elected in writing,

distribution to such Participant shall be made (or shall commence) not later than the sixtieth day after the close of the Plan Year in which occurs the latest of the following events:
 - (1) The Participant attains age sixty-five;
 - (2) the Participant attains the tenth anniversary of the date on which he became a Participant under the Plan; or

(3) the Participant's termination of employment with the Company and its Parent Organization.

- (b) Required Distribution Date. Notwithstanding anything to the contrary -----
in this Article VII, a Participant's entire interest in the Plan shall be distributed to such Participant (or begin to be distributed to such Participant) not later than April 1 following the calendar year in which he attains age 70 1/2, regardless of when he terminates his employment.
- (c) Periodic Benefit Payments. A Participant's entire interest in the -----
Plan shall be distributed to him, beginning not later than the date required pursuant to subsections (a) and (b) above, over the life of the Participant (or over the joint lives of the Participant and his designated Beneficiary) or in a payment or series of payments over a period not extending beyond the life expectancy of the Participant (or the joint life expectancies of the Participant and his or her designated Beneficiary). The life expectancy of a Participant (or the joint life expectancies of the Participant and his spouse) will be calculated as of the required distribution date, and shall not be recalculated thereafter.
- (d) Required Distribution Where Employee Dies Before Entire Interest is -----
Distributed. If the distribution of a Participant's benefits has -----
begun and the Participant dies before his entire interest has been distributed to him, the remaining portion of the Participant's benefits will be distributed to the Participant's Beneficiary in a lump sum.
- (e) Five-year Rule. If a Participant dies prior to the distribution of -----
his benefit without having designed a person as his Beneficiary (other than a deemed designation of his spouse as provided in section 7.3(b)), then distribution of his Account shall be made within five years after the Participant's death.

Distributions hereunder will be made in accordance with Code section 401(a)(9) and the regulations thereunder, including regulation section 1.401(a)(9)-2, which are incorporated by reference herein.

7.8 Transfer to Non-Participating Parent Organization.

- (a) Optional Withdrawal. Upon the transfer of a Participant from the

employment of the Company to the employ of a non-participating Parent Organization, the Participant's Vested Balance will be held in the Plan and will be distributed at the election of the Participant subsequent to termination of employment with the Company and all Parent Organizations.
- (b) Continued Participation in the Plan. A transferred Participant

described in subsection (a) shall not be entitled to participate in contributions or the allocation of forfeitures during his employment by a Parent Organization other than the Company but he shall remain a Participant for all other purposes until death or the complete distribution and/or forfeiture of his Accounts.

Article VIII. In-Service Withdrawals

8.1 General Rule.

Subject to the limitations set forth in this Article, a Participant may withdraw all or part of the value of the vested portion of his Accounts in accordance with and in the order specified in section 8.2, 8.3, or 8.4. The Participant may request such withdrawals according to the written procedures adopted by the Company on any business day. For the purpose of determining a withdrawal under this Section, a Participant's Accounts shall be valued as of each business day. The minimum amount a Participant may withdraw under each of sections 8.2, 8.3 and 8.4 is the lesser of \$300 or the vested portion of his Accounts.

8.2 Non-Hardship Non-Suspension Withdrawals.

(a) Order of Non-Hardship Non-Suspension Withdrawals. Any Non-Hardship

Non-Suspension Withdrawals from the categories listed below shall be available only if taken in the order listed below. A Participant must withdraw the full balance available from each category prior to withdrawing any amount in a subsequent category:

- Category 1: After-Tax Supplemental Contributions and related earnings.
- Category 2: After-Tax Basic Contributions and related earnings that have been in the Plan for at least two full Plan Years.
- Category 3: Any amount in the Participant's Rollover Contribution Account (does not include amounts transferred from the Prior Plan).
- Category 4: Vested Company Matching Contributions and related earnings that have been in the Plan for at least two full Plan Years.
- Category 5: Provided the Participant is at least 59 1/2 years old, Pretax Basic and Supplemental Contributions for all Plan Years, and related earnings on Pretax Contributions made prior to January 1, 1989.

Category 6: Vested Company Matching Contributions and related earnings, that have been in the Plan less than two full Plan Years, provided the Participant is at least 59 1/2 years old.

(b) Withdrawal Restrictions. The following restrictions apply to all

Withdrawals under this Article VIII.

- (1) A Participant may make only three Non-Hardship Withdrawals in any Plan Year.
- (2) The minimum amount of any In-Service Withdrawal shall be \$300, or the Participant's Account available for withdrawal, if less.
- (3) For purposes of determining whether amounts have been held in Accounts hereunder for at least two Plan Years, years in which the amounts were held under the prior plans should be deemed to be years hereunder.

8.3 Non-Hardship Suspension Withdrawals.

(a) Order of Non-Hardship Suspension Withdrawals. Any Non-Hardship

Suspension Withdrawals from a category designated below shall be available only if preceded by, or taken together with the full amount of Non-Hardship Non-Suspension Withdrawals available under section 8.2 and, a Non-Hardship Suspension Withdrawal of the full balance available from each category of Non-Hardship Suspension Withdrawals.

Category 1: After-Tax Basic Contributions and related earnings that have been in the Participant's account less than two full Plan Years.

Category 2: Vested Company Matching Contributions and related earnings that have been in the Plan less than two full Plan Years.

(b) Non-Hardship Suspension Withdrawal Penalty. A Participant

who makes a Non-Hardship Suspension Withdrawal shall be suspended from making After-Tax or Pretax contributions to the Plan, from the operation of his Contribution Agreement, and from receiving Company Matching Contributions for the

pay period in which the Non-Hardship Suspension Withdrawal is made, and thereafter, for the six months following the date on which the withdrawal was made.

8.4 Hardship Withdrawals.

(a) General Rule. A Participant may, prior to a termination of employment

with the Company and its Parent Organizations, request a financial hardship withdrawal. A Participant may request such a withdrawal with respect to the balance in his Pretax Basic and Pretax Supplemental Contribution Accounts provided that such distribution may include only earnings credited to the Participant's Pretax Basic and Pretax Supplemental Contribution Accounts upon contributions made prior to December 31, 1988. A hardship withdrawal shall be available only upon a determination by the Company that the Participant has suffered an immediate and heavy financial need and that the distribution is necessary to satisfy such financial need.

(b) Financial Need. The delegates of the Chief Financial Officer of the

Company shall examine all relevant facts and circumstances to determine whether the Participant has an immediate and heavy financial need. A financial need shall not fail to be immediate and heavy merely because such need was reasonably foreseeable or voluntarily incurred by the Participant. The Company may require a Participant to submit any and all documentation that it deems necessary to substantiate the existence of a financial hardship. The circumstances under which a financial need shall be deemed to exist shall include financial needs attributable to:

- (1) medical expenses described in Code section 213(d) incurred by the Participant, the Participant's spouse, or any dependents of the Participant (as defined in Code section 152) which are not covered by insurance;
- (2) purchase (excluding mortgage payments) of a principal residence for the Participant;
- (3) payment of tuition and related educational fees for the next twelve months of post-secondary education for the Participant, his spouse, children, or dependents;

- (4) the need to prevent the eviction of the Participant from his principal residence or foreclosure on the mortgage of the Participant's principal residence; or
 - (5) payment for extensive home repairs or renovations related to fire, natural disaster or other similar unforeseeable events; or
 - (6) purchase or repair of the primary vehicle used by the Participant or the Participant's spouse to commute to and from work, provided such purchase or repair is necessitated by an unforeseeable event such as accident or theft.
- (c) Distribution Necessary to Satisfy Financial Need. A distribution

 pursuant to this section 8.4 will not be treated as necessary to satisfy an immediate and heavy financial need of a Participant to the extent the amount of the distribution is in excess of the amount required to relieve the financial need of the Participant or to the extent such need may be satisfied from other resources that are reasonably available to the Participant. This determination shall be made by the Company on the basis of all relevant facts and circumstances. A distribution generally may be treated as necessary to satisfy a financial need with reasonable reliance upon the Participant's written representation that the need cannot reasonably be relieved--
- (1) through reimbursement or compensation by insurance or otherwise;
 - (2) by liquidation of the Participant's assets, to the extent such liquidation would not itself cause an immediate and heavy financial need;
 - (3) by cessation of contributions under the Plan and cessation of contributions to each other plan in which the Participant is eligible to participate; or
 - (4) by other distributions or nontaxable (at the time of the loan) loans from plans maintained by the Company or a Parent Organization, or by borrowing from commercial sources on reasonable commercial terms in an amount sufficient to satisfy the need.

For purposes of this subsection, the Participant's resources shall be deemed to include those assets of his spouse and minor children that are reasonably available to the Participant.

- (d) Hardship Withdrawal Penalty. A Participant who makes a Hardship

Withdrawal shall be suspended from making contributions to the Plan, from the operation of his Contribution Agreement, and from receiving Company Matching Contributions for the pay period in which the Hardship Withdrawal is made, and thereafter, for the following twelve months.

Article IX. Loans To Participants

9.1 Authorization to Make Loans.

Upon application of an active Participant with respect to the Plan, the Company may direct the Trustee to make a cash loan to the Participant. Whether such loans are made, as well as their amounts and terms, shall be in the sole and absolute discretion of the Company, subject to the provisions of this Article and Article XIV (regarding Domestic Relations Orders).

9.2 Amounts of Loans.

(a) Minimum Amount. The minimum amount of any loan shall be \$1,000.

(b) Maximum Amount.

- (1) The maximum amount of any loan to a Participant shall be the lesser of 50 percent of a Participant's account balance or \$50,000.
- (2) Notwithstanding the foregoing, the amount of any loan from this Plan shall not exceed \$50,000 reduced by the excess (if any) of--
 - (1) the highest outstanding balance of loans from all plans of the Company during the year ending on the day before the date of the loan minus
 - (2) the outstanding balance of loans from all plans of the Company on the date of the loan.

(c) Additional Restrictions.

- (1) No loan shall be made if the weekly payments necessary to fully amortize the loan over its terms would exceed 25 percent of the Participant's weekly compensation exclusive of bonuses and overtime.
- (2) Not more than one loan from all plans of the Company shall be outstanding to a Participant at any time.
- (3) Each loan is subject to a loan processing fee and a quarterly recurring administration fee. The loan processing fee shall be subtracted from the Participant's Account. Loans made from the Prior Plans and transferred to this Plan will not be subject to fees under this Plan.

(d) Account Allocations. To satisfy a Participant's loan request, loan

amounts shall be taken from the Participant's Vested Account balance (not to
excess fifty percent (50%) of the Participant's Vested Balance in any account)
on a last-in, first-out basis in the following order:

- (1) Pretax Basic Contribution Account;
- (2) Pretax Supplemental Contribution Account;
- (3) Vested Company Matching Contribution Account;
- (4) Rollover Contribution Account;
- (5) After-Tax Basic Contribution Account;
- (6) After-Tax Supplemental Contribution Account.

Loan amounts will be taken from Investment Funds in which the Participant's
Accounts are invested on a prorated basis.

9.3 Interest.

Each loan shall bear interest at a rate as determined from time to time
equal to a published and established prime rate of interest selected by the
Company. The Company shall approve a formula for calculating the weekly loan
interest rate.

9.4 Term.

Loans shall be made for the period requested by the Participant from the
following schedule:

- (a) One (1) year term;
- (b) Two (2) year term;
- (c) Three (3) year term;
- (d) Four (4) year term;
- (e) Fifty-six (56) month term;
- (f) For a loan transferred from the Prior Plans, the loan term remaining
on such loan, in no event in excess of fifty six (56) a month.

9.5 Repayment.

- (a) Loans shall be repaid in equal weekly installments, four per month, representing a combination of interest and principal, sufficient to amortize the loan during its term. Repayment shall commence as of the first pay period following the date the loan proceeds check is sent to the Participant.
- (b) Loan payments shall be credited to the Participant's Account weekly, and invested according to the Participant's current investment directions.
- (c) Payments shall be made through payroll withholding or other means acceptable to the Company in its sole and absolute discretion.
- (d) Should there be an outstanding loan balance with respect to a Participant at the time of his retirement or termination of employment with the Company or a Parent Organization, such loan balance shall be paid as follows:
 - (1) the Participant shall repay in a single payment not later than three (3) months following his termination; or,
 - (2) the cash amount of his Vested Balance shall be reduced on such distribution commencement date by the amount of the then remaining unpaid loan balance, and any amounts withheld for the payment of taxes; and the loan shall be considered fully paid as of such distribution commencement date;
- (f) Prepayments may be made without penalty but must include the full amount of outstanding principal and all previously accrued interest.
- (g) Payments shall be suspended during the period a Participant is on an Approved Leave of Absence provided that no such extension shall exceed one (1) year; however, upon the Participant's return to active employment, payments will be recalculated and increased. The recalculated payment will reflect the amount of principal and interest which were not paid during the period of the Approved Leave of Absence. In no event will a suspension due to an Approved Leave of Absence result in extension of a loan term beyond five (5) years from

the date on which the loan was originally disbursed.

9.6 Documents.

No loan under this Article shall be made until the Participant has completed in the appropriate form, and submitted to the Company, the following:

- (a) A loan application setting forth such information as the Company deem appropriate.
- (b) A promissory note designating the Trustee as payee, stating the amount, term, repayment schedule, interest rate and other terms and conditions consistent with this Article.
- (c) Repayment shall be made through withholding pursuant to the Participant's written authorization or confirmation that the Company shall withhold each payroll period, and remit to the Trustee, the installments amounts determined under section 9.5(a).
- (d) A security agreement granting a security interest in the Participant's Vested Balance in his Accounts to the Trustee as security for repayment of the loan.

9.7 Default.

If a Participant fails to make payment on a loan when due and such failure continues for three months thereafter, the Company may declare the loan to be in default, in which case the entire unpaid balance shall become due and payable. The Trustee may pursue collection of the debt by any means generally available to a creditor where a promissory note is in default. If the entire amount due is not paid by the Participant within 30 days following the declaration of default and if the Participant has either attained age 59 1/2, incurred a financial hardship within the meaning of section 9.4, or terminated employment with the Company and its Parent Organization, the Trustee may exercise its security interest by reducing the Participant's Vested Balance by the amounts due and by amounts withheld for the payment of taxes payable in connection with such reduction. Upon such exercise the note shall be cancelled to the extent of such reduction.

Article X. The Committee

10.1 Establishment and Authority of Committee.

A Savings Plan Committee shall have such powers as may be necessary to enable it to interpret and construe the Plan and make benefit determinations hereunder, except for powers vested in the Company, the Trustee and the Investment Managers. The Board of Directors hereby delegates the authority to appoint members of the Committee to the President of the Company. The Committee shall serve as the final review committee under the Plan and shall determine conclusively for all parties any and all questions arising from the administration of the Plan. The Committee shall have sole and complete discretionary authority and control to manage the operation and administration of the Plan, including, but not limited to, the determination of all questions relating to eligibility for participation and benefits, interpretation of all Plan provisions, determination of the amount and kind of benefits payable to any Participant, spouse or beneficiary, and construction of disputed or doubtful terms. Such decision shall be conclusive and binding on all parties and not subject to further review.

The Company shall adopt rules for operation of the Committee. The Committee shall have authority to adopt such bylaws and further rules, not inconsistent with those adopted by the Company and subject to the approval of the President of the Company, as the Committee may find appropriate. The Company and the Committee may each employ a Secretary and such assistants as may be required in discharging their responsibilities hereunder. The Company and Committee may engage persons to render advice with regard to any of its responsibilities under the Plan. The Company and the Committee may delegate authority with respect to certain matters to officers or employees of the Company.

The Committee shall appoint or provide for the appointment of one person, to be known as the Savings Plan Administrator, who shall have authority to grant or deny claims for benefits under the Plan. The Secretary of the committee has the authority to appoint a Temporary Savings Plan Administrator, should the Savings Plan Administrator be unable to act, in the event of an emergency or due to absence of one week or more. During the period covered by the appointment, the Temporary Savings Plan Administrator shall have all the powers and duties that have been assigned to the Savings Plan Administrator.

10.2 Resignation and Removal of Members.

There shall at all times be at least five individuals, any or all of whom may be Participants, acting as a Committee hereunder to administer the Plan. Any Committee member may at any time resign by giving to the Company written notice of such resignation. Any such resignation shall become effective upon the last business day of the calendar month next succeeding the calendar month in which such notice is received by the Company or on such earlier date as the Company may determine. The Company may at any time remove any or all of the Committee members then acting hereunder. Any such removal shall become effective immediately upon the delivery of such notice to the Committee member so removed or on such later date as may be specified in such notice.

10.3 Appointment of Members. The President of the Company shall designate

at least five individuals to act as Committee members. If at any time there shall be less than five Committee members acting hereunder, the President shall designate one or more members by giving written notice of such designation to the Committee members, if any, then acting hereunder and to each such designee. Any such designation shall become effective upon the date of the delivery to the President of a written notice by such designee accepting the appointment and agreeing to administer the Plan in accordance with the provisions hereof or on any other date as may be specified in the notice.

10.4 Committee Procedures.

- (a) No Committee member who is a Participant shall have any voice in any decision of the Committee made uniquely with respect to such Committee member, his participation in the Plan or his benefits hereunder.
- (b) In the event of any disagreement among the Committee members at any time acting hereunder and authorized to act with respect to any matter, the decision of a majority of said Committee members authorized to act upon such matter shall be controlling and shall be binding and conclusive upon all persons.
- (c) Each additional and each successor Committee member at any time acting hereunder shall have all of the rights and powers and all of the privileges and immunities hereby conferred upon the original Committee members hereunder and all of the duties and obligation so imposed upon the original Committee members hereunder.

10.5 Plan Administrator.

The Company and each member of the Committee shall be deemed to be a "named fiduciary" within the meaning of section 402(a)(2) of ERISA with respect to the Plan. The Company shall be the Plan Administrator and the sponsor of the Plan as those terms are defined in ERISA. The Company delegates the power to interpret and construe the Plan documents and to make benefit determinations to the Committee.

10.6 Communications to the Committee.

Communications to the Committee shall be addressed to the Secretary, Sandia Corporation Savings Plan Committee, Sandia National Laboratories, P. O. Box 10510, Albuquerque, NM 87185-1026 or such subsequent address as the Company may specify. The Secretary of the Committee is hereby designated as agent for service of legal process with respect to any claims arising under the Plan.

Article XI. Administration

11.1 Plan Administrator

The Company shall be the plan administrator, the sponsor and the named fiduciary of the Plan as those terms are defined in ERISA. The Company shall appoint (a) the Sandia Corporation Savings Plan Committee (also known as the Employee Benefits Committee), having the administrative responsibilities described below, (b) an Employee Benefits Claim Review Committee having the administrative responsibilities described below, and (c) one or more trustees which, except as otherwise provided herein, shall be responsible for holding and managing assets of the Plan and payment retirement, termination and death benefits payable therefrom. The Company may select the Investment Funds to manage the assets of the Plan. The Company may issue general or specific investment directions and guidelines or criteria for trustees and Investment Funds and may also issue specific directions to them for investment in investment companies or trusts and companies or trusts that hold or propose to invest in two or more parcels of real property, subject to the requirements of ERISA. By notice to a trustee, the Company may assume responsibility for management of all or a designated portion of the assets held by such trustee, in which event the Company shall issue specific investment directions to the trustee with respect to such assets. The Company may direct or authorize a trustee to invest all or a portion of the Plan's assets in a group, commingled, common or mutual fund or funds or master trust fund or funds established for the purpose of or permitting commingling assets of participating trusts, including such fund or funds managed in whole or in part by the Company or by a trustee or trustees or investment manager or managers appointed by the Company or

with respect to which the Company has authority to issue general investment directions and guidelines, in which event the instrument of any trust creating any such group, commingled, common, mutual or master trust fund, to the extent of the Plan's equitable share thereof, shall be deemed to have been adopted as a part of the Plan for the purpose of Section 401(a) of the Internal Revenue Code of 1954 and the Internal Revenue Code of 1986 or any corresponding provision of any subsequent federal tax law. The Company may authorize a trustee to invest part of the Plan's assets in deposits with such trustee bearing a reasonable interest rate. The Company may invest, or direct a trustee to invest, or if the Company has appointed an investment manager to manage all or a portion of the assets of the Plan, an investment manager may invest, or direct a trustee to invest all or a portion of the assets of the Plan in any other investment, whether or not specifically expressed herein, so long as any such investment is not prohibited by or inconsistent with the requirements of ERISA, any applicable trust agreement, or any asset management agreement relating to any such trust. The Company shall establish and carry out appropriate funding policies and methods.

11.2 Procedural Bylaws.

(a) The Committee and the Employee Benefits Claim Review Committee shall adopt by-laws and rules of procedure as they may find appropriate, subject to the approval of the President.

(b) The Committee and the Employee Benefits Claim Review Committee shall each be empowered to employ a secretary and such assistants as may be required in discharging their respective responsibilities.

11.3 Determination of Claims.

The Committee shall grant or deny claims for benefits under the Plan, in its sole and complete discretion. Adequate notice, pursuant to applicable law and prescribed Company practices, shall be provided in writing to any Participant or Beneficiary whose claim has been denied, setting forth the specific reasons for such denial and any other information required to be provided under ERISA.

11.4 Appeals of Claims Determination.

(a) The Employee Benefits Claim Review Committee shall serve as the final review committee, under the Plan and ERISA, for the review of all appeal claims by Participants or Beneficiaries whose initial claims for benefits have been denied, in whole or part, by the Committee.

(b) Any Participant or Beneficiary whose claim for benefits has been denied, in whole or part, may, within 60 days after receipt of notice of denial, submit a written request for review of the decision denying the claim. In such case, the Employee Benefits Claim Review committee shall,

(i) make a full and fair review of such decision within 60 days after receipt of the written request for review, or within an additional 60 days, provided the claimant is notified of the delay and the reasons for requiring such additional time; and

(ii) notify the claimant in writing of the review decision, specifying the reasons for

such decision, and any other information required to be provided under ERISA.

Any Participant who fails to request review by the Employee Benefits Claim Review Committee of a decision by the Committee provided for in this Section 11.4 shall, to the extent permitted by applicable law, be conclusively determined to have accepted as binding the decision of the Committee and thereafter the decision of such Committee or Employee Benefits Claim Review Committee shall not be subject to further review.

(c) Any Participant whose claim for benefits has been denied shall have such further rights of review as are provided in Section 503 of ERISA and regulations promulgated thereunder, and the Employee Benefits Claim Review Committee and the Committee shall retain such right, authority and discretion as is provided in or not expressly limited by said Section 503 of ERISA and the regulations thereunder.

11.5 Determination Conclusive.

The Committee, in those cases in which there is no request for review, or the Employee Benefits Claim Review Committee when it reviews a denial of a claim, shall control and manage the operation and administration of the Plan, including but not limited to, the determination of all questions relating to eligibility for participation and benefits, interpretation of all plan provisions, determination of the amount and kind of benefits payable to any Participant, spouse or Beneficiary, and construction of disputed or doubtful terms, and determine conclusively in its sole and complete discretion for all parties all questions arising in

the administration of the Plan and any decision of such Committee or Employee Benefits Claim Review Committee shall not be subject to further review.

11.6 Expenses.

The expenses of the Employee Benefits Claim Review Committee and of the Committee shall be borne by the Company.

11.7 Allocation of Responsibilities.

The Company may allocate responsibilities for the operation and administration of the Plan consistent with the Plan's terms. The President or an Executive Vice President may, on behalf of the Company, delegate any of its responsibilities hereunder by designating in writing other persons to carry out their respective responsibilities (other than trustee responsibilities the delegation of which may be limited by law) under the Plan, and may employ persons to advise them with regard to any such responsibilities. Specifically, and not by way of limitation of the foregoing provisions of this Section 11.7, the Company may delegate or allocate, as applicable, to another fiduciary or named fiduciary, the responsibility to appoint, retain, and terminate trustees and investment managers and to define the authorities and responsibilities of each. The provisions of this Section shall apply to the responsibilities of the Company or any other named fiduciary under the Plan relating to any trusts associated with the Plan, including any group, commingled, common, or master trust associated with the Plan and with respect to which the Company or any other named fiduciary under the Plan has responsibilities.

11.8 Service in Multiple Capacities Permitted.

Any person or group of persons may serve in more than one fiduciary capacity with respect to the Plan (including service both as a trustee and as an administrator).

11.9 Agent for Service of Legal Process.

The Secretary of Sandia Corporation, having his place of business at Kirtland Air Force Base, Albuquerque, New Mexico 87185, P.O. Box 5800, is designated pursuant to ERISA Section 102(b) as the agent of the Plan for the service of legal process.

Article XII. Amendment; Termination; Merger

12.1 Amendments.

The Company may, at any time and from time to time, prospectively or retroactively, pursuant to a resolution of its Board of Directors, amend the terms and provisions of the Plan, in whole or in part, and may, at any time, pursuant to a resolution of its Board of Directors, terminate the Plan and/or the Trust, in whole or in part, with respect to its Employees; provided,

however, that, except in order to correct a mistake of fact,

- (a) no such amendment or termination shall adversely affect the Account of any Participant on the date of such amendment or termination;
- (b) no such amendment shall adversely affect any Participant's interest in that portion, if any, of the balance in his Account which he would be entitled to receive if his employment had terminated immediately preceding the date of such amendment;
- (c) no such amendment shall reduce the Vested Balance of any Participant without his consent;
- (d) no such amendment shall result in a change of the substance of section 12.2 with respect to Participants who are such on the date of such amendment;
- (e) notwithstanding any such amendment or termination, it shall be impossible, whether by operation of natural termination of the Trust, or pursuant to the provisions of this section or by the happening of a contingency, or by collateral arrangement, or by any other means, for any part of the corpus of or the income from the Trust to be used for, or diverted to, purposes other than the exclusive benefit of the Participants and their respective Beneficiaries and the payment of the expenses of the administration of the Plan and the Trust; and
- (f) (i) the President may amend the plan from time to time, subject to the approval of the Board of Directors. The President may amend the Plan without such approval in the cases of changes which, in the opinion of the President, are dictated by the requirements of federal or state statutes applicable to the Company or authorized or made desirable by such statutes).

(ii) In addition, the Chairman or his delegee may from time to time make changes in the Plan without the approval of the Board of Directors or the President effective July 20, 1994, with respect to any Plan changes which in the opinion of the Chairman of the Board of Directors, or his delegee, involve no material policy consideration and an estimated annual cost not in excess of \$250 thousand, the Chairman, or such delegee may from time to time make changes in the Plan without the approval of the Board of Directors or the President.

(iii) Such changes or termination shall not affect the rights of any employee, without his consent, to any contribution and earnings to which he may have previously become entitled thereunder.

12.2 Terminations and Partial Termination.

In the event of, and upon, the termination or partial termination of the Plan or complete discontinuance of contributions, other than by reason of being merged into, or consolidated with, another Parent Organization, the interest in his Account of each Participant who is an Employee of the Company on the date of such termination or complete discontinuance (or, in the case of a partial termination, the Participants affected thereby) shall vest. For the purposes of this section 12.2 "partial termination" shall have the same meaning as under section 1.411(d)-2 of Treasury Regulations. In the event of a termination of the Plan, in the event that there is any remaining balance in this Plan after paying all Participants their entire interest hereunder payable in case of termination of the Plan, such balance shall, subject to the terms of this Plan and the Prior Plan, and to the extent permitted by law, be returned to DOE. The Company may terminate the Plan by action of the President, subject to approval by the Board of Directors.

12.3 Mergers; Consolidations; Transfers of Assets.

In the event the Plan is merged or consolidated with, or if any of its assets or liabilities are transferred to another plan, then, immediately after such merger, consolidation or transfer, each Participant and Beneficiary shall be entitled to receive a benefit which is no less than the benefit he would have been entitled to receive if the Plan had been terminated immediately prior to such merger, consolidation, or transfer.

Article XIII. Top-Heavy Plan Provisions

13.1 General Rule.

In the event that the Plan becomes top-heavy, or is a member of a top-heavy group, the provisions of this Article shall apply.

13.2 When Plan is Top-Heavy.

The Plan shall be top-heavy for a Plan Year if, as of the Applicable Determination date (as defined below), the aggregate of the Account balances of Key Employees (as defined below) under the Plan exceeds 60 percent of the aggregate of the Account balances of all Employees under the Plan. For purposes of this section and section 13.3--

- (a) Account balances shall include the aggregate amount of any distributions made with respect to the Employee during the Five-year period ending on the Applicable Determination Date and any contributions due but unpaid as of said determination date, and
- (b) the Account balance of any individual who has not performed services for the Company or the Parent Organization at any time during the Five-year period ending on the Applicable Determination Date shall not be taken into account.

The determination of the foregoing ratio shall be made in accordance with section 416(g) of the Code, which is incorporated herein by this reference. Notwithstanding the foregoing, the Plan shall not be top-heavy if it is part of an affiliation group of plans, as defined in section 13.3(a), that is not a top-heavy group.

13.3 When Plan is in Top-Heavy Group.

A Plan is a member of a top-heavy group with respect to a Plan Year if, as of the Applicable Determination Date, it is part of an affiliation group of plans which is top-heavy. For purposes of this section--

- (a) An "affiliation group of plans" includes all plans qualified under section 401(a) of the Code which are maintained by the Company or a Parent Organization and (1) in which a Key Employee is a Participant or (2) which enables any other plan described in paragraph (1) to meet the requirements of section 401(a)(4) or 410 of the Code.

- (b) An affiliation group of plans shall be a "top-heavy group" with respect to a Plan Year if, as of the Applicable Determination Date, the sum of--
- (1) the present value of the cumulative accrued benefits for Key Employees under all defined benefit plans included in such group and
 - (2) the aggregate of the accounts of Key Employees under all defined contribution plans included in such group exceeds 60 percent of a similar sum determined for all Employees covered under the affiliation group of plans. In making this determination, the provisions of section 13.2 (other than the first sentence thereof) shall be applicable.

13.4 Minimum Contribution.

For each Plan Year with respect to which the Plan is top-heavy, or is a member of a top-heavy group, the minimum amount allocated under the Plan, including Elective Contributions, for the benefit of each Participant who is not a Key Employee and who is otherwise eligible for such an allocation, together with amounts allocated under all other qualified defined contribution plans maintained by the Company or a Parent Organization, shall be the lesser of--

- (a) 3 percent of the Participant's Limitation Compensation for the Plan Year or
- (b) the Participant's Limitation Compensation times a percentage equal to the largest percentage of such Limitation Compensation allocated under such plans with respect to any Key Employee for the Plan Year.

This section shall not apply to an Employee covered under a qualified defined benefit plan maintained by the Company or a Parent Organization if the Employee's benefit thereunder satisfies the requirements of section 416(c) of the code.

13.5 Accelerated Vesting.

- (a) During each Plan Year for which the Plan is top-heavy, or is a member of a top-heavy group, Employees shall vest under the following vesting schedule which shall be substituted for the provisions of section 6.2:

Vesting Years -----	Percentage -----
2	20%
3	40%
4	60%
5 or more	100%

- (b) For purposes of this section, the Employee shall be credited with a "Vesting Year" for each Plan Year during which he has at least 1,000 Hours of Service.
- (c) In a Plan Year in which the Plan is no longer either top-heavy or a member of a top-heavy group, the vesting provisions contained in section 6.2 shall be restored. Should this occur, however, (1) the percentage of the Participant's Account that is nonforfeitable after such restoration shall not be less than that percentage that was nonforfeitable before the Plan ceased to be top-heavy, and (2) any Participant with five or more Vesting Years at the time of such restoration shall remain under the accelerated vesting schedule set forth in subsection (a).

13.6 Adjustment in Maximum Limitation on Account Additions.

For any Plan Year with respect to which the Plan is top-heavy, or a member of a top-heavy group, section 4.13(c)(2)(A) and (3)(A) shall be applied by substituting "1.0" for "1.25."

13.7 Definitions. For purposes of this Article XIII--

- (a) Applicable Determination Date with respect to a Plan Year shall mean -----
 - (1) the last date of the preceding Plan Year; or
 - (2) in the case of the first Plan Year of any plan, the last day of such Plan Year.
- (b) Key Employee shall mean an Employee, a former Employee, or a -----
Beneficiary as prescribed in section 416(i)(1) of the Code.
- (c) Non-Key Employee shall mean anyone who is not a Key Employee.

Article XIV. Qualified Domestic Relations Orders

14.1 Applicability of Article.

The Company shall apply the provisions of this Article with regard to a Domestic Relations Order (as defined below) to the extent not inconsistent with section 414(p) of the Code.

14.2 Establishment of Procedures.

The Company shall establish procedures, consistent with section 414(p) of the Code, to determine the qualified status of any Domestic Relations Order, to administer distributions under any Qualified Domestic Relations Order (as defined below), and to provide to the Participant and the Alternate Payee(s) (as defined below) all notices required under Code section 414(p) with respect to any Domestic Relations Order.

14.3 Determination of Qualified Domestic Relations Order Status.

Within a reasonable period of time after the receipt of a Domestic Relations Order (or any modification thereof), the Company shall determine whether such order is a Qualified Domestic Relations Order.

14.4 Definitions. For purposes of this Article--

- (a) Alternate Payee shall mean any spouse, former spouse, child, or other

dependent of a Participant who is recognized by a Domestic Relations Order as having a right to receive all, or a portion of, the benefits payable under the Plan with respect to such Participant.
- (b) Domestic Relations Order shall mean any judgment, decree, or order

(including approval of a property settlement agreement) which--
 - (1) relates to the provision of child support, alimony payments, or marital property rights to a spouse, former spouse, child, or other dependent of a Participant and
 - (2) is made pursuant to a state domestic relations law (including a community property law).
- (c) Qualified Domestic Relations Order shall mean a Domestic Relations

Order which meets the requirements of section 414(p)(1) of the Code.

Article XV. Miscellaneous Provisions

15.1 Construction.

Except as otherwise provided in section 514 of ERISA, the Plan shall be construed and regulated in accordance with the laws of the State of New Mexico.

15.2 Nonassignability.

Except to the extent permissible under Code sections 401(a)(13) and 414(p) and Article XIV, no Account or interest under this Plan shall be anticipated, assigned (either at law or in equity), alienated or subject to attachment, garnishment, levy, execution, or other legal or equitable process (whether voluntary or involuntary).

15.3 Missing Persons.

If the Company is unable to locate a proper payee within one year after an Account becomes payable, the Company may treat the balance credited to the Account as a forfeiture; however, if a claim for benefits is subsequently presented by a person entitled to a payment, the forfeited amount shall be recredited to the Account upon verification of the claim, except for those amounts that have been paid pursuant to an escheat or other applicable law. Forfeitures restored under this subsection shall be paid from current forfeitures, and if insufficient, from an additional Company contribution (without regard to the existence of profits).

15.4 Interest of Participants.

The sole interest of each Participant and his Beneficiaries under the Plan shall be to receive the benefits provided for hereunder as and when the same shall become due and payable in accordance with the terms hereof, and neither any Participant nor any such Beneficiary shall have any right, title or interest in or to any asset of the Plan.

15.5 No Right to Employment Granted by Plan.

Nothing contained herein shall require the Company or any Parent Organization to continue any Participant in its employ, or require any Participant to continue in the employ of the Company or any Parent Organization, or require the Company or any Parent Organization to continue to compensate any Participant during a Leave of Absence, or require the Company or any Parent Organization to compensate any Participant during any Leave of Absence at the same rate as prior to the commencement thereof, or require the Company or any Parent Organization to rehire any former Participant.

15.6 Incompetency.

Every person receiving or claiming benefits under the Plan shall be conclusively presumed to be mentally competent and of age until the Committee receives written notice, in a form and manner acceptable to it, that such person is incompetent or a minor, and that a guardian, conservator, or other person legally vested with the care of his estate has been appointed. In the event that such a guardian or conservator of the estate of any person receiving or claiming benefits under the Plan shall be so appointed, payments shall be made to such guardian or conservator, provided that proper proof of appointment is furnished in a form and manner suitable to the Company. To the extent permitted by law, any payment under the provisions of this section shall be a complete discharge of liability under the Plan.

15.7 Titles.

The titles of sections are included only for convenience and shall not be construed as part of this Plan or in any respect affecting or modifying its provisions.

SANDIA CORPORATION SAVINGS AND
SECURITY PLAN

TABLE OF CONTENTS

Item	Page
- - - - -	- - - - -
Article I. The Plan.....	SSP 1
1.1 Background of Plan.....	SSP 1
1.2 Purpose of Plan.....	SSP 1
Article II. Definitions.....	SSP 2
2.1 Accounts.....	SSP 2
2.2 After-Tax Basic Contribution.....	SSP 2
2.3 After-Tax Basic Contribution Account.....	SSP 2
2.4 After-Tax Supplemental Contribution.....	SSP 2
2.5 After-Tax Supplemental Contribution Account..	SSP 2
2.6 Alternate Payee.....	SSP 2
2.7 Annual Addition.....	SSP 2
2.8 Applicable Determination.....	SSP 2
2.9 Approved Leave of Absence.....	SSP 2
2.10 AT&T Shares Fund.....	SSP 3
2.11 Basic Contribution Schedule.....	SSP 3
2.12 Beneficiary.....	SSP 3
2.13 Code.....	SSP 3
2.14 Committee.....	SSP 3
2.15 Company.....	SSP 3
2.16 Company Matching Contribution.....	SSP 4
2.17 Company Matching Contribution Account.....	SSP 4
2.18 Compensation.....	SSP 4
2.19 Contribution.....	SSP 5
2.20 Contribution Agreement.....	SSP 6
2.21 Defined Benefit Fraction.....	SSP 6
2.22 Defined Contribution Fraction.....	SSP 6
2.23 Department of Energy.....	SSP 6
2.24 Domestic Relations Order.....	SSP 6
2.25 Elective Contribution.....	SSP 6
2.26 Eligible Employee.....	SSP 6
2.27 Employee.....	SSP 6
2.28 Entry Date.....	SSP 7
2.29 ERISA.....	SSP 7
2.30 Highly Compensated Employee.....	SSP 7
2.31 Hour of Service.....	SSP 7
2.32 Investment Fund.....	SSP 10
2.33 Key Employee.....	SSP 10
2.34 Limitation Compensation.....	SSP 10
2.35 Nonelective Contribution.....	SSP 10
2.36 MMC Common Stock Fund.....	SSP 10
2.37 Normal Retirement Date.....	SSP 10

Item	Page
-----	-----
2.37 Normal Retirement Date.....	SSP 10
2.38 One-Year Break in Service.....	SSP 10
2.39 Parent Organization.....	SSP 11
2.40 Participant.....	SSP 11
2.41 Permanent Disability.....	SSP 11
2.42 Plan.....	SSP 11
2.43 Plan Year.....	SSP 11
2.44 Pretax Basic Contribution.....	SSP 11
2.45 Pretax Basic Contribution Account.....	SSP 12
2.46 Pretax Supplemental Contribution.....	SSP 12
2.47 Pretax Supplemental Contribution Account....	SSP 12
2.48 Prior Plan(s).....	SSP 12
2.49 Projected Annual Benefit.....	SSP 12
2.50 Qualified Domestic Relations Order.....	SSP 12
2.51 Recordkeeper.....	SSP 12
2.52 Rollover Contribution Account.....	SSP 12
2.53 Sandia Corporation Savings Plan Committee....	SSP 12
2.54 Trust.....	SSP 12
2.55 Trust Agreement.....	SSP 13
2.56 Trustee.....	SSP 13
2.57 Vested Balance.....	SSP 13
2.58 Year of Eligibility Service.....	SSP 13
2.59 Year of Vesting Service.....	SSP 13
Article III. Participation.....	SSP 14
3.1 Commencement of Participation.....	SSP 14
3.2 Eligible Employee Classification.....	SSP 14
3.3 Year of Eligibility Service.....	SSP 14
3.4 Enrollment.....	SSP 14
3.5 Reemployed Participants.....	SSP 15
3.6 Cessation of Participation.....	SSP 15
3.7 Loss of Status as Eligible Employee.....	SSP 15
3.8 Prior Plan-Participants.....	SSP 15
Article IV. Contributions and Allocations.....	SSP 17
4.1 Elective Contributions.....	SSP 17
4.2 Nonelective Contributions.....	SSP 17
4.3 Limitations on Elective and Nonelective Contributions.....	SSP 18
4.4 Special Contribution Rules.....	SSP 18
4.5 Company Matching Contributions.....	SSP 19
4.6 Contribution Agreement.....	SSP 20
4.7 Limitation on Elective Contributions.....	SSP 20

Item	Page	
-----	-----	
4.8	Adjustment of Elective Contributions During Year.....	SSP 21
4.9	Excess Elective Contributions After Plan Year.....	SSP 22
4.10	Limitation on Nonelective and Company Matching Contributions.....	SSP 23
4.11	Excess Nonelective and Matching Contributions After Plan Year.....	SSP 24
4.12	Application of General Nondiscrimination Requirements.....	SSP 24
4.13	Restriction on Multiple Use of Alternative Limit.....	SSP 24
4.14	Limitation on Annual Additions.....	SSP 25
4.15	Transfers From Qualified Plans.....	SSP 29
4.16	Suspension of Contributions.....	SSP 31
4.17	Return of Contributions.....	SSP 31
Article V.	Participant Accounts; Investment Funds.....	SSP 32
5.1	Establishment of Participants' Accounts.....	SSP 32
5.2	Investment Funds.....	SSP 32
5.3	Investment Instructions.....	SSP 33
5.4	Plan Expenses.....	SSP 33
5.5	Voting of Shares.....	SSP 34
5.6	Valuations; Allocations of Investment Earnings and Losses.....	SSP 35
Article VI.	Vesting and Forfeitures.....	SSP 36
6.1	Vesting in Contribution Accounts.....	SSP 36
6.2	Vesting in Company Matching Contribution Account.....	SSP 36
6.3	Full Vesting of Company Matching Contribution Accounts.....	SSP 36
6.4	Forfeitures.....	SSP 37
Article VII.	Distributions.....	SSP 38
7.1	Normal Retirement.....	SSP 38
7.2	Disability Retirement.....	SSP 38
7.3	Distribution Upon Death of Participant.....	SSP 38
7.4	Distribution Upon a Termination of Employment For Other Causes.....	SSP 39
7.5	Form and Timing of Distributions.....	SSP 40

Item	Page
-----	-----
7.6 Direct Rollover.....	SSP 42
7.7 Distribution Requirements.....	SSP 43
7.8 Transfer to Non-Participating Parent Organization.....	SSP 44
Article VIII. In-Service Withdrawals.....	SSP 46
8.1 General Rule.....	SSP 46
8.2 Non-Hardship Non-Suspension Withdrawals.....	SSP 46
8.3 Non-Hardship Suspension Withdrawals.....	SSP 47
8.4 Hardship Withdrawals.....	SSP 47
Article IX. Loans To Participants.....	SSP 51
9.1 Authorization to Make Loans.....	SSP 51
9.2 Amounts of Loans.....	SSP 51
9.3 Interest.....	SSP 52
9.4 Term.....	SSP 52
9.5 Repayment.....	SSP 52
9.6 Documents.....	SSP 53
9.7 Default.....	SSP 54
Article X. The Committee.....	SSP 55
10.1 Establishment and Authority of Committee.....	SSP 55
10.2 Resignation and Removal of Members.....	SSP 55
10.3 Appointment of Members.....	SSP 56
10.4 Committee Procedures.....	SSP 56
10.5 Plan Administrator.....	SSP 56
10.6 Communications to the Committee.....	SSP 57
Article XI. Administration.....	SSP 58
11.1 Plan Administrator.....	SSP 58
11.2 Procedural Bylaws.....	SSP 59
11.3 Determination of Claims.....	SSP 60
11.4 Appeals of Claims Determination.....	SSP 60
11.5 Determination Conclusive.....	SSP 61
11.6 Expenses.....	SSP 62
11.7 Allocation of Responsibilities.....	SSP 62
11.8 Service in Multiple Capacities Permitted.....	SSP 63
11.9 Agent for Service of Legal Process.....	SSP 63

Item	Page
-----	-----
Article XII. Amendment; Termination; Merger.....	SSP 64
12.1 Amendments.....	SSP 64
12.2 Terminations and Partial Termination.....	SSP 65
12.3 Mergers; Consolidations; Transfers of Assets.....	SSP 65
Article XIII. Top-Heavy Plan Provisions.....	SSP 66
13.1 General Rule.....	SSP 66
13.2 When Plan is Top-Heavy.....	SSP 66
13.3 When Plan is in Top-Heavy Group.....	SSP 66
13.4 Minimum Contribution.....	SSP 67
13.5 Accelerated Vesting.....	SSP 67
13.6 Adjustment in Maximum Limitation on Account Additions.....	SSP 68
13.7 Definitions.....	SSP 68
Article XIV. Qualified Domestic Relations Orders.....	SSP 69
14.1 Applicability of Article.....	SSP 69
14.2 Establishment of Procedures.....	SSP 69
14.3 Determination of Qualified Domestic Relations Order Status.....	SSP 69
14.4 Definitions.....	SSP 69
Article XV. Miscellaneous Provisions.....	SSP 70
15.1 Construction.....	SSP 70
15.2 Nonassignability.....	SSP 70
15.3 Missing Persons.....	SSP 70
15.4 Interest of Participants.....	SSP 70
15.5 No Right to Employment Granted by Plan.....	SSP 70
15.6 Incompetency.....	SSP 70
15.7 Titles.....	SSP 71

SANDIA CORPORATION

SAVINGS AND SECURITY PLAN

(Effective June 1, 1993)

Article I. The Plan

1.1 Background of Plan. Sandia Corporation has established the Sandia

Corporation Savings and Security Plan as a new plan effective as of June 1, 1993, including corrections and modifications made as of January _____, 1995. The Savings Plan is a successor plan for employees of Sandia Corporation who prior to June 1, 1993 were eligible to participate in the AT&T Long Term Savings and Security Plan or the AT&T Long Term Savings Plan for Management Employees.

1.2 Purpose of Plan. The purpose of the Plan is to allow Participants to

elect to set aside a portion of their salaries on a pretax and after-tax basis, and to encourage Participant savings by matching a portion of such deferrals with Company contributions to the extent set forth in the Plan, and to provide for a portion of the livelihood of Participants in their retirement. The Plan and Trust are intended to meet the applicable requirements of sections 401(a), 401(k), 401 (m) and 501(a) of the Internal Revenue Code of 1986, as amended from time to time.

Article II. Definitions

Whenever used in the Plan, the following terms shall have the meanings set forth below unless otherwise expressly provided. The masculine pronoun shall be deemed to refer either to a male or a female, whichever is appropriate in the context.

2.1 Accounts shall mean the Pretax Basic and Supplemental Contribution

Accounts, After-Tax Basic and Supplemental Contribution Accounts, Company Matching Contribution Account, and Rollover Contribution Accounts established for Participants under the Plan.

2.2 After-Tax Basic Contribution shall mean an Employee Contribution from

the Basic Contribution Schedule for the Employee's wage band which the Employee authorized to be withheld from pay. After-Tax Basic Contributions are eligible for Company Matching Contributions.

2.3 After-Tax Basic Contribution Account shall mean the Account

established by the Company for each Participant to which After-Tax Basic Contributions and earnings thereon are credited.

2.4 After-Tax Supplemental Contribution shall mean an Employee

contribution in excess of the maximum amount permitted to be contributed under the Basic Contribution Schedule for the Employee's wage band and which the Employee authorized to be withheld from pay. After-Tax Supplemental Contributions are not eligible for Company Matching Contributions.

2.5 After-Tax Supplemental Contribution Account shall mean the Account

established by the Company for each Participant to which After-Tax Supplemental Contributions and earnings thereon are credited.

2.6 Alternate Payee shall mean any individual described in section

14.4(a).

2.7 Annual Addition shall have the meaning set forth in section

4.14(c)(1).

2.8 Applicable Determination Date shall have the meaning set forth in

section 13.7(a).

2.9 Approved Leave of Absence shall mean--

(a) an absence during which an Employee is directly paid by the Company or Parent Organization, or

(b) an absence which is approved by the Company acting through the Committee or otherwise, for any of the following reasons; family leave, medical leave, personal leave, continuation of education, improvement of professional status, contribution to charitable purposes or to education, political, community service time, military service, security leave, special leave, or any other reason approved in advance by the Company in its sole and absolute discretion.

2.10 AT&T Shares Fund shall mean the Investment Fund invested primarily in -----
AT&T Corporation ("AT&T") securities and established under the Trust Agreement for Participant Accounts under section 5.2.

2.11 Basic Contribution Schedule shall mean the schedule set out below:

Basic Weekly Rate of Pay*	Basic Weekly Contribution Permitted
-----	-----
Under \$200	\$5 - \$10
\$200 - \$299.99	\$5 - \$15
\$300 - \$399.99	\$5 - \$20
\$400 - \$499.99	\$5 - \$25
\$500 - \$599.99	\$5 - \$30
\$600 - \$699.99	\$5 - \$35
\$700 - \$799.99	\$5 - \$40
\$800 - \$899.99	\$5 - \$45
\$900 and Over	\$5 - \$50

*The Basic Weekly Contribution permitted for each wage band may be selected by the employee in five dollar increments only.

2.12 Beneficiary shall mean the person or persons (including any trust) -----
designated under section 7.3(b).

2.13 Code shall mean the Internal Revenue Code of 1986, as amended from -----
time to time and as in effect at the time with respect to which such term is used.

2.14 Committee shall mean the Sandia Corporation Savings Plan Committee -----
(also known as the Employee Benefits Committee), the duties of which are set out under Article X, to which the Company has delegated the power to interpret and construe the Plan and to make benefit determinations under the Plan.

2.15 Company shall mean Sandia Corporation.

(a) The words "AT&T Company" shall mean the AT&T Corporation or its successors and all its

subsidiaries other than the Company for the period of time the Company was such a subsidiary.

- (b) The words "MMC Company" shall mean Martin Marietta Corporation or its successors and all its subsidiaries and parents other than the Company for all periods on or after October 1, 1993.
- (c) The term "Parent Organization" shall mean every company which directly or indirectly owns 80% or more of the stock of the Company, so "Parent Organization" shall mean AT&T Company through September 30, 1993 and MMC Company as of October 1, 1993 as the sense requires.

2.16 Company Matching Contribution shall mean a

contribution made by the Company under section 4.5.

2.17 Company Matching Contribution Account shall mean the Account

established by the Company for each Participant to which Company Matching Contributions and earnings thereon are credited.

2.18 Compensation shall mean a Participant's pay from the Company,

determined as follows:

- (a) For all purposes of the Plan, except as otherwise specified, Compensation shall mean base pay (prior to reductions under sections 125 and 401(k) of the Code), payments received under the Sandia Sickness Absence Plan or the Sandia Job Incurred Accident Disability Plan, and other non-permanent compensation such as lump sum payments and Individual Performance Awards, but shall not include--
 - (1) shift differentials;
 - (2) overtime or other premium pay, worker's compensation payments; or
 - (3) the cash value of non-cash compensation reported to the Internal Revenue Service; or
 - (4) any amounts paid as reimbursements to a Participant for expenses incurred by such Participant as an Employee including, but not limited to, relocation reimbursements, automobile reimbursements, travel allowances,

and any amounts paid to the Participant to offset the tax liability of the Participant with respect to any such reimbursements.

- (b) For purposes of satisfying the limits on contributions described in sections 4.7 and 4.10, Compensation generally shall mean an Employee's compensation, as defined in section 415(c)(3) of the Code and the applicable Treasury regulations thereunder, increased by amounts otherwise excluded by reason of an Employee's election to reduce wages in lieu of benefits under a cafeteria plan under section 125 of the Code or a cash or deferred arrangement under section 401(k) of the Code. Alternatively, the Company may elect for such purposes to use any alternative definition that may be permitted under Treasury regulations in lieu of this definition.
- (c) For purposes of applying the limits of section 415 of the Code, as described in section 4.14, and for purposes of the top-heavy provisions of Article XIII, Compensation shall mean an Employee's compensation as defined in section 415 (c)(3) of the Code and the applicable Treasury regulations thereunder.
- (d) For Plan Years beginning prior to January 1, 1994, the maximum amount of Compensation of each Employee that may be taken into account each Plan Year shall not exceed \$200,000 and for Plan Years beginning after December 31, 1993, \$150,000 (both dollar amounts as adjusted by the Secretary of the Treasury under Code section 401(a)(17)). In determining the Compensation of a Participant for purposes of this limitation, the rules of section 414(q)(6) of the Code shall apply, except in applying such rules, the term "family" shall include only the spouse of the Participant and any lineal descendants of the Participant who have not attained age 19 before the close of the year. If, as a result of the application of such rules the adjusted annual compensation limitation is exceeded, then the limitation shall be prorated among the affected individuals in proportion to each such individual's compensation as determined under this section prior to the application of this limitation.

2.19 Contribution shall mean amounts contributed by a Participant and on -----

behalf of a Participant and shall include Elective and Nonelective Contributions.

2.20 Contribution Agreement shall mean an agreement which may, but need

not, be in written form, under which the Participant directs the Company to
reduce the Participant's paycheck by Pretax Contributions or After-Tax
Contributions; if the Contribution Agreement is not in written form, the Company
shall cause written confirmation to be sent to the Participant as soon as
practicable.

2.21 Defined Benefit Fraction shall have the meaning set forth in section

4.14(c)(2).

2.22 Defined Contribution Fraction shall have the meaning set forth in

section 4.14(c)(3).

2.23 Department of Energy or "DOE" shall mean the United States Department

of Energy and any other federal department, instrumentality or agency
established by any branch of the federal government to succeed DOE.

2.24 Domestic Relations Order shall have the meaning set forth in section

14.4(b).

2.25 Elective Contribution shall mean the Participant's Pretax Basic and

Pretax Supplemental Contributions, collectively.

2.26 Eligible Employee shall mean any individual employed by the Company as

a regular employee on an indefinite basis who has attained age 21 and who is in
an eligible classification as set forth in section 3.2. A leased employee shall
be excluded from the definition of Eligible Employee.

2.27 Employee shall mean an individual who is a common-law employee (i.e.,

a person whose wages from the employer are subject to federal income tax
withholding).

a. A person rendering services to the Company purportedly as (1) an
independent contractor or (2) the employee of another company providing services
to the Company shall not be treated as an employee eligible to participate in
this Plan (even if the individual is determined to be a common law employee of
the Company entitled to service credits for eligibility or vesting purposes of
this Plan) before the date the Company actually begins to withhold federal
income taxes from his or her pay.

b. To the extent required by Code Section 414(n), a "leased employee"
shall be treated as an employee but shall not be eligible to participate in this
Plan. To the extent required by Internal Revenue Code Section 414(o),
individuals who are not otherwise employees shall be treated as employees but
shall not be eligible to participate in this Plan.

c. The words "salaried employee" shall mean an individual employed by the Company whose pay is at a monthly or annual rate and whose position is not subject to automatic wage progression.

d. The words "non-salaried employee" shall mean an individual employed by the Company whose position is subject to automatic wage progression and whose pay is not at a monthly or annual rate.

2.28 Entry Date shall mean the first day of the first month following the -----
Eligible Employee's completion of the eligibility requirements described in Article III.

2.29 ERISA shall mean the Employee Retirement Income Security Act of 1974, -----
as amended from time to time and as in effect at the time with respect to which such term is used.

2.30 Highly Compensated Employee shall mean an individual determined by the -----
Company to meet the criteria set forth in Code section 414(q) and the regulations thereunder. For purposes of section 4.8 (Adjustment of Contributions During Year), Highly Compensated Employee shall also mean an individual determined by the Company during a given Plan Year to be likely to meet such criteria for that Plan Year.

2.31 Hour of Service.

(a) General Rule. The words "Hour of Service" for purposes of vesting -----
and/or eligibility shall mean each hour for which the Employee is directly or indirectly paid or entitled to payment by the Company or Parent Organization--

- (1) for the performance of duties,
- (2) on account of a period of time during which no duties are performed due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty, or leave of absence, or
- (3) for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by the Company or Parent Organization; provided, however, that no hour shall be credited as an Hour of Service under more than one of the preceding paragraphs.

(b) Applicable Computation Period.

- (1) Hours of Service described in subsection (a)(1) shall be credited to the computation period (as defined below) in which the duties are performed.
- (2) Hours of Service described in subsection (a)(2) shall be credited to the computation period in which the Employee is compensated for such Hours of Service.
- (3) Hours of Service described in subsection (a)(3) shall be credited to the computation period to which the award, agreement, or payment is made.
- (4) Notwithstanding anything to the contrary in paragraph (1), (2) or (3), in the case of Hours of Service to be credited to the Employee in connection with a payroll period of no more than 31 days which extends beyond the end of a computation period, all such Hours of Service shall be credited to the following computation period.
- (5) For purposes of this section the term "computation period" shall mean the calendar year, except that in determining whether an Employee completes a Year of Eligibility Service under section 3.3 during the 12-month period following his commencement of employment, the term "computation period" shall mean that 12-month period.

(c) Hours Not Counted. This subsection limits the Hours of Service

credited for periods during which no duties are performed and applies whether or not Hours of Service otherwise would have been counted for such periods under subsection (a)(2).

- (1) Unpaid Time. An hour for which an Employee is not paid, either

directly or indirectly, shall not be credited except in the case of an Approved Leave of Absence.
- (2) Worker's Compensation, Disability Insurance, Unemployment

Compensation. An hour for which an Employee is directly or

indirectly paid or entitled to payment on account of a period during which the Employee performed no duties-

- (A) shall be credited in the sole discretion of the Committee if such payment is made or due under a plan maintained solely for the purposes of complying with an applicable worker's compensation or disability insurance law, but
 - (B) shall not be credited if such payment is made or due under a plan maintained solely for the purpose of complying with an applicable unemployment compensation law.
- (3) Medical Reimbursement. Hours of Service shall not be credited

for a payment which reimburses the Employee solely for medical or medically-related expenses.
- (4) 501 Hour Limitation. Except in the case of an Approved Leave of

Absence, not more than 501 Hours of Service shall be credited under subsection (a)(2) on account of any single period during which the Employee performs no duties (whether or not such period occurs in a single calendar year).
- (d) Equivalent Hours. For the purpose of determining a year of service,

there shall be counted an employee's service with a Parent Organization.
- (e) Approved Leave of Absence. Notwithstanding subsection (a), an

Employee shall be credited with no less than 45 Hours of Service for each week of Approved Leave of Absence.
- (f) Maternity and Paternity Absence. Solely for purposes of determining

whether a One Year Break in Service has occurred, an Employee shall be credited with an Hour of Service for each which would have been credited to such Employee but for such Employee's absence from employment for maternity or paternity reasons. An absence from work for maternity or paternity reasons shall mean an absence--
- (1) by reason of pregnancy of the Employee,
 - (2) by reason of the birth of a child of the Employee,

(3) by reason of the placement of a child with the Employee in connection with the adoption of such child by such Employee, or

(4) for purposes of caring for such child for a period beginning immediately following such birth or placement. No more than 501 Hours of Service shall be credited under this subsection for any such absence. Hours of Service under this subsection shall be credited in the Plan Year in which the absence from employment commences if the crediting is necessary to prevent a One Year Break in Service or, in all other cases, such Hours of Service shall be credited in the following Plan Year.

(g) Construction. This section is intended to be consistent with the requirements of section 2530.200b-2 of Department of Labor Regulations and shall be so construed.

2.32 Investment Fund shall mean an investment fund established under the Trust Agreement for Participant Accounts under section 5.2.

2.33 Key Employee shall mean any individual described in section 13.7(b).

2.34 Limitation Compensation shall have the meaning set forth in section 4.14(c)(4).

2.35 Nonelective Contribution shall mean the Participant's After-Tax Basic and After-Tax Supplemental Contributions, collectively.

2.36 MMC Common Stock Fund shall mean the Investment Fund invested primarily in Martin Marietta Corporation ("MMC") common stock and established under the Trust Agreement for Participant Accounts under Section 5.2.

2.37 Normal Retirement Date shall mean the later to occur of the first day of the month in which a Participant attains his 65th birthday or the fifth anniversary of the date on which the Participant first earned an Hour of Service.

2.38 One-Year Break in Service shall mean a Plan Year for which a Participant is credited with less than 501 Hours of Service. However, in determining a One Year Break in Service for a Plan Year in which, or following which, a maternity or paternity absence as defined in section 2.36(f) shall be credited to the Plan Year in which such absence

begins, if the Employee would incur a One Year Break in Service if the hours were not so credited; in all other cases the Hours of Service shall be credited to the following Plan Year. The total Hours of Service credited under a maternity or paternity absence shall not exceed 501 hours. As a condition of an Employee being credited with Hours of Service pursuant to this paragraph, the Committee can require that the Employee timely furnish such information as is reasonably necessary to establish that the absence from work was for a maternity or paternity absence and the number of days attributable to such cause.

2.39 Parent Organization shall mean (a) any corporation which is a member

of the same controlled group of corporations (within the meaning of section 414(b) of the Code) as the Company, and any other trade or business (whether or not incorporated) which is under common control with the Company within the meaning of section 414(c) of the Code; (b) any organization which (along with the Company) is a member of an affiliated service group (within the meaning of section 414(m) of the Code); and (c) any other entity required to be aggregated with the Company pursuant to regulations under section 414(o) of the Code.

2.40 Participant shall mean a person who has become a Participant under

Article III, and shall include a former Employee until his Vested Balance has been fully distributed.

2.41 Permanent Disability shall mean a state of physical or mental

condition which the Company's Employee Benefits Committee determines to be sufficient for the employee to qualify for a disability pension under one of the Company's qualified defined benefit pension plans, whether or not the employee's term of employment or credited service is then sufficient for him to be eligible for such a disability pension.

2.42 Plan shall mean the Sandia Corporation Savings and Security Plan.

2.43 Plan Year shall mean the period beginning June 1, 1993 and ending

December 31, 1993 and thereafter, each calendar year.

2.44 Pretax Basic Contribution shall mean a Company contribution made by an

Employee's elective deferral of compensation. Pretax Basic Contributions shall be in an amount permitted for the Employee's wage band under the Basic Contribution Schedule. Pretax Basic Contributions are eligible for Company Matching Contributions.

2.45 Pretax Basic Contribution Account shall mean the Account established

by the Company for each Participant to which Pretax Basic Contributions and
earnings thereon are credited.

2.46 Pretax Supplemental Contribution shall mean a Company Contribution

made by an Employee's elective deferral in excess of the maximum amount
permitted to be contributed under the Basic Contribution Schedule. Pretax
Supplemental Contributions are not eligible for Company Matching Contributions.

2.47 Pretax Supplemental Contribution Account shall mean the Account

established by the Company for each Participant to which Pretax Supplemental
Contributions and earnings thereon are credited.

2.48 Prior Plan(s) shall mean the AT&T Long-Term Savings and Security Plan

and/or the AT&T Long-Term Savings and Income Plan for Management Employers, as
in effect on May 31, 1993.

2.49 Projected Annual Benefit shall have the meaning set forth in section

4.14(c)(5).

2.50 Qualified Domestic Relations Order shall mean any Domestic Relations

Order described in section 14.4(c).

2.51 Recordkeeper shall mean that entity with which the Company contracts

with from time to time to perform duties relating to keeping records regarding
contributions and transactions of Participant Accounts in their Plan; initially
the Recordkeeper is Fidelity Institutional Retirement Services Company.

2.52 Rollover Contribution Account shall mean the Account established by

the Company for each Participant who made a rollover or transfer contribution
under the Prior Plans or under this Plan, to which such rollover or transfer
contributions, and earnings thereon, are credited.

2.53 Sandia Corporation Savings Plan Committee (the "Committee") shall mean

a committee established by the Company's Board of Directors to administer and
interpret the provisions of the Plan and the Sandia Corporation Savings and
Income Plan and to determine benefits under the Plan.

2.54 Trust shall mean the Sandia Corporation Master Savings Plans Trust

established by and under the Trust Agreement in connection with the Plan under
which Plan assets are held and invested and from which all benefits under the
Plan are paid.

2.55 Trust Agreement shall mean the Sandia Corporation Master Savings

Plans Trust effective June 1, 1993 and as it may hereafter be amended.

2.56 Trustee shall mean Fidelity Management Trust Company or such other

person or persons as are subsequently appointed to act as trustee of the Trust.

2.57 Vested Balance as of a given date shall mean the sum of:

- (a) a Participant's Pretax Basic, Pretax Supplemental, After-Tax Basic and After-Tax Supplemental Contribution Accounts;
- (b) the Participant's Rollover Contribution Account
- (c) the vested portion (determined under Article VI) of the Participant's Company Matching Contribution Account.

2.58 Year of Eligibility Service shall have the meaning set forth in

section 3.3.

2.59 Year of Vesting Service.

- (a) In General. The term "Year of Vesting Service" shall mean a Plan

Year during which an Employee is credited with at least 1,000
Hours of Service, plus each year of vesting service credited to
an Employee under the Prior Plans.
- (b) Effect of Five Consecutive One Year Breaks in Service. In the

case of an Employee who incurs five or more consecutive One Year
Breaks in Service before earning a vested interest in his
Matching Contribution Account or Account under Section 6.2, all
Years of Vesting Service prior to the commencement of the first
of such One Year Break in Service shall be disregarded for
purposes of such section 6.2.

Article III. Participation

3.1 Commencement of Participation. Each Eligible Employee who is employed

in a classification set forth in Section 3.2 who has submitted the appropriate enrollment forms on a timely basis shall become a Participant in the Plan on the later of (a) the Entry Date next following his completion of a Year of Eligibility Service (as defined below) or (b) the Entry Date next following the date he becomes an Eligible Employee employed in a classification set forth in section 3.2.

3.2 Eligible Employee Classification. Each active Eligible Employee of

the Company who is

- (a) a graded employee in a unit covered by a collective bargaining agreement with the Company;
- (b) a nonsalaried employee;
- (c) a nonsalaried employee temporarily promoted to a salaried position for one year or less;
- (d) a nonrepresented graded employee; or
- (e) a salaried employee in an equivalent job classification, including Laboratory Maintenance Specialist (LMS), Laboratory Support Group (LSG), Management Associate (MA I or MA II), Staff Assistant Technical (SAT), Administrative Associate-A or Manufacturing Technologist;

shall become a Participant hereunder upon satisfying the requirements of section 3.1.

3.3 Year of Eligibility Service. "Year of Eligibility Service" means any

12-month period during which the Employee completes 1,000 Hours of Service beginning on--

- (a) the date on which the Employee first earns an Hour of Service for the Company or Parent Organization, or
- (b) any January 1 thereafter.

3.4 Enrollment. Each Eligible Employee who has satisfied the requirements

of Section 3.2 shall complete a Contribution Agreement and an investment election under Section 5.3, at the time and in the manner specified by the Company. Each Participant shall also complete a Beneficiary designation form pursuant to section 7.3(b).

3.5 Reemployed Participants.

- (a) Except as provided in subsection (b), each former Employee who had completed a Year of Eligibility Service prior to his termination of employment shall be eligible to participate as of the Entry Date coinciding with or next following his reemployment date, provided that he is then an Eligible Employee.
- (b) In the case of an Employee who is reemployed by the Company or Parent Organization following five or more consecutive one Year Breaks in Service and who has never had a vested interest in his Company Matching Contribution Account, service prior to such consecutive One Year Breaks in Service shall be disregarded, and the Employee shall be treated for eligibility purposes as a new Employee.

3.6 Cessation of Participation. Participation hereunder shall cease upon

the complete distribution (and/or forfeiture) of the Participant's Account or, if earlier, the Participant's death.

3.7 Loss of Status as Eligible Employee.

- (a) In General. For any period during which an Employee remains in the

employ of the Company, but ceases to be an Eligible Employee, no contributions shall be made on his behalf, but such Employee shall remain a Participant for all other purposes until the earlier of his death or the complete distribution (and/or forfeiture) of his Accounts.
- (b) Transfer to Sandia Corporation Savings and Income Plan. In the event

the Employee ceases to be an Eligible Employee under this Plan by virtue of becoming an Eligible Employee under the Sandia Corporation Savings and Income Plan, contributions to this Plan on his behalf shall cease. Such Employee may enroll in the Sandia Corporation Savings and Income Plan in accordance with the enrollment procedures of that plan, if the Employee desires to participate in the Sandia Corporation Savings and Income Plan. Upon such enrollment, the Participant's Account in this Plan shall be transferred to the Sandia Corporation Savings and Income Plan.

3.8 Prior Plan-Participants.

- (a) In General. Notwithstanding any other provisions of this Article III,

each person who, as of May 31,

1993, is an Eligible Employee of the Company and was eligible to participate in a Prior Plan immediately preceding such date, shall become a Participant in the Plan as of June 1, 1993, and any accounts of such Employee under a Prior Plan shall be held subject to the terms of the Plan and the Trust.

(b) Employees Hired Before October 1, 1993. Notwithstanding any other -----
provisions of this Article III, each Employee of the Company on October 1, 1993 who is otherwise an Eligible Employee

- (1) with at least one (1) year of service with AT&T, or any of its subsidiaries or affiliates; or
- (2) with at least one (1) year of service with any of the Bell Operating Companies before January 1, 1984,

shall be eligible to participate in the Plan immediately.

(c) Employees Hired After October 1, 1993. Each person who is first earns -----
an Hour of Service for the Company after October 1, 1993 and who is otherwise an Eligible Employee

- (1) with at least one (1) year of service with AT&T or any of its subsidiaries or affiliates; or
- (2) with at least one (1) year of service with any of the Bell Operating Companies before January 1, 1984,

shall be eligible to participate in the Plan on the Entry Date next following his completion of a Year of Eligibility Service.

Article IV. Contributions and Allocations

4.1 Elective Contributions. The Company shall contribute to the Trust for

each payroll period on behalf of each Participant an amount equal to the amount by which the Participant's Compensation has been reduced under a Contribution Agreement (as described in section 4.6). Such contribution shall be transferred to the Trustee, and invested by the Trustee in the Investment Fund(s) designated by the Participant under section 5.3 as soon as practicable after the payroll period; provided that in no event shall a contribution under this section for a Plan Year be made later than 30 days following the close of such Plan Year or such later date as may be allowed by law. Contributions made under this section on behalf of each Participant shall be credited to the Participant's Pretax Basic Contribution Account (for Contributions up to the maximum amount permitted under the Basic Contribution Schedule) or Pretax Supplemental Account (for Contributions in excess of the maximum amount permitted under the Basic Contribution Schedule).

4.2 Nonelective Contributions.

(a) General Rule. Each Participant may contribute to the Trust for each

payroll period a dollar amount as After-Tax Contributions. Such contributions shall be transferred to the Trustee and invested by the Trustee in the Investment(s) Fund(s) designated by the Participant under section 5.3, as soon as practicable after the payroll period. Contributions made under this section on behalf of each Participant shall be credited to the Participant's After-Tax Basic Contribution Account (for Contributions up to the maximum amount permitted under the Basic Contribution Schedule) or After-Tax Supplemental Account (for contributions in excess of the maximum amount permitted under the Basic Contribution Schedule).

(b) Procedure for Making Nonelective Contributions. A Participant may

make Nonelective Contributions by payroll deduction under the Plan according to procedures adopted by the Company.

(c) Amendment or Termination of Nonelective Contributions. A Participant

may amend or terminate his Nonelective Contributions on any business day or at such other time as prescribed in writing by the Company. An amendment to increase or decrease the amount of Nonelective Contribution or a termination of the Nonelective Contribution shall be effective as soon as administratively

feasible following the date the Plan's Recordkeeper receives the instructions for such change from the Participant according to the Company's procedures.

4.3 Limitations on Elective and Nonelective Contributions.

The sum of Elective and Nonelective Contributions made to a Participant's Account cannot exceed sixteen percent (16%) of the Participant's Compensation.

4.4 Special Contribution Rules.

(a) Contributions From Eligible Non-Permanent Compensation. Employees who

have elected to participate in the Plan will have Elective and Nonelective Contributions taken from lump sum, non-permanent compensation, as follows:

- (1) The non-permanent compensation payment will be divided by the Participant's weekly rate of pay. The quotient, rounded to the nearest whole number, will be the number of equivalent weekly contributions that will be deducted from the non-permanent compensation payment.
- (2) Contributions from eligible non-permanent compensation will be allocated between Elective and Nonelective Contributions in the same manner as the Participant has designated allocation for contributions from permanent compensation.

(b) Automatic Maximum Basic Contribution Option.

- (1) General Rule. A Participant may elect the Automatic Maximum

Basic Contribution Option with respect to current and future rates of pay. The Automatic Maximum Basic Contribution Option shall mean that the Contribution made by a Participant or on behalf of a Participant will be increased whenever an increase of the Participant's basic rate of pay moves such Employee to a higher wage band.
- (2) Allocation Between Elective and Nonelective Contributions. The

increase in the Contribution to an Employee's Account resulting from the operation of the Automatic Maximum Basic Contribution Option election shall be allocated between Elective (pretax Basic and Supplemental Contributions) and

Nonelective (After-Tax Basic and After-Tax Supplemental) Contributions as follows:

- (i) If the Participant has designated the maximum amount permitted under the Basic Contribution Schedule as an Elective Contribution, any increase in Contributions shall also be designated as an Elective Contribution, subject to the limitation of section 4.7 on Elective Contributions.
 - (ii) If the Participant has designated less than the maximum amount permitted under the Basic contribution Schedule as an Elective Contribution, or has exceeded the limitation on Elective Contributions, any increase in Contributions shall be designated as a Nonelective Contribution.
- (3) Limitations. In the event an increase in contributions resulting -----
from operation of the Automatic Maximum Basic contribution option increases a Participant's Elective Contributions so that when combined with a Participant's Nonelective Contributions the total exceeds sixteen percent (16%) of Compensation, the Participant's Nonelective Contributions attributable to After-Tax Supplemental Contributions shall be reduced to the level necessary to meet the sixteen percent (16%) limitation.

4.5 Company Matching Contributions.

- (a) Each Employer shall make a contribution equal to sixty-six and two thirds percent (66-2/3%) of the sum of the Participant's Pretax Basic and After-Tax Basic Contributions not exceeding the maximum amount permitted under the Basic Contribution Schedule. No Company Matching Contribution shall be made with respect to Pretax or After-Tax contributions in excess of the maximum amount specified under the Basic Contribution Schedule.
- (b) Company Matching Contributions shall be made for any completed payroll period notwithstanding the Participant's termination of employment during or after the end of such payroll period.
- (c) Company Matching Contributions shall be paid to the Trust as soon as practicable after the end of the

week in which ends the payroll period with respect to which such contribution is made.

(d) Company Matching Contributions otherwise required under this section shall be reduced by the amount of available forfeitures which are reallocated pursuant to section 6.4.

(e) The Plan is a profit sharing Code section (401(k) plan, under which Company contributions are not limited to the Company's current or accumulated profits.

4.6 Contribution Agreement.

(a) General Rule. In order to make Elective Contributions under the Plan, -----
a Participant shall utilize a Contribution Agreement with the Company as prescribed by the Company whereby his Compensation shall be reduced (subject to section 4.7) by an amount permitted for his wage band under the Basic Contribution Schedule, and whereby the Company contributes such amount on the Participant's behalf to the Plan under section 4.1. The initial Contribution Agreement shall be effective for payroll periods commencing on and after the date on which participation begins under section 3.1, and shall be effective until canceled or amended.

(b) Amendment or Termination. A Participant may amend or terminate his -----
Contribution Agreement according to procedures established by the Company. An amendment or a termination of the Contribution Agreement shall be effective no later than the second payroll period following the date the Company receives the instructions for such change from the Participant.

(c) Maximum Reduction Amount. Notwithstanding the foregoing, the maximum -----
pay reduction amount for any Plan Year shall be \$7,000, or such other amount determined by the Secretary of Treasury under section 402(g)(5) cost-of-living adjustments) of the Code.

4.7 Limitation on Elective Contributions.

(a) General Rule. For each Plan Year the actual deferral percentage of -----
Elective Contributions for the group of eligible Highly Compensated Employees may not exceed the greater of--

- (1) one and one-quarter (1.25) times the actual deferral percentage of the group of all other Eligible Employees; or
- (2) the lesser of (A) two (2) times the actual deferral percentage of the group of all other Eligible Employees or (B) the actual deferral percentage of the group of all other Eligible Employees plus two percentage points (2%).

(b) Definitions.

- (1) The "actual deferral percentage" for a group of Eligible Employees for a Plan Year is the average of the ratios, calculated separately for each Employee in each such group, of the amount of Elective Contributions made on behalf of each Eligible Employee for such Plan Year to the Employee's Compensation. Compensation for purposes of this test shall be Compensation for the full Plan Year for Plan Years ending prior to January 1, 1995, and for Plan Years beginning after December 31, 1994, shall mean the Participant's Compensation which the Employee was eligible to participate under Article III.

(c) Participation in More than One Plan. In the case of a Highly

Compensated Employee who is eligible to participate in more than one cash or deferred arrangement maintained by the Company or Parent Organization, the ratio of the amount of Elective Contributions made on behalf of such Highly Compensated Employee for such Plan Year to the Highly Compensated Employee's Compensation for such Plan Year shall be calculated by treating all the cash or deferred arrangements in which the Highly Compensated Employee is eligible to participate as one arrangement. However, plans that are not permitted to be aggregated under Treasury Regulations 1.401(k)-1(b)(3)(ii)(B) under section 401(k) of the Code are not aggregated for this purpose, except as specifically provided in section 1.401(m)-2(b)(1).

(d) Compliance with Limitation. Compliance with the limitation in

subsection (a) shall be achieved (as necessary) either by prospective adjustments under section 4.8 or distributions under section 4.9.

4.8 Adjustment of Elective Contributions During Year.

Notwithstanding anything in section 4.6 to the contrary, if the Company determines that the nondiscrimination test set forth in section 4.7 otherwise might not be met for the Plan Year, the Company shall reduce the maximum percentage of Compensation at which Highly Compensated Employees may elect to have Elective Contributions made on their behalf to such percentage as the Company determines appropriate to ensure that such test will be met for such Plan Year. Such reduction shall be made by the "leveling method" described in section 4.9(b). Such a reduction may be imposed for the entire Plan Year or any part thereof. Following such reduction, the future pretax contributions of Highly Compensated Employees in excess of the reduced limits shall be redesignated from pretax contributions to after-tax contributions.

4.9 Excess Elective Contributions After Plan Year.

(a) Correction of Excess Elective Contribution After Plan Year. If the

Company determines after that end of the Plan Year that the nondiscrimination test set forth in section 4.7 has not been met, Elective Contributions (adjusted to reflect any income or losses allocable to such excess for the Plan Year) of the Highly Compensated Employees shall be distributed to such Highly Compensated Employees to eliminate such excess Elective Contributions.

(b) Determination of Amount of Excess Elective Contributions. The amount

of excess Elective Contributions for a Highly Compensated Employee for a Plan Year shall be determined by the following leveling method, under which the actual deferral percentage of the Highly Compensated Employee with the highest actual deferral percentage is reduced to the extent necessary to

- (1) enable the Plan to satisfy the actual deferral percentage limitation, or
- (2) cause such Highly Compensated Employee's actual deferral percentage to equal the percentage of the Highly Compensated Employee with the next highest actual deferral percentage.

The process of determining the amount of excess Elective Contributions and correcting such excess Elective Contributions shall be repeated until the Plan satisfies the actual deferral percentage limitation.

- (c) Return of Excess Elective Contributions. Excess Elective

 Contributions determined under this section 4.9 shall be distributed
 as soon as practicable, without regard to any limitation otherwise
 imposed by law or by the provisions of this Plan.
- 4.10 Limitation on Nonelective and Company Matching

 Contributions.

- (a) General Rule. For each Plan Year the contribution percentage of

 Nonelective and Company Matching Contributions for all Highly
 Compensated Employees who are Eligible Employees may not exceed the
 greater of--
- (1) one and one-quarter (1.25) times the contribution percentage of
 the group of all Eligible Employees; or
 - (2) the lesser of (A) two (2) times the contribution percentage of
 the group of all other Eligible Employees or (B) the contribution
 percentage of the group of all other Eligible Employees plus two
 percentage points (2%).
- (b) Definitions. The "contribution percentage" for each such group of

 Eligible Employees for a Plan Year is the average of the ratios,
 calculated separately for each Employee in each such group, of
 Nonelective and Company Matching Contributions made on behalf of each
 Eligible Employee for such Plan Year to the Employee's Compensation
 for such Plan Year.
- (1) "Savings" shall have the same meaning as under section 4.7(b)(2).
- (c) Participation in More than One Plan. In the case of a Highly

 Compensated Employee who is eligible to participate in more than one
 plan maintained by the Company or Parent Organization to which
 Nonelective and Company Matching Contributions are made, the ratio of
 the amount of Nonelective and Matching Contributions made on behalf of
 such Highly Compensated Employee for such Plan Year to the Highly
 Compensated Employee's Compensation for such Plan Year shall be
 calculated by treating all the plans in which the Highly Compensated
 Employee is eligible to participate as one plan.

- (d) Elective Contributions. To the extent permitted by applicable

regulations, the Company may elect to take Elective Contributions into
account in determining the contribution percentage.

4.11 Excess Nonelective and Matching Contributions After Plan Year.

If the Company determines after the end of the Plan Year that the nondiscrimination limitation in section 4.10 has not been met, the Company shall first return After-Tax Supplemental and After-Tax Basic Contributions of the Participants with the highest contribution, and next shall reduce Company Matching Contributions (adjusted to reflect any income or losses allocable to such excess to the date of distribution) of the Highly Compensated Employees (if vested) or treated as a forfeiture and reallocated under section 6.4 (if forfeitable) to the extent necessary to eliminate such excess Matching Contributions. The amount of excess After-Tax Supplemental Contributions and After-Tax Basic in conjunction with Company Matching Contributions for a Highly Compensated Employee for a Plan Year is to be determined by the following leveling method, under which the contribution percentage of a Highly Compensated Employee with the highest contribution percentage is reduced to the extent required to--

- (a) enable the Plan to satisfy the contribution percentage limitation, or
- (b) cause such Highly Compensated Employee's contribution percentage to equal the percentage of the Highly Compensated Employee with the next highest contribution percentage.

The process of determining the amount of excess After-Tax Supplemental, After-Tax Basic, and Company Matching Contributions and distributing or forfeiting such amounts shall be repeated until the Plan satisfies the contribution percentage limitation.

4.12 Application of General Nondiscrimination Requirements.

In the event that all or a portion of the Elective Contributions of a Participant who is a Highly Compensated Employee is distributed to such Participant under section 4.11, the Company Matching Contribution generated by such Elective Contribution under section 4.5 (adjusted to reflect any income or loss allocable thereto) shall be treated as a forfeiture and reallocated under section 6.4.

4.13 Restriction on Multiple Use of Alternative Limit.

(a) General Rule. If each of the limits set forth in sections 4.7 and

4.10 would otherwise be satisfied only by use of the alternative
limitation set forth in subsection (a)(1) of such sections,
Nonelective Contributions of Highly Compensated Employees shall be
reduced in the manner described in section 4.11 until the sum of the
actual deferral percentage (as defined in section 4.7(b)(1) and the
contribution percentage (as defined in section 4.10(b)(1) for Highly
Compensated Employees who are Eligible Employees is equal to the
"aggregate limit" defined below.

(b) Aggregate Limit. For purposes of this section 4.13, the "aggregate

limit" means the sum of--

- (1) one and one-quarter (1.25) times the greater of the actual
deferral percentage or contribution percentage of the group of
all Eligible Employees who are not Highly Compensated Employees,
and
- (2) the lesser of--
 - (A) two times the lesser of the Actual deferral percentage or
contribution percentage of the group of all Eligible
Employees who are not Highly Compensated Employees, or
 - (B) the sum of two percentage points and the lesser of the
actual deferral percentage or contribution percentage
Eligible Employees who are not Highly Compensated Employees.

4.14 Limitation on Annual Additions. -----

(a) General Limitation. Notwithstanding anything to the contrary in this

Article IV, the Annual Addition (as defined below) with respect to a
Participant for a Plan Year shall not exceed the lesser of--

- (1) \$30,000, or, if greater, one-fourth of the defined benefit dollar
limitation in effect for the Plan Year under Code section
415(b)(1)(A); or
- (2) 25 percent of the Participant's Limitation Compensation (as
defined below) for such Plan Year.

(b) Limitation for Participant also Covered by Defined Benefit Plan. In -----
the case of a Participant who is or has been covered under a qualified defined benefit plan maintained by the Company or Parent Organization, the Projected Annual Benefit (as defined below) under such defined benefit plan shall be reduced (prior to any reduction under this Plan) to the extent necessary to ensure that the sum of the Defined Contribution Fraction (as defined below) and the Defined Benefit Fraction (as defined below) does not exceed 1.0 for any Plan Year.

(c) Definitions. For purposes of this section,

(1) Annual Addition means the sum of the following amounts credited -----

to a Participant's account for the limitation year:

- (a) employer contributions;
- (b) employee contributions;
- (c) forfeitures;
- (d) amounts allocated, after March 31, 1984, to an individual medical account, as defined in section 415(1)(2) of the Code, which is part of a pension or annuity plan maintained by the employer are treated as annual additions to a defined contribution plan. Also amounts derived from contributions paid or accrued after December 31, 1985, in taxable years ending after such date, which are attributable to post-retirement medical benefits, allocated to the separate account of a key employee, as defined in section 419A(d)(3) of the Code, under a welfare benefit fund, as defined in section 419(e) of the Code, maintained by the employer are treated as annual additions to a defined contribution plan; and
- (e) allocations under a simplified employee pension.

Restored forfeitures, repaid distributions, rollover and transfer contributions, and loan payments shall not be treated as Annual Additions.

(2) Defined Benefit Fraction means a fraction, the numerator of which

is the sum of the Participant's Projected Annual Benefits under
all qualified defined benefit plans (whether or not terminated)
maintained by the Company or Parent Organization, and the
denominator of which is the lesser of--

(A) 1.25 times the dollar limitation of section 415(b)(1)(A) of
the Code in effect for the Plan Year, or

(B) 1.4 times the Participant's average Limitation Compensation
for the three consecutive Plan Years that produce the
highest average.

(3) Defined Contribution Fraction.

(A) In General. "Defined Contribution Fraction" shall mean a

fraction, the numerator of which is the sum of the Annual
Additions to the Participant's accounts under all qualified
defined contribution plans (whether or not terminated)
maintained by the Company or Parent Organization for the
current and all prior calendar years, and the denominator of
which is the sum of the lesser of the following amounts
determined for such year and for each prior year of service
with the Company or its Parent Organization--

(i) 1.25 times the dollar limitation in effect under Code
Section 415(c)(1)(A) for such year, or

(ii) 1.4 times the amount which may be taken into account
under Code section 415(c)(1)(B).

(B) Adjustment Under Tax Reform Act of 1986.

Effective December 31, 1986, the numerator of the Defined
Contribution Fraction shall be permanently reduced (but not
below zero) by an amount equal to the product of--

(i) the sum (determined as of December 31, 1986) of the
Defined Contribution Fraction plus the

Defined Benefit Fraction minus one, times

- (ii) the denominator of the Defined Contribution Fraction as of December 31, 1986.

Solely for purposes of this paragraph, the Defined Contribution Fraction shall be determined as if the changes to section 415 of the Code under the Tax Reform Act of 1986 were in effect.

- (4) Limitation Compensation for purposes of this section, means

wages, salaries, and fees for professional services and other amounts received (without regard to whether or not an amount is paid in cash) for personal services actually rendered in the course of employment with the employer maintaining the plan to the extent that the amounts are includable in gross income (including, but not limited to, commissions paid salesmen, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips, bonuses, fringe benefits, and reimbursements or other expense allowances under a nonaccountable plan (as described in 1.62-2(c)), and excluding the following:

- (a) Employer contributions to a plan of deferred compensation which are not includable in the employee's gross income for the taxable year in which contributed, or employer contributions under a simplified employee pension plan, or any distributions from a plan of deferred compensation;

- (b) Amounts realized from the exercise of a non-qualified stock option, or when restricted stock (or property) held by the employee either becomes freely transferable or is no longer subject to a substantial risk of forfeiture;

- (c) Amounts realized from the sale, exchange or other disposition or stock acquired under a qualified stock option; and

- (d) other amounts which received special tax benefits, or contributions made by the employer (whether or not under a salary reduction agreement) towards the purchase or

an annuity contract described in section 403(b) of the Internal Revenue Code (whether or not the contributions are actually excludable from the gross income of the employee).

For any self-employed individual, compensation will mean earned income.

For limitation years beginning after December 31, 1991, for purposes of applying the limitations of this article, compensation for a limitation year is the compensation actually paid or made available in gross income during such limitation year.

(5) Projected Annual Benefit means the annual benefit to which the

Participant would be entitled under the terms of a defined benefit plan, if--

(A) the Participant continues in covered employment until his Normal Retirement Date (or current age, if later), and

(B) the Participant's Limitation Compensation for the Plan Year and all other relevant factors used to determine such benefit remained constant until such Normal Retirement Date (or current age, if later).

(d) Procedure By Which Excess Annual Additions Shall Be Reduced. If the

Company determines that Annual Additions in excess of the amount allowed under subsection (a) have been made with respect to a Participant for a Plan Year, such additions shall be reduced, by removing such excess, to the extent necessary from the Participant's Accounts in the following order: After-Tax Supplemental, Pretax Supplemental, After-Tax Basic and related Company Matching, Pretax Basic and related Company Match. In addition, earnings related to any such removed amounts, through the date of distribution, shall also be removed.

4.15 Transfers From Qualified Plans. -----

(a) Rollovers Permitted. Amounts may be transferred in cash or in common

stock of Martin Marietta Company from other qualified plans by any Eligible Employee (determined without regard to the provisions of sections 3.1 and 3.3 of this Plan) provided that

the trust from which such funds are transferred permits the transfer to be made and the transfer will not jeopardize the tax exempt status of the Plan or create adverse tax consequences for the Company or its Parent Organization. The amounts transferred shall be credited to the Participant's Rollover Contribution Account.

(b) Definitions. For purposes of this section, the term "qualified plan" ----- shall mean any tax-qualified plan under Code Section 401(a). The term "amounts transferred from other qualified plans" shall mean:

- (1) amounts transferred to this Plan directly from another qualified plan;
- (2) lump sum distributions received by an Eligible Employee from another qualified plan which are eligible for tax-free rollover to a qualified plan and which are transferred by the Eligible Employee to this Plan within sixty (60) days following his receipt thereof;
- (3) amounts transferred to this Plan from a conduit individual retirement account provided that the conduit individual retirement account has no assets other than assets (and related earnings) which (A) were previously distributed to the Employee by another qualified plan as a lump sum distribution (B) were eligible for tax-free rollover to a qualified plan and (C) were deposited in such conduit individual retirement account within sixty (60) days of receipt thereof; and
- (4) amounts distributed to the Employee from a conduit individual retirement account meeting the requirements of section (3) above, and transferred by the Employee to this Plan within sixty (60) days of his receipt thereof from such conduit individual retirement account.

(c) Requirements for Rollover. Prior to accepting any transfers to ----- which this section applies, the Company shall require the Employee to establish that the amounts to be transferred to this Plan meet the requirements of this section.

4.16 Suspension of Contributions. During an Approved Leave of

Absence, the Elective Contributions made on behalf of the Participant, Nonelective Contributions made by the Participant and Company Matching Contributions shall be suspended. Upon the Participant's return to active employment as an Eligible Employee of the Company in an eligible classification, such Contributions shall resume at such level as elected by the Participant at the time of commencement of the Approved Leave of Absence.

4.17 Return of Contributions. Notwithstanding any other provision of the

Plan, the Trustee shall return to the Company, if the Company so directs, any Company Contribution made by a mistake of fact, provided that no Contribution shall be returned by reason of this section more than one year after it was paid to the Trustee. Earnings attributable to the mistaken contribution shall not be returned, but losses attributable thereto will reduce the amount to be returned. All contributions to the Plan are contingent upon their deductibility.

Article V. Participant Accounts; Investment Funds

5.1 Establishment of Participants' Accounts. The Company shall establish

on its books for each Participant a Pretax Basic Contribution Account, an After-Tax Basic Contribution Account, a Pretax Supplemental Account, an After-Tax Supplemental Account, a Company Matching Contribution Account, and a Rollover Contribution Account. Each Account shall be maintained so long as there shall be a credit balance therein. Amounts held in Accounts on behalf of Employees shall remain invested, and shall be subject to all adjustments under this Article, at all times.

5.2 Investment Funds. The Trustee shall, upon direction from the Company,

establish and maintain Investment Funds. Subject to the provisions of Article XIV (Qualified Domestic Relations Orders), each Participant shall direct the investment of his Accounts in the Investment Funds. The Investment Funds shall include such funds as the Company deems advisable and shall always include at least the following:

- (a) A fixed income fund which invests primarily in contracts issued by insurance companies and other financial institutions and/or bonds and other debt instruments that provide for a fixed or variable rate of interest and repayment of principal.
- (b) An interest income fund which invests in investment contracts paying specified rates of interests offered by banks, insurance companies and other institutions.
- (c) A growth fund which invests primarily in common and preferred stocks, convertible securities, bonds and futures and options.
- (d) The AT&T Shares Fund which holds investments of Participants enrolled in the Prior Plan(s) with a balance in the AT&T Shares Fund or Employer Stock Fund of the Prior Plans as of May 31, 1993. The AT&T Shares Fund is invested in shares of AT&T common stock and is subject to the following limitations:
 - (1) a Participant cannot direct any new contributions or loan repayments to the AT&T Shares Fund after May 31, 1993;
 - (2) dividends earned on AT&T common stock in the AT&T Shares Fund will be reinvested in the other fund(s) which the Participant has chosen for current contributions; and

(3) the AT&T Shares Fund will be discontinued effective June 1, 1998 and Participants will be required to transfer any remaining account balances in the AT&T Shares Fund to other options before that date.

(e) Effective August 15, 1994 The MMC Common Stock Fund which invests primarily in Martin Marietta Company common stock.

5.3 Investment Instructions. Each Participant shall give such investment

instruction with respect to his Account in such manner and at such times as the Company shall determine. Any investment direction shall remain in effect until terminated or modified by the Participant. A Participant may direct his Accounts in any combination of the Investment Funds described in Section 5.2, in one percent (1%) increments. Dividends and interest earned by the funds, excluding dividends earned by the AT&T Shares Fund, are reinvested in the same fund.

(a) Frequency of Changes for Future Contributions. A Participant may

change investment direction for future contributions according to procedures prescribed in writing by the Company.

(b) Frequency of Election Changes Regarding Existing Accounts. A

Participant may change the allocation of existing accounts by transferring amounts of no less than one percent (1%) of the Participant's balance in a fund to another fund. Such transfers, subject to the limitations set out below, shall be made according to procedures prescribed in writing by the Company. Transfers among funds are subject to any restrictions established in writing by the Company.

(c) Investment of Accounts Not Directed. During any period of time for

which a Participant has not directed the investment of his Accounts hereunder, the Company shall have the discretion as Plan fiduciary to direct such Account in such manner as it deems advisable.

5.4 Plan Expenses.

(a) Investment Fees, Etc. Expenses attributable to the management and

investment of each of the Investment Funds shall be charged against the respective fund.

(b) Administrative Expenses, Etc. All fees paid to the Trustee for

trustee services are paid out of the

Trust assets and charged against Participant accounts in proportion to the balance of such accounts. All fees paid for recordkeeping services performed by the Trustee or by any other third-party service provider (except for such services as are attributable to the Participant loan program described in Article VIII), and all reasonable expenses incurred in the administration of the Plan or the Trust (including, but not limited to, the fees and compensation of auditors, accountants, legal counsel, and actuarial counsel) shall be paid by the Company.

(c) Loan Program. Expenses attributable to administration of Article VIII

shall be defrayed in part by fees paid by loan applicants in amounts determined by the Company, with the remaining expenses, if any, paid by the Trust. Notwithstanding the foregoing, for loans made prior to June 1, 1993, the Company shall pay the ongoing administrative expenses.

(d) Participants in the AT&T Shares Fund. Expenses attributable to proxy

solicitations with respect to AT&T shares shall be charged to the accounts of Participants with balances in the AT&T Shares Fund on a per capita basis in an amount reasonably sufficient to recover such expenses. Employees participating in that fund shall be informed of said amount.

(e) Participants in the MMC Common Stock Fund. Expenses attributable to

proxy solicitations with respect to MMC shares shall be charged to the accounts of Participants with balances in the MMC Common Stock Fund on a per capita basis in an amount reasonably sufficient to recover such expenses. Employees participating in that fund shall be informed of said amount.

5.5 Voting of Shares. Before each annual or special meeting of

shareholders of AT&T or MMC, the Trustee shall send or cause to be sent to each Participant with a balance in the AT&T Shares Fund or MMC Common Stock Fund, as appropriate, a copy of the Annual Report to Shareowners, the proxy soliciting material for the meeting and a form requesting instructions for the Trustee on how to vote the shares represented by amounts credited to the Participant's Account. Upon receipt of such instructions, the Trustee shall vote the shares as instructed. The Trustee shall vote the shares for which it does not receive voting instructions on the basis of the

Trustee's independent judgment and in the best interest of the Participants.

5.6 Valuations; Allocations of Investment Earnings and Losses. Accounts

and Investment Funds shall be valued as of each business day. Earnings, gains, and losses (realized or unrealized) for each Investment Fund shall be allocated to the portion ("subaccount") of a Participant's Accounts maintained with respect to that fund, in the same ratio that the value of his subaccount (determined as of the Valuation Date) bears to the sum of the values of all Participants' subaccounts maintained with respect to the Investment Fund. For the purpose of this ratio, the value of a subaccount shall be the value of the sub account as of the last preceding business day, adjusted for contributions, reallocated forfeitures, loan expenses and repayments, interfund transfers, distributions, withdrawals, and expenses.

Article VI. Vesting and Forfeitures

6.1 Vesting in Contribution Accounts. A Participant shall have a fully

vested interest in his After-Tax Basic, After-Tax Supplemental, Pretax Basic and Pretax Supplemental Contribution Accounts and his Rollover Contribution Account at all times.

6.2 Vesting in Company Matching Contribution Account.

(a) General Rule. An Employee shall earn a vested interest in a portion

of his Company Matching Contribution Account based on his Years of Vesting Service as follows:

Years of Vesting Service	Vested Percentage of Account Balance
Less than 5	0%
5 or more	100%

(b) Preservation of Rights Under Class Year Vesting Provisions. In the

case of an Employee who has an Hour of Service before June 1, 1993, the portion of his Company Matching Contribution Account in which he is vested shall be equal to the greater of--

- (1) the amount determined under the vesting schedule set forth in subsection (a), or
- (2) the amount which become vested under the class year vesting schedule in effect under the Prior Plans for periods of service credited before June 1, 1993, calculated as if such schedule had remained in effect.

6.3 Full Vesting of Company Matching Contribution Accounts.

Participant shall have a fully vested interest in his Matching Contribution Account if the Company determines that any of the following events occurred prior to (or concurrently with) his termination of employment with the Company or Parent Organization:

- (a) the Participant is entitled to retire from the Company or Parent Organization on a service or disability pension;
- (b) the Participant incurs a Permanent Disability;

- (c) the Participant attains the first day of the month in which his 65th birthday occurs or, if later, the date on which he is 100% vested;
- (d) the Participant is laid off; or
- (e) the Participant dies.

6.4 Forfeitures.

- (a) Company Matching Contribution Account. In the event that a

Participant's interest in his Company Matching Contribution Account is not yet fully vested on the termination of his employment with the Company, the nonvested portion of his Company Matching Contribution Account shall be immediately forfeited by the Participant upon the earlier to occur of the date on which distribution is made or as of the last day of the Plan Year in which the Participant incurs five consecutive One Year Breaks in Service. Subject to restoration under subsection (b), the non-vested amount shall be reallocated to the Company Matching Contribution Accounts of remaining active Participants in lieu of Company Matching Contributions which otherwise would have been made by the Company on or after the date of such forfeiture.

- (b) Restoration of Forfeitures. If a Participant with respect to whom

forfeitures have occurred under this section is reemployed by the Company or Parent Organization prior to incurring five or more consecutive One Year Breaks in Service, amounts forfeited under subsection (a) shall be restored to his Company Matching Contribution Account as of the close of the Plan Year in which such Participant is reemployed. No earnings shall be credited to such restored amount which such restored amounts would have earned if such restored amounts had remained invested in the Plan. The source for restored forfeitures and additional credited amounts to Company Matching Contribution Accounts shall be other current forfeitures from Company Matching Contribution Accounts and, if such other forfeitures are insufficient, additional Company (as determined by the Company) contributions made without regard to the existence of profits.

Article VII. Distributions

7.1 Normal Retirement. A Participant whose employment with the Company or

Parent Organization terminates on or after attainment of eligibility for a Service Pension under the terms of the Sandia Retirement Income Plan or the Sandia Pension Security Plan shall be entitled to receive the entire balance of his Accounts in accordance with the provisions of section 7.5.

7.2 Disability Retirement. A Participant whose employment with the

Company and its Parent Organization terminates when he terminates employment with a Disability Pension from the Sandia Retirement Income Plan or the Sandia Pension Security Plan shall be entitled to receive the entire balance of his Accounts in accordance with the provisions of section 7.5.

7.3 Distribution Upon Death of Participant.

(a) Death of Participant. In the event of a Participant's death, the

Beneficiary of such Participant shall be entitled, subject to section 8.5 (loan repayments) and Article XIV (Qualified Domestic Relations Orders), to receive the entire balance of such Participant's Accounts in a single lump sum payment. Such Beneficiary shall be required to provide certain legal documentation to the Sandia Benefits Office before any distribution can be made to the Beneficiary.

(b) Designation of Beneficiary.

(1) General Rule. Each Participant may designate one or more persons

as Beneficiary(ies) to receive his Account Balance upon his death. Each such designation shall be made on a form provided by the Company, shall be effective only when filed in writing with the Company or recordkeeper, and shall revoke all prior designations, subject to the provisions of paragraph (2) below.

(2) Rule for Surviving Spouses. A Participant's surviving spouse

shall be his sole Beneficiary unless, prior to the Participant's death, one or more other persons have been named pursuant to a qualified alternate designation (as defined in paragraph (3) below) made and filed with the Company prior to the Participant's death or unless the Company determines that the consent otherwise required under paragraph

(3) could not have been obtained because the Participant's spouse could not be located or because of such other circumstances as the Secretary of Treasury shall prescribe by regulation.

(3) Qualified Alternate Beneficiary Designation.

A designation shall be a qualified alternate designation only if--

- (A) the Participant, in a signed written instrument, designates by name one or more persons to be Beneficiary(ies) in lieu of, or along with, his surviving spouse;
- (B) at the time of such designation the Participant's spouse consents in writing to the naming of such Beneficiary (if other than said spouse) and acknowledges the effect of such consent; and
- (C) such consent is notarized or witnessed by a designated representative of the Company.

A qualified alternate designation shall not be changed without spousal consent, but may be revoked without spousal consent.

(4) Default Beneficiary. If no person is otherwise designated under

this subsection, or if a designation is revoked in whole or in part, or if no designated Beneficiary survives the Participant, the Participant's Beneficiary shall be his surviving spouse or, if there is no surviving spouse, the Participant's estate.

(c) Form and Timing of Distribution to Beneficiary.

(1) Normal Form of Distribution. The normal form of distribution to

a Beneficiary shall be a lump sum payable as soon as practicable following the Participant's death.

7.4 Distribution Upon a Termination of Employment for Other Causes.

- (a) A Participant whose employment with the Company or Parent Organization terminates before attainment of eligibility for a Service Pension or Disability Pension under the Sandia Retirement Income Plan or

the Sandia Pension Security Plan shall be entitled to receive the Vested Balance of his Accounts following such termination in accordance with the provisions of section 7.5.

- (b) Balances Under \$3500. In the event the Participant's Vested Balance -----
at the date of any distribution has never exceeded \$3500 or such other amount as is provided under Code section 411(a)(11)(A) from time to time, such amount will be distributed to the Participant as soon as practicable following the Participant's termination of employment. Immediately following distribution to a terminated Participant, the nonvested balance of any Accounts shall be forfeited in accordance with section 6.4.
- (c) Procedure For Requesting Distribution. A Participant eligible to -----
receive a distribution under this Article VII may request such distribution at such time as prescribed by the Company. In order to request such distribution the Participant shall follow the procedure prescribed by the Company. The distribution will be processed only after the following events have occurred:
- (1) The Participant has requested a distribution pursuant to this paragraph (c); and
 - (2) The Company has reported the termination of employment to the recordkeeper.

7.5 Form and Timing of Distributions.

- (a) Normal Form of Distribution. The normal form of distribution under -----
the Plan shall be a lump sum. The Participant may elect to be paid a lump sum on any date following the Participant's termination of employment or termination due to Permanent Disability. Except as otherwise provided in this section and in Article XIV (Qualified Domestic Relations Orders), and subject to section 9.5 (loan repayments), the lump sum amount distributed shall be equal to the Vested Balance of the Participant's Accounts determined as of the date the distribution is made.
- (b) Withdrawal. A Participant who retires with a Service or Disability -----
Pension from the Sandia Retirement Income Plan or the Sandia Pension Security Plan may elect to receive his Account in

the form of discretionary annual withdrawals, subject to section 7.7.

- (1) A Participant who elects this option shall follow the procedures prescribed by the Company on any business day, or at such other time as prescribed by the Company and request a distribution in each year that the Participant wishes to receive a distribution of a portion of his Account.
- (2) The Participant shall determine the amount of the annual distribution, but such amount shall not be less than the lesser of \$500 or the Participant's remaining Vested Balance.
- (3) Subject to the provisions of Section 7.7(b), the Trustee will distribute any balance remaining in the Participant's Account in a single sum by April 1 of the calendar year following the year the Participant attains age 70 1/2 and thereafter, not later than December 1 of the year in which the distribution is required.

(c) Installment Payments.

(1) Employees Retiring Before June 1, 1993. A Participant who

participated in the Prior Plan, retired with a Service Pension or Disability Pension from the Sandia Pension Security Plan or the Sandia Retirement Income Plan, and elected to receive a distribution of his Vested Balance in a series of pre-selected installments as permitted under the Prior Plans will continue to receive such installments unless the Participant selects to accelerate payments as provided in section 7.5(c)(2) or to take withdrawals, as provided in section 7.5(b).

(2) Election to Accelerate Payments. A Participant to whom

installment payments are being made may irrevocably elect to receive his remaining Vested Balance in a single sum distribution. To make such election, the Participant shall follow the procedures prescribed in writing by the Company. The Participant's remaining Vested Balance will be paid as soon as practicable following the date the Participant makes such election to accelerate payments.

(3) Investment During Deferral Period. Vested Balances remaining in

the Plan after the Participant's termination of employment shall
be invested according to the Participant's election made under
section 5.3.

(d) Deferred Accounts. Notwithstanding the foregoing provisions of this

section, if a Participant terminates employment for reasons other than
retirement with a Service or Disability Pension from the Sandia
Retirement Income Plan or the Sandia Pension Security Plan, before the
Employee attains age sixty-five, and the present value of the vested
amount in the Employee's Account at the time of any distribution has
ever exceeded \$3500, then the Account shall remain in the Plan unless
the Participant elects to receive payment prior to attainment of age
sixty-five. The Participant shall continue to give investment
instructions with respect to existing balances, but is not eligible to
take a loan or any in-service withdrawals from the Plan. If the
Participant has not requested distribution of his Account by the date
the Participant has attained age sixty-five, the Participant's Account
will be distributed to him in a lump sum upon attainment of age sixty-
five.

(e) Waiver of Thirty-Day Notice Period. Distribution may commence less

than 30 days after the notice required under section 1.411(a)-11(c) of
the Income Tax Regulations is given, provided that

- (1) the Company clearly informs the Participant in writing that the
Participant has a right to a period of at least 30 days after
receiving the notice to consider the decision of whether or not
to elect a distribution, and
- (2) the Participant, after receiving the notice, affirmatively elects
a distribution.

7.6 Direct Rollover. Notwithstanding any provision of the Plan to the

contrary that would otherwise limit a Participant's election under this section,
a Participant may elect, at the time and in the manner prescribed by the
Company, to have any portion of an Eligible Rollover Distribution paid directly
to an Eligible Retirement Plan specified by the Participant in a direct
rollover.

(a) An "Eligible Rollover Distribution" shall mean any distribution of all
or any portion of the balance to the credit of the Participant, except
that an Eligible Rollover Distribution does not include:

any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Participant or the joint lives or (joint life expectancies) of the Participant and his designated Beneficiary, or for a specified period of ten (10) years or more; any distribution to the extent such distribution is required under section 401(a)(9) of the Code; and the portion of any distribution that is not includable in gross income (determined without regard to the exclusion for net unrealized appreciation with respect employer securities).

- (b) An "Eligible Retirement Plan" shall mean an individual retirement account described in section 408(a) of the Code, an individual retirement annuity described in section 408(b) of the Code, an annuity plan described in section 403(a) of the Code, or a qualified trust described in section 401(a) of the Code, that accepts the Participant's Eligible Rollover Distribution. However, in the case of an Eligible Rollover Distribution to the surviving spouse, an Eligible Retirement Plan is an individual retirement account or individual retirement annuity.

7.7 Distribution Requirements.

Notwithstanding any other provision of the Plan to the contrary--

- (a) General Rule. Unless the Participant otherwise elected in writing, -----
distribution to such Participant shall be made (or shall commence) not later than the sixtieth day after the close of the Plan Year in which occurs the latest of the following events:
- (1) The Participant attains age sixty-five;
 - (2) the Participant attains the tenth anniversary of the date on which he became a Participant under the Plan; or
 - (3) the Participant's termination of employment with the Company and its Parent Organization.
- (b) Required Distribution Date. Notwithstanding anything to the contrary -----
in this Article VII, a Participant's entire interest in the Plan shall be distributed to such Participant (or begin to be distributed to such Participant) not later than

April 1 following the calendar year in which he attains age 70 1/2, regardless of when he terminates his employment.

- (c) Periodic Benefit Payments. A Participant's entire interest in the -----
Plan shall be distributed to him, beginning not later than the date required pursuant to subsections (a) and (b) above, over the life of the Participant (or over the joint lives of the Participant and his designated Beneficiary) or in a payment or series of payments over a period not extending beyond the life expectancy of the Participant (or the joint life expectancies of the Participant and his or her designated Beneficiary). The life expectancy of a Participant (or the joint life expectancies of the Participant and his spouse) will be calculated as of the required distribution date, and shall not be recalculated thereafter.
- (d) Required Distribution Where Employee Dies Before Entire Interest is -----
Distributed. If the distribution of a Participant's benefits has -----
begun and the Participant dies before his entire interest has been distributed to him, the remaining portion of the Participant's benefits will be distributed to the Participant's beneficiary in a lump sum.
- (e) Five-year Rule. If a Participant dies prior to the distribution of -----
his benefit without having designed a person as his Beneficiary (other than a deemed designation of his spouse as provided in section 7.3(b)), then distribution of his Account shall be made within five years after the Participant's death.

Distributions hereunder will be made in accordance with Code section 401(a)(9) and the regulations thereunder, including regulation section 1.401(a)(9)-2, which are incorporated by reference herein.

7.8 Transfer to Non-Participating Parent Organization.

- (a) Optional Withdrawal. Upon the transfer of a Participant from the -----
employment of the Company to the employ of a non-participating Parent Organization, the Participant's Vested Balance will be held in the Plan and will be distributed at the election of the Participant subsequent to termination of employment with the Company and Parent Organization.

(b) Continued Participation in the Plan. A transferred Participant

described in subsection (a) shall not be entitled to participate in contributions or the allocation of forfeitures during his employment by Parent Organization but he shall remain a Participant for all other purposes until death or the complete distribution and/or forfeiture of his Accounts.

Article VIII. In-Service Withdrawals

8.1 General Rule. Subject to the limitations set forth in this Article, a

Participant may withdraw all or part of the value of the vested portion of his Accounts in accordance with and in the order specified in section 8.2, 8.3, or 8.4. The Participant may request such withdrawals according to the written procedures adopted by the Company on any business day. For the purpose of determining a withdrawal under this Section, a Participant's Accounts shall be valued as of each business day. The minimum amount a Participant may withdraw under each of sections 8.2, 8.3 and 8.4 is the lesser of \$300 or the vested portion of his Accounts.

8.2 Non-Hardship Non-Suspension Withdrawals.

(a) Order of Non-Hardship Non-Suspension Withdrawals. Any Non-Hardship

Non-Suspension Withdrawals from the categories listed below shall be available only if taken in the order listed below. A Participant must withdraw the full balance available from each category prior to withdrawing any amount in a subsequent category:

- Category 1: After-Tax Supplemental Contributions and related earnings.
- Category 2: After-Tax Basic Contributions and related earnings that have been in the Plan for at least two full Plan Years.
- Category 3: Any amount in the Participant's Rollover Contribution Account (does not include amounts transferred from the Prior Plan).
- Category 4: Vested Company Matching Contributions and related earnings that have been in the Plan for at least two full Plan Years.
- Category 5: Provided the Participant is at least 59 1/2 years old, Pretax Basic and Supplemental Contributions for all Plan Years and related earnings on Pretax Contributions made prior to January 1, 1989.
- Category 6: Vested Company Matching Contributions and related earnings, that have been in the Plan less than

two full Plan Years, provided the Participant is at least 59 1/2 years old.

(b) Withdrawal Restrictions. The following restrictions apply to all

Withdrawals under this Article VIII.

- (1) A Participant may make only three Non-Hardship Withdrawals in any Plan Year.
- (2) The minimum amount of any In-Service Withdrawal shall be \$300, or the Participant's Account available for withdrawal, if less.

8.3 Non-Hardship Suspension Withdrawals. -----

(a) Order of Non-Hardship Suspension Withdrawals. Any Non-hardship

Suspension Withdrawals from a category designated below shall be available only if preceded by, or taken together with the full amount of Non-Hardship Non-Suspension Withdrawals available under section 8.2 and, a Non-Hardship Suspension Withdrawal of the full balance available from each category of Non-Hardship Suspension Withdrawals.

Category 1: After-Tax Basic Contributions and related earnings that have been in the Participant's account less than two full Plan Years.

Category 2: Vested Company Matching Contributions and related earnings that have been in the Plan less than two full Plan Years.

(b) Non-Hardship Suspension Withdrawal Penalty. A Participant who makes a

Non-Hardship Suspension Withdrawal shall be suspended from making After-Tax or Pretax contributions to the Plan, from the operation of his Contribution Agreement, and from receiving Company Matching Contributions for the pay period in which the Non-Hardship Suspension Withdrawal is made, and thereafter, for the following six months, the date on which the withdrawal was made.

8.4 Hardship Withdrawals. -----

(a) General Rule. A Participant may, prior to a termination of employment

with the Company and its

Parent Organization, request a financial hardship withdrawal. A Participant may request such a withdrawal with respect to the balance in his Pretax Basic and Pretax Supplemental Contribution Accounts provided that such distribution may include only earnings credited to the Participant's Pretax Basic and Pretax Supplemental Contribution Accounts upon contributions made prior to December 31, 1988. A hardship withdrawal shall be available only upon a determination by the Company that the Participant has suffered an immediate and heavy financial need and that the distribution is necessary to satisfy such financial need.

(b) Financial Need. The Company shall examine all relevant facts and

circumstances to determine whether the Participant has an immediate and heavy financial need. A financial need shall not fail to be immediate and heavy merely because such need was reasonably foreseeable or voluntarily incurred by the Participant. The Company may require a Participant to submit any and all documentation that it deems necessary to substantiate the existence of a financial hardship. The circumstances under which a financial need shall be deemed to exist shall include financial needs attributable to:

- (1) medical expenses described in Code section 213(d) incurred by the Participant, the Participant's spouse, or any dependents of the Participant (as defined in Code section 152) which are not covered by insurance;
- (2) purchase (excluding mortgage payments) of a principal residence for the Participant;
- (3) payment of tuition and related educational fees for the next twelve months of post-secondary education for the Participant, his spouse, children, or dependents;
- (4) the need to prevent the eviction of the Participant from his principal residence or foreclosure on the mortgage of the Participant's principal residence; or
- (5) payment for extensive home repairs or renovations related to fire, natural disaster or other similar unforeseeable events; or

(6) purchase or repair of the primary vehicle used by the Participant or the Participant's spouse to commute to and from work, provided such purchase or repair is necessitated by an unforeseeable event such as accident or theft.

(c) Distribution Necessary to Satisfy Financial Need. A distribution

pursuant to this section 8.4 will not be treated as necessary to satisfy an immediate and heavy financial need of a Participant to the extent the amount of the distribution is in excess of the amount required to relieve the financial need of the Participant or to the extent such need may be satisfied from other resources that are reasonably available to the Participant. This determination shall be made by the Company on the basis of all relevant facts and circumstances. A distribution generally may be treated as necessary to satisfy a financial need with reasonable reliance upon the Participant's written representation that the need cannot reasonably be relieved--

- (1) through reimbursement or compensation by insurance or otherwise;
- (2) by liquidation of the Participant's assets, to the extent such liquidation would not itself cause an immediate and heavy financial need;
- (3) by cessation of contributions under the Plan and cessation of contributions to each other plan in which the Participant is eligible to participate; or
- (4) by other distributions or nontaxable (at the time of the loan) loans from plans maintained by the Company or Parent Organization, or by borrowing from commercial sources on reasonable commercial terms in an amount sufficient to satisfy the need.

For purposes of this subsection, the Participant's resources shall be deemed to include those assets of his spouse and minor children that are reasonably available to the Participant.

(d) Hardship Withdrawal Penalty. A Participant who makes a Hardship

Withdrawal shall be suspended from making contributions to the Plan, from the operation of his Contribution Agreement, and from receiving Company Matching Contributions for the

pay period in which the Hardship Withdrawal is made, and thereafter,
for the following twelve months.

SSP 50

Article IX. Loans To Participants

9.1 Authorization to Make Loans. Upon application of an active

Participant with respect to the Plan, the Company may direct the Trustee to make a cash loan to the Participant. Whether such loans are made, as well as their amounts and terms, shall be in the sole and absolute discretion of the Company, subject to the provisions of this Article and Article XIV (regarding Domestic Relations Orders).

9.2 Amounts of Loans.

(a) Minimum Amount. The minimum amount of any loan shall be \$1,000.

(b) Maximum Amount.

(1) The maximum amount of any loan to a Participant shall be the lesser of 50 percent of a Participant's account balance or \$50,000.

(2) Notwithstanding the foregoing, the amount of any loan from this Plan shall not exceed \$50,000 reduced by the excess (if any) of--

(a) the highest outstanding balance of loans from all plans of the Company during the year ending on the day before the date of the loan minus

(b) the outstanding balance of loans from all plans of the Company on the date of the loan.

(c) Additional Restrictions.

(1) No loan shall be made if the weekly payments necessary to fully amortize the loan over its terms would exceed 25 percent of the Participant's weekly compensation exclusive of bonuses and overtime.

(2) Not more than one loan from all plans of the Company shall be outstanding to a Participant at any time.

(3) Each loan is subject to a loan processing fee and a quarterly recurring administration fee. The loan processing fee shall be subtracted from the Participant's Account. Loans made from the Prior Plans and transferred to this

Plan will not be subject to fees under this Plan.

- (d) Account Allocations. To satisfy a Participant's loan request, loan

amounts shall be taken from the Participant's Vested Account balance
(not to exceed fifty percent (50%) of the Participant's Vested Balance
in any account) on a last-in, first-out basis in the following order:
- (1) Pretax Basic Contribution Account;
 - (2) Pretax Supplemental Contribution Account;
 - (3) Vested Company Matching Contribution Account;
 - (4) Rollover Contribution Account;
 - (5) After-Tax Basic Contribution Account;
 - (6) After-Tax Supplemental Contribution Account. Loan amounts will
be taken from Investment Funds in which the Participant's
Accounts are invested on a prorated basis.

9.3 Interest. Each loan shall bear interest at a rate as determined from

time to time by the Company, and shall be equal to a published and established
prime rate of interest selected by the Company. The Company shall approve a
formula for calculating the weekly loan interest rate.

9.4 Term. Loans shall be made for the period requested by the Participant

from the following schedule:

- (a) One (1) year term;
- (b) Two (2) year term;
- (c) Three (3) year term;
- (d) Four (4) year term;
- (e) Fifty-six (56) month term;
- (f) For a loan transferred from the Prior Plans, the loan term remaining
on such loan, in no event in excess of fifty-six (56) per month.

9.5 Repayment.

- (a) Loans shall be repaid in equal weekly installments, four per month,
representing a combination of

interest and principal, sufficient to amortize the loan during its term. Repayment shall commence as of the first pay period following the date the loan proceeds check is sent to the Participant.

- (b) Loan payments shall be credited to the Participant's Account weekly, and invested according to the Participant's current investment direction.
- (c) Payments shall be made through payroll withholding or other means acceptable to the Company in its sole and absolute discretion.
- (d) Should there be an outstanding loan balance with respect to a Participant at the time of his retirement or termination of employment with the Company or Parent Organization, such loan balance shall be paid as follows:
 - (1) the Participant shall repay the loan in a single payment not later than three (3) months following his termination; or
 - (2) the cash amount of his Vested Balance shall be reduced on such distribution commencement date by the amount of the then remaining unpaid loan balance, and any amounts withheld for the payment of taxes; and the loan shall be considered fully paid as of such distribution commencement date.
- (f) Prepayments may be made without penalty but must include the full amount of outstanding principal and all previously accrued interest.
- (g) Payments shall be suspended during the period a Participant is on an Approved Leave of Absence provided that no such extension shall exceed one (1) year; however, upon the Participant's return to active employment, payments will be recalculated and increased. The recalculated payment will reflect the amount of principal and interest which were not paid during the period of the Approved Leave of Absence. In no event will a suspension due to an Approved Leave of Absence result in extension of a loan term beyond five (5) years.

9.6 Documents. No loan under this Article shall be made until the

Participant has completed in the appropriate form, and submitted to the Company, the following:

- (a) A loan application setting forth such information as the Company deems appropriate.
- (b) A promissory note designating the Trustee as payee, stating the amount, term, repayment schedule, interest rate and other terms and conditions consistent with this Article.
- (c) Repayment shall be made through withholding pursuant to the Participant's written authorization or confirmation that the Company shall withhold each payroll period, and remit to the Trustee, the installments amounts determined under section 9.5(a).
- (d) A security agreement granting a security interest in the Participant's Vested Balance in his Accounts to the Trustee as security for repayment of the loan.

9.7 Default. If a Participant fails to make payment on a loan when due

and such failure continues for three months thereafter, the Company may declare the loan to be in default, in which case the entire unpaid balance shall become due and payable. The Trustee may pursue collection of the debt by any means generally available to a creditor where a promissory note is in default. If the entire amount due is not paid by the Participant within 30 days following the declaration of default and if the Participant has either attained age 59 1/2, incurred a financial hardship within the meaning of section 9.4, or terminated employment with the Company and its Parent Organization, the Trustee may exercise its security interest by reducing the Participant's Vested Balance by the amounts due and by amounts withheld for the payment of taxes payable in connection with such reduction. Upon such exercise the note shall be cancelled to the extent of such reduction.

Article X. The Committee

10.1 Establishment and Authority of Committee. A Savings Plan Committee

have such powers as may be necessary to enable it to interpret and construe the Plan and make benefit determinations hereunder, except for powers vested in the Company, the Trustee and the Investment Managers. The Board of Directors hereby delegates the authority to appoint members of the Committee to the President of the Company. The Committee shall serve as the final review committee, under the Plan, to determine conclusively for all parties any and all questions arising from the administration of the Plan and shall have sole and complete discretionary authority and control to manage the operation and administration of the Plan, including, but not limited to, the determination of all questions relating to eligibility for participation and benefits, interpretation of all Plan provisions, determination of the amount and kind of benefits payable to any Participant, spouse or beneficiary, and construction of disputed or doubtful terms. Such decision shall be conclusive and binding on all parties and not subject to further review.

The Company shall adopt rules for operation of the Committee. The Committee shall have authority to adopt such bylaws and further rules, not inconsistent with those adopted by the Company and subject to the approval of the President of the Company, as the Committee may find appropriate. The Company and the Committee may each employ a Secretary and such assistants as may be required in discharging their responsibilities hereunder. The Company and Committee may engage persons to render advice with regard to any of its responsibilities under the Plan. The Company and the Committee may delegate authority with respect to certain matters to officers or employees of the Company.

The Committee shall appoint or provide for the appointment of one person, to be known as the Savings Plan Administrator, who shall have authority to grant or deny claims for benefits under the Plan. The Secretary of the committee has the authority to appoint a Temporary Savings Plan Administrator, should the Savings Plan Administrator be unable to act, in the event of an emergency or due to absence of one week or more. During the period covered by the appointment, the Temporary Savings Plan Administrator shall have all the powers and duties that have been assigned to the Savings Plan Administrator.

10.2 Resignation and Removal of Members. There shall at all times be at

least five individuals, any or all of whom may be Participants, acting as a Committee hereunder to administer the Plan. Any Committee member may at any time resign by

giving to the Company written notice of such resignation. Any such resignation shall become effective upon the last business day of the calendar month next succeeding the calendar month in which such notice is received by the Company or on such earlier date as the Company may determine. The Company may at any time remove any or all of the Committee members then acting hereunder. Any such removal shall become effective immediately upon the delivery of such notice to the Committee member so removed or on such later date as may be specified in such notice.

10.3 Appointment of Members. The President of the Company shall designate

at least five individuals to act as Committee members. If at any time there shall be less than five Committee members acting hereunder, the President shall designate one or more members by giving written notice of such designation to the Committee members, if any, then acting hereunder and to each such designee. Any such designation shall become effective upon the date of the delivery to the President of a written notice by such designee accepting the appointment and agreeing to administer the Plan in accordance with the provisions hereof or on any other date as may be specified in the notice.

10.4 Committee Procedures.

- (a) No Committee member who is a Participant shall have any voice in any decision of the Committee made uniquely with respect to such Committee member, his participation in the Plan or his benefits hereunder.
- (b) In the event of any disagreement among the Committee members at any time acting hereunder and authorized to act with respect to any matter, the decision of a majority of said Committee members authorized to act upon such matter shall be controlling and shall be binding and conclusive upon all persons.
- (c) Each additional and each successor Committee member at any time acting hereunder shall have all of the rights and powers and all of the privileges and immunities hereby conferred upon the original Committee members hereunder and all of the duties and obligation so imposed upon the original Committee members hereunder.

10.5 Plan Administrator. The Company and each member of the Committee

shall be deemed to be a "named fiduciary" within the meaning of section 402(a)(2) of ERISA with respect to the Plan. The Company shall be the Plan Administrator and the

sponsor of the Plan as those terms are defined in ERISA. The Company delegates the power to interpret and construe the Plan documents and to make benefit determinations to the Committee.

10.6 Communications to the Committee. Communications to the Committee

shall be addressed to the Secretary, Sandia Corporation Savings Plan Committee, Sandia National Laboratories, Department 10510, P. O. Box 5800, Albuquerque, NM 87185-1026 or such subsequent address as the Company may specify.

Article XI. Administration

11.1 Plan Administrator

The Company shall be the plan administrator, the sponsor and the named fiduciary of the Plan as those terms are defined in ERISA. The Company shall appoint (a) the Sandia Corporation Savings Plan Committee (also known as the Employee Benefits Committee), having the administrative responsibilities described below, (b) an Employee Benefits Claim Review Committee having the administrative responsibilities described below, and (c) one or more trustees which, except as otherwise provided herein, shall be responsible for holding and managing assets of the Plan and payment retirement, termination and death benefits payable therefrom. The Company may select the Investment Funds to manage the assets of the Plan. The Company may issue general or specific investment directions and guidelines or criteria for trustees and Investment Funds and may also issue specific directions to them for investment in investment companies or trusts and companies or trusts that hold or propose to invest in two or more parcels of real property, subject to the requirements of ERISA. By notice to a trustee, the Company may assume responsibility for management of all or a designated portion of the assets held by such trustee, in which event the Company shall issue specific investment directions to the trustee with respect to such assets. The Company may direct or authorize a trustee to invest all or a portion of the Plan's assets in a group, commingled, common or mutual fund or funds or master trust fund or funds established for the purpose of or permitting commingling assets of participating trusts, including such fund or funds managed in whole or in part by the Company or by a trustee or trustees or investment manager or managers appointed by the Company or with respect to which the Company has authority to issue general investment directions and guidelines, in which event

the instrument of any trust creating any such group, commingled, common, mutual or master trust fund, to the extent of the Plan's equitable share thereof, shall be deemed to have been adopted as a part of the Plan for the purpose of Section 401(a) of the Internal Revenue Code of 1954 and the Internal Revenue Code of 1986 or any corresponding provision of any subsequent federal tax law. The Company may authorize a trustee to invest part of the Plan's assets in deposits with such trustee bearing a reasonable interest rate. The Company may invest, or direct a trustee to invest, or if the Company has appointed an investment manager to manage all or a portion of the assets of the Plan, an investment manager may invest, or direct a trustee to invest all or a portion of the assets of the Plan in any other investment, whether or not specifically expressed herein, so long as any such investment is not prohibited by or inconsistent with the requirements of ERISA, any applicable trust agreement, or any asset management agreement relating to any such trust. The Company shall establish and carry out appropriate funding policies and methods.

11.2 Procedural Bylaws.

(a) The Committee and the Employee Benefits Claim Review Committee shall adopt by-laws and rules of procedure as they may find appropriate, subject to the approval of the President.

(b) The Committee and the Employee Benefits Claim Review Committee shall each be empowered to employ a secretary and such assistants as may be required in discharging their respective responsibilities.

11.3 Determination of Claims.

The Committee shall grant or deny claims for benefits under the Plan, in its sole and complete discretion. Adequate notice, pursuant to applicable law and prescribed Company practices, shall be provided in writing to any Participant or Beneficiary whose claim has been denied, setting forth the specific reasons for such denial and any other information required to be provided under ERISA.

11.4 Appeals of Claims Determination.

(a) The Employee Benefits Claim Review Committee shall serve as the final review committee, under the Plan and ERISA, for the review of all appeal claims by Participants or Beneficiaries whose initial claims for benefits have been denied, in whole or part, by the Committee.

(b) Any Participant or Beneficiary whose claim for benefits has been denied, in whole or part, may, within 60 days after receipt of notice of denial, submit a written request for review of the decision denying the claim. In such case, the Employee Benefits Claim Review committee shall,

(i) make a full and fair review of such decision within 60 days after receipt of the written request for review, or within an additional 60 days, provided the claimant is notified of the delay and the reasons for requiring such additional time; and

(ii) notify the claimant in writing of the review decision, specifying the reasons for such decision, and any other information required to be provided under ERISA.

Any Participant who fails to request review by the Employee Benefits Claim Review Committee of a decision by the Committee provided for in this Section 11.4 shall, to the extent permitted by applicable law, be conclusively determined to have accepted as binding the decision of the Committee and thereafter the decision of such Committee or Employee Benefits Claim Review Committee shall not be subject to further review.

(c) Any Participant whose claim for benefits has been denied shall have such further rights of review as are provided in Section 503 of ERISA and regulations promulgated thereunder, and the Employee Benefits Claim Review Committee and the Committee shall retain such right, authority and discretion as is provided in or not expressly limited by said Section 503 of ERISA and the regulations thereunder.

11.5 Determination Conclusive.

The Committee, in those cases in which there is no request for review, or the Employee Benefits Claim Review Committee when it reviews a denial of a claim, shall control and manage the operation and administration of the Plan, including but not limited to, the determination of all questions relating to eligibility for participation and benefits, interpretation of all plan provisions, determination of the amount and kind of benefits payable to any Participant, spouse or Beneficiary, and construction of disputed or doubtful terms, and determine conclusively in its sole and complete discretion for all parties all questions arising in the administration of the Plan and any decision of such Committee or Employee Benefits Claim Review Committee shall not be subject to further review.

11.6 Expenses.

The expenses of the Employee Benefits Claim Review Committee and of the Committee shall be borne by the Company.

11.7 Allocation of Responsibilities.

The Company may allocate responsibilities for the operation and administration of the Plan consistent with the Plan's terms. The President or an Executive Vice President may, on behalf of the Company, delegate any of its responsibilities hereunder by designating in writing other persons to carry out their respective responsibilities (other than trustee responsibilities the delegation of which may be limited by law) under the Plan, and may employ persons to advise them with regard to any such responsibilities. Specifically, and not by way of limitation of the foregoing provisions of this Section 11.7, the Company may delegate or allocate, as applicable, to another fiduciary or named fiduciary, the responsibility to appoint, retain, and terminate trustees and investment managers and to define the authorities and responsibilities of each. The provisions of this Section shall apply to the responsibilities of the Company or any other named fiduciary under the Plan relating to any trusts associated with the Plan, including any group, commingled, common, or master trust associated with the Plan and with respect to which the Company or any other named fiduciary under the Plan has responsibilities.

11.8 Service in Multiple Capacities Permitted.

Any person or group of persons may serve in more than one fiduciary capacity with respect to the Plan (including service both as a trustee and as an administrator).

11.9 Agent for Service of Legal Process.

The Secretary of Sandia Corporation, having his place of business at Kirtland Air Force Base, Albuquerque, New Mexico 87185, P.O. Box 5800, is designated pursuant to ERISA Section 102(b) as the agent of the Plan for the service of legal process.

Article XII. Amendment; Termination; Merger

12.1 Amendments. The Company may, at any time and from time to time,

prospectively or retroactively, pursuant to a resolution of its Board of Directors, amend the terms and provisions of the Plan, in whole or in part, and may, at any time, pursuant to a resolution of its Board of Directors, terminate the Plan and/or the Trust, in whole or in part, with respect to its Employees; provided, however, that, except in order to correct a mistake of fact,

- (a) no such amendment or termination shall adversely affect the Account of any Participant on the date of such amendment or termination;
- (b) no such amendment shall adversely affect any Participant's interest in that portion, if any, of the balance in his Account which he would be entitled to receive if his employment had terminated immediately preceding the date of such amendment;
- (c) no such amendment shall reduce the Vested Balance of any Participant without his consent;
- (d) no such amendment shall result in a change of the substance of section 12.2 with respect to Participants who are such on the date of such amendment;
- (e) notwithstanding any such amendment or termination, it shall be impossible, whether by operation of natural termination of the Trust, or pursuant to the provisions of this section or by the happening of a contingency, or by collateral arrangement, or by any other means, for any part of the corpus of or the income from the Trust to be used for, or diverted to, purposes other than the exclusive benefit of the Participants and their respective Beneficiaries and the payment of the expenses of the administration of the Plan and the Trust; and
- (f) (i) the President may amend the Plan from time to time, subject to the approval of the Board of Directors. The President may amend the Plan without such approval in the cases of changes which, in the opinion of the President, are dictated by the requirements of federal or state statutes applicable to the Company or authorized or made desirable by such statutes).

(ii) In addition, the Chairman or his delegee may from time to time make changes in the Plan without the approval of the Board of Directors or the President effective July 20, 1994, with respect to any Plan changes which in the opinion of the Chairman of the Board of Directors, or his delegee, involve no material policy consideration and an estimated annual cost not in excess of \$250 thousand, the Chairman, or such delegee may from time to time make changes in the Plan without the approval of the Board of Directors or the President.

(iii) Such changes or termination shall not affect the rights of any employee, without his consent, to any contribution and earnings to which he may have previously become entitled thereunder.

12.2 Terminations and Partial Termination. In the event of, and upon, the

termination or partial termination of the Plan or complete discontinuance of contributions, other than by reason of being merged into, or consolidated with, another Parent Organization, the interest in his Account of each Participant who is an Employee of the Company on the date of such termination or complete discontinuance (or, in the case of a partial termination, the Participants affected thereby) shall vest. For the purposes of this section 12.2 "partial termination" shall have the same meaning as under section 1.411(d)-2 of Treasury Regulations. In the event of a termination of the Plan, in the event that there is any remaining balance in this Plan after paying all Participants their entire interest hereunder payable in case of termination of the Plan, such balance shall, subject to the terms of this Plan and the Prior Plan, and to the extent permitted by law, be returned to DOE. The Company may terminate the Plan by action of the President, subject to approval by the Board of Directors.

12.3 Mergers; Consolidations; Transfers of Assets. In the event the Plan

is merged or consolidated with, or if any of its assets or liabilities are transferred to another plan, then, immediately after such merger, consolidation or transfer, each Participant and Beneficiary shall be entitled to receive a benefit which is no less than the benefit he would have been entitled to receive if the Plan had been terminated immediately prior to such merger, consolidation, or transfer.

Article XIII. Top-Heavy Plan Provisions

13.1 General Rule. In the event that the Plan becomes top-heavy, or is a

member of a top-heavy group, the provisions of this Article shall apply.

13.2 When Plan is Top-Heavy. The Plan shall be top-heavy for a Plan Year

if, as of the Applicable Determination date (as defined below), the aggregate of
the Account balances of Key Employees (as defined below) under the Plan exceeds
60 percent of the aggregate of the Account balances of all Employees under the
Plan. For purposes of this section and section 13.3--

- (a) Account balances shall include the aggregate amount of any distributions made with respect to the Employee during the Five-year period ending on the Applicable Determination Date and any contributions due but unpaid as of said determination date, and
- (b) the Account balance of any individual who has not performed services for the Company or the Parent Organization at any time during the Five-year period ending on the Applicable Determination Date shall not be taken into account.

The determination of the foregoing ratio shall be made in accordance with section 416(g) of the Code, which is incorporated herein by this reference. Notwithstanding the foregoing, the Plan shall not be top-heavy if it is part of an affiliation group of plans, as defined in section 13.3(a), that is not a top-heavy group.

13.3 When Plan is in Top-Heavy Group. A Plan is a member of a top-heavy

group with respect to a Plan Year if, as of the Applicable Determination Date, it is part of an affiliation group of plans which is top-heavy. For purposes of this section--

- (a) An "affiliation group of plans" includes all plans qualified under section 401(a) of the Code which are maintained by the Company or Parent Organization and (1) in which a Key Employee is a Participant or (2) which enables any other plan described in paragraph (1) to meet the requirements of section 401(a)(4) or 410 of the Code.
- (b) An affiliation group of plans shall be a "top-heavy group" with respect to a Plan Year if, as of the Applicable Determination Date, the sum of--

- (1) the present value of the cumulative accrued benefits for Key Employees under all defined benefit plans included in such group and
- (2) the aggregate of the accounts of Key Employees under all defined contribution plans included in such group

exceeds 60 percent of a similar sum determined for all Employees covered under the affiliation group of plans. In making this determination, the provisions of section 13.2 (other than the first sentence thereof) shall be applicable.

13.4 Minimum Contribution. For each Plan Year with respect to which the -----

Plan is top-heavy, or is a member of a top-heavy group, the minimum amount allocated under the Plan, including Elective Contributions, for the benefit of each Participant who is not a Key Employee and who is otherwise eligible for such an allocation, together with amounts allocated under all other qualified defined contribution plans maintained by the Company or Parent Organization, shall be the lesser of--

- (a) 3 percent of the Participant's Limitation Compensation for the Plan Year or
- (b) the Participant's Limitation Compensation times a percentage equal to the largest percentage of such Limitation Compensation allocated under such plans with respect to any Key Employee for the Plan Year.

This section shall not apply to an Employee covered under a qualified defined benefit plan maintained by the Company or Parent Organization if the Employee's benefit thereunder satisfies the requirements of section 416(c) of the code.

13.5 Accelerated Vesting. -----

- (a) During each Plan Year for which the Plan is top-heavy, or is a member of a top-heavy group, Employees shall vest under the following vesting schedule which shall be substituted for the provisions of section 6.2:

Vesting Years -----	Percentage -----
2	20%
3	40%
4	60%
5 or more	100%

- (b) For purposes of this section, the Employee shall be credited with a "Vesting Year" for each Plan Year during which he has at least 1,000 Hours of Service.
- (c) In a Plan Year in which the Plan is no longer either top-heavy or a member of a top-heavy group, the vesting provisions contained in section 6.2 shall be restored. Should this occur, however, (1) the percentage of the Participant's Account that is nonforfeitable after such restoration shall not be less than that percentage that was nonforfeitable before the Plan ceased to be top-heavy, and (2) any Participant with five or more Vesting Years at the time of such restoration shall remain under the accelerated vesting schedule set forth in subsection (a).

13.6 Adjustment in Maximum Limitation on Account Additions. For any Plan Year with respect to which the Plan is top-heavy, or a member of a top-heavy group, section 4.13(c)(2)(A) and (3)(A) shall be applied by substituting "1.0" for "1.25."

13.7 Definitions. For purposes of this Article XIII--

- (a) Applicable Determination Date with respect to a Plan Year shall mean
 - (1) the last date of the preceding Plan Year; or
 - (2) in the case of the first Plan Year of any plan, the last day of such Plan Year.
- (b) Key Employee shall mean an Employee, a former Employee, or a Beneficiary as prescribed in section 416(i)(1) of the Code.
- (c) Non-Key Employee shall mean anyone who is not a Key Employee.

Article XIV. Qualified Domestic Relations Orders

14.1 Applicability of Article. The Company shall apply the provisions of

this Article with regard to a Domestic Relations Order (as defined below) to the extent not inconsistent with section 414(p) of the Code.

14.2 Establishment of Procedures. The Company shall establish procedures,

consistent with section 414(p) of the Code, to determine the qualified status of any Domestic Relations Order, to administer distributions under any Qualified Domestic Relations Order (as defined below), and to provide to the Participant and the Alternate Payee(s) (as defined below) all notices required under Code section 414(p) with respect to any Domestic Relations Order.

14.3 Determination of Qualified Domestic Relations Order Status. Within a

reasonable period of time after the receipt of a Domestic Relations Order (or any modification thereof), the Company shall determine whether such order is a Qualified Domestic Relations Order.

14.4 Definitions. For purposes of this Article--

(a) Alternate Payee shall mean any spouse, former spouse, child, or other

dependent of a Participant who is recognized by a Domestic Relations Order as having a right to receive all, or a portion of, the benefits payable under the Plan with respect to such Participant.

(b) Domestic Relations Order shall mean any judgment, decree, or order

(including approval of a property settlement agreement) which--

(1) relates to the provision of child support, alimony payments, or marital property rights to a spouse, former spouse, child, or other dependent of a Participant and

(2) is made pursuant to a state domestic relations law (including a community property law).

(c) Qualified Domestic Relations Order shall mean a Domestic Relations

Order which meets the requirements of section 414(p)(1) of the Code.

Article XV. Miscellaneous Provisions

15.1 Construction. Except as otherwise provided in section 514 of ERISA,

the Plan shall be construed and regulated in accordance with the laws of the State of New Mexico.

15.2 Nonassignability. Except to the extent permissible under Code

sections 401(a)(13) and 414(p) and Article XIV, no Account or interest under this Plan shall be anticipated, assigned (either at law or in equity), alienated or subject to attachment, garnishment, levy, execution, or other legal or equitable process (whether voluntary or involuntary).

15.3 Missing Persons. If the Company is unable to locate a proper payee

within one year after an Account becomes payable, the Company may treat the balance credited to the Account as a forfeiture; however, if a claim for benefits is subsequently presented by a person entitled to a payment, the forfeited amount shall be recredited to the Account upon verification of the claim, except for those amounts that have been paid pursuant to an escheat or other applicable law. Forfeitures restored under this subsection shall be paid from current forfeitures, and if insufficient, from an additional Company contribution (without regard to the existence of profits).

15.4 Interest of Participants. The sole interest of each Participant and

his Beneficiaries under the Plan shall be to receive the benefits provided for hereunder as and when the same shall become due and payable in accordance with the terms hereof, and neither any Participant nor any such Beneficiary shall have any right, title or interest in or to any asset of the Plan.

15.5 No Right to Employment Granted by Plan. Nothing contained herein

shall require the Company or Parent Organization to continue any Participant in its employ, or require any Participant to continue in the employ of the Company or any Parent Organization, or require the Company or Parent Organization to continue to compensate any Participant during a Leave of Absence, or require the Company or Parent Organization to compensate any Participant during any Leave of Absence at the same rate as prior to the commencement thereof, or require the Company or Parent Organization to rehire any former Participant.

15.6 Incompetency. Every person receiving or claiming benefits under the

Plan shall be conclusively presumed to be mentally competent and of age until the Company receives written notice, in a form and manner acceptable to it, that such person is incompetent or a minor, and that a guardian,

conservator, or other person legally vested with the care of his or her estate has been appointed. In the event that such a guardian or conservator of the estate of any person receiving or claiming benefits under the Plan shall be so appointed, payments shall be made to such guardian or conservator, provided that proper proof of appointment is furnished in a form and manner suitable to the Company. To the extent permitted by law, any payment under the provisions of this section shall be a complete discharge of liability under the Plan.

15.7 Titles. The titles of sections are included only for convenience and

shall not be construed as part of this Plan or in any respect affecting or modifying its provisions.

[LETTERHEAD OF LOCKHEED MARTIN CORPORATION APPEARS HERE]

March 15, 1995

Lockheed Martin Corporation
6801 Rockledge Drive
Bethesda, Maryland 20817

Re: Sandia Corporation Savings and Income Plan, Sandia Corporation
Savings and Security Plan (the "Plans")

Ladies and Gentlemen:

I submit this opinion to you in connection with the filing with the Securities and Exchange Commission of a registration statement on Form S-8 (the "Registration Statement") on the date hereof. The Registration Statement registers shares of common stock ("Common Stock") of Lockheed Martin Corporation (the "Corporation") for use in connection with the Plans. The Plans contemplate that Common Stock may be treasury or authorized but unissued shares or may be acquired in the open market. As Assistant General Counsel of the Corporation, I have examined such corporate records, certificates and other documents and have reviewed such questions of law as I deemed necessary or appropriate for the purpose of this opinion.

Based upon that examination and review, I advise you that in my opinion:

- (i) the Corporation has been duly incorporated and is validly existing under the laws of the State of Maryland; and
- (ii) to the extent that the operation of the Plans results in the issuance of Common Stock, such shares of Common Stock have been duly and validly authorized and, when issued in accordance with the terms set forth in the Registration Statement, will be legally issued, fully paid and nonassessable.

I hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the reference to my opinion in the Registration Statement.

Very truly yours,

/s/ Stephen M. Piper

Stephen M. Piper
Assistant General Counsel
Lockheed Martin Corporation

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the incorporation by reference in Lockheed Martin Corporation's Registration Statement (Form S-8) pertaining to the Sandia Corporation Savings and Income Plan and the Sandia Corporation Savings and Security Plan of: (a) our report dated January 20, 1995, with respect to the consolidated financial statements of Martin Marietta Corporation and subsidiaries for the year ended December 31, 1994, included in its Current Report (Form 8-K), dated February 17, 1995, and (b) our report dated November 1, 1994, with respect to the consolidated balance sheet of Lockheed Martin Corporation as of October 31, 1994, included in its Registration Statement (Form S-4 No. 33-57645), dated February 9, 1995, both filed with the Securities and Exchange Commission.

ERNST & YOUNG LLP

Washington, D.C.
March 13, 1995

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the incorporation by reference in Lockheed Martin Corporation's Registration Statement (Form S-8) pertaining to the Sandia Corporation Savings and Income Plan and the Sandia Corporation Savings and Security Plan of our report dated January 31, 1995, with respect to the consolidated financial statements of Lockheed Corporation for the year ended December 25, 1994, included in its Current Report (Form 8-K), dated February 21, 1995, filed with the Securities and Exchange Commission.

ERNST & YOUNG LLP

Los Angeles, California
March 13, 1995

CONSENT OF KPMG PEAT MARWICK LLP INDEPENDENT AUDITORS

The Board of Directors
General Electric Company:
The Board of Directors
Martin Marietta Corporation:

We consent to the incorporation by reference in this Registration Statement on Form S-8 of Lockheed Martin Corporation of our report, dated February 3, 1993, relating to the consolidated financial statements of GE Aerospace Businesses as of December 31, 1992 and 1991 and for each of the years in the two-year period ended December 31, 1992, which report is incorporated by reference in the December 31, 1993 annual report on Form 10-K of Martin Marietta Corporation, which is incorporated herein by reference.

Harrisburg, Pennsylvania
March 13, 1995

CONSENT OF ARTHUR ANDERSEN LLP
INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in this registration statement on Form S-8 of our report dated January 20, 1994 on our audits of the combined financial statements of the General Dynamics Space Systems Group as of December 31, 1993 and 1992 and for each of the three years in the period ended December 31, 1993 included in the Martin Marietta Corporation's Form 8-K dated May 13, 1994, which is incorporated by reference into the Lockheed Martin Corporation registration statement on Form S-4 dated February 9, 1995.

ARTHUR ANDERSEN LLP

San Diego, California
March 13, 1995