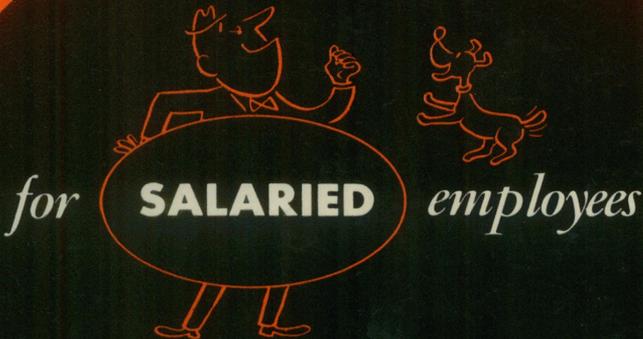


Pensions - Handbook - (Company)

LOCKHEED RETIREMENT PLAN

Lockheed
aircraft
Corporation.

Burbank, 1957



To Lockheed Salaried Employees:

In these days of increased life expectancy I do not think I need stress the important part retirement plays in our lives.

Those of you for whom retirement is still a number of years off may not be so acutely aware of its problems and possibilities as those who are approaching retirement age. But all of us must retire eventually. How successful our retirement will be depends very largely on how well we have prepared for it.

The problems of retirement are problems of health, constructive activity, emotional satisfaction, recreation, and spiritual fulfillment. But underlying them all is the problem of income. Experience has shown that it is simply not possible to retire satisfactorily without a continuing income sufficient to permit us to live in financial independence.

I am very pleased to tell you that the Lockheed retirement plan to which you as a salaried employee belong will furnish a part of that income. It is not intended to furnish all of it, and you should certainly make your own plans for a supplementary income. But the Lockheed plan, together with your Social Security benefits, will give you a good start toward a retirement free from the burden of financial care.

I sincerely hope that this plan will make your years of retirement rich and rewarding ones. I know it will provide you with a solid financial foundation upon which to build. But may I urge you again to begin the additional planning that is so necessary to insure a complete measure of financial security after retirement.

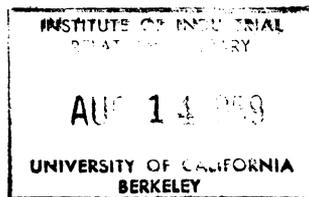
Courtlandt S. Gross.

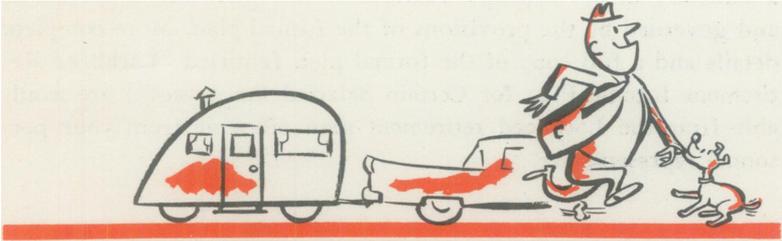
COURTLANDT S. GROSS

President

Lockheed Aircraft Corporation

December 16, 1957





Our Retirement Plan for Salaried Employees

We first started our retirement plan in 1942. Since Social Security then provided benefits on the first \$3000 of annual wages, our original plan offered benefits on wages above this amount.

Today the annual base wage under Social Security is \$4200. Our plan, modified several times, now provides basic benefits determined by service with the company plus additional benefits based on wages above the \$4200 figure. In its latest version we believe it to be one of the best in the industry.

There are two fundamental types of retirement plans. One is based on length of service alone, and one is based on a combination of length of service and amount of earnings. Ours at Lockheed is this second type. We believe this type is fairer to you because it recognizes not only the length of your service but also the value of your work to the company over the years. And it will help you spend your leisure after 65 in a manner of living that is closer to the one you have been accustomed to.

Life insurance companies tell us that if at age 65 you decided to buy an annuity that would give you a \$100 a month income for the rest of your life, it would cost about \$15,000 for a man and about \$18,000 for a woman. It is easy to see why most of us would find it hard to save enough money after taxes to buy an adequate pension when we reach our 65th birthday. That is where a retirement plan like ours comes in. With the company putting away money each year for you, you get a big lift toward that goal of financial security in your leisure years.

The information contained in this booklet is intended to be only a summary of the principal features of this plan and is subject to and governed by the provisions of the formal plan. More complete details and a full copy of the formal plan (entitled "Lockheed Retirement Income Plan for Certain Salaried Employees") are available from the Lockheed retirement plan office or from your personnel representative.

Am I a Member of the Plan?

Yes, if you are a salaried employee of any Lockheed division or wholly-owned subsidiary, you are a member of the plan, excepting only if you are an alien employed outside the United States.

You do not have to apply for membership, nor do you have to serve a waiting period after employment. You will continue to be a member as long as you remain in continuous service with the company.

What Do You Mean by "Continuous Service"?

Roughly, "continuous service" means unbroken employment. Removal from the payroll may break your continuous service, but there are certain exceptions. For example, if your earnings are suspended for 30 days or less, we still consider you to be in continuous service. And there are other exceptions.

You will find "continuous service" defined precisely in the Appendix. It may be a good idea for you to read this definition carefully because it is an important part of the plan.

Who Pays for the Plan?

Lockheed pays the entire cost of the plan. You pay nothing.

When Do I Retire?

Your normal retirement age is 65. At this age you may qualify for what we call a "normal retirement benefit." With the consent of the Retirement Plan Committee you may work beyond age 65.

If you qualify, you may retire as early as age 55 with an "early retirement benefit," necessarily smaller than the amount at age 65.

In either case your retirement benefit will start as of the first day of the month after you have actually retired and applied for benefits.

How Do I Qualify for Retirement Benefits?

To be eligible for the normal retirement benefit you have to be at least 65 years of age, and you must have 10 or more years of "credited service."

To be eligible for the early retirement benefit you need only to have reached age 55, as long as you have 10 or more years of credited service.



Even if you don't have the full 10 years of credited service, there are special provisions which may apply to you if you have been in continuous service with the company during the last 10 years before retirement and have at least one year of credited service.

What Is “Credited Service”?

Don't confuse “credited service” with “continuous service.” Continuous service has to do with unbroken employment. Credited service is an important factor in determining how much your benefits will be. It is also a factor in determining your eligibility for benefits. Here is how you earn it:

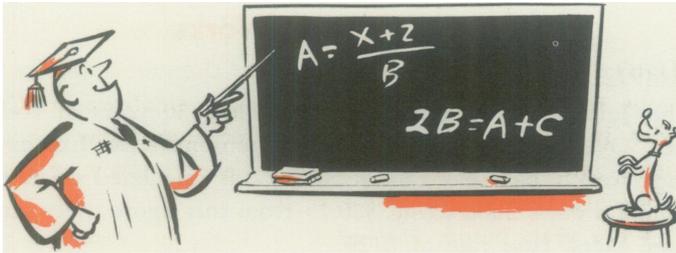
- For years before December 25, 1956, you earned a year of *past* credited service for every year you were in continuous service since July 1, 1932. This past credited service is computed to the nearest 1/12 year.
- For years starting with December 25, 1956, you earn a full year of *future* credited service for every year in which you have 45 or more “weeks worked.” A “week worked” is any week in your last period of continuous service before retirement for which you are paid. It includes weeks of paid vacation and weeks of paid sick leave, among others.



If you have fewer than 45 weeks worked during any year, you get credits in units of one-twelfth of a year for the weeks for which you were paid. (A more detailed explanation of weeks worked appears in the Appendix.)

How Are My Benefits Calculated?

Your benefits are calculated by a formula that gives you credit for both years of credited service and your pay rate during the last 10 years before your retirement. Here is how you figure them:



Step 1. Take $1\frac{1}{2}\%$ of your “average excess base rate of pay” (defined below).

Step 2. Multiply by 4.333 (to convert a weekly to a monthly amount).

Step 3. Add \$1.75.

Step 4. Multiply by your years of credited service.

To understand what is meant by “average excess base rate of pay,” you have to know what “excess base rate of pay” is, so let’s start with that.

Excess base rate of pay for any given year is the amount by which your weekly pay rate exceeds \$80.77. This computation is made on a “rate determination day,” which, for plan years beginning with December 25, 1957, is the Monday following December 25. (Because this date varies for earlier years, it is more fully explained in the Appendix.) Thus, for the plan year beginning with December 25, 1957, and for all subsequent plan years, your rate of pay on the Monday following December 25 is used to determine your excess base rate of pay for the following plan year. The computation is made by subtracting \$80.77 from your pay rate on that date. If the figure obtained from this subtraction is less than \$3.85, your excess base rate of pay is considered to be \$3.85 in order to give you a minimum normal retirement income of \$20 a month for 10 years of credited service.

Average excess base rate of pay is the average of your excess base rates of pay for the last 10 years during which you received credited service before retirement. If you have fewer than 10 years in which you earned credited service but are still eligible for retirement benefits, the average is figured on this smaller number of years.

Here's How It Works

EXAMPLE 1

John Jones is retiring with the maximum 30 years of credited service. Over the last 10 years before retirement he has had an average weekly base pay rate of \$200.77 as calculated on rate determination days. Subtracting \$80.77 from this figure gives him an average excess base rate of \$120.

- | | |
|--|-----------------------------|
| Step 1. Take 11½% of the average excess base rate of pay | .015 times \$120 = \$1.80 |
| Step 2. Multiply by 4.333 | 4.333 times \$1.80 = \$7.80 |
| Step 3. Add \$1.75 | \$1.75 plus \$7.80 = \$9.55 |
| Step 4. Multiply by years of credited service | \$9.55 times 30 = \$286.50 |

Thus, John gets a monthly benefit of \$286.50.

EXAMPLE 2

Ben Black is retiring with 25-5/12 years of credited service. During the last 10 years before retirement he had an average weekly base pay rate of \$275 as calculated on rate determination days. Subtracting \$80.77 from this figure gives him an average excess base rate of \$194.23.

- | | |
|--|----------------------------------|
| Step 1. Take 11½% of the average excess base rate of pay | .015 times \$194.23 = \$2.91 |
| Step 2. Multiply by 4.333 | 4.333 times \$2.91 = \$12.61 |
| Step 3. Add \$1.75 | \$1.75 plus \$12.61 = \$14.36 |
| Step 4. Multiply by years of credited service | \$14.36 times 25-5/12 = \$364.98 |

Ben's monthly benefit is \$364.98.

Can I Estimate What My Own Retirement Benefits Will Be?

Yes, you can make a fairly good estimate, but of course you will have to base it on some assumptions. For example, you may assume that you will be in continuous employment up to retirement age and that, for the years ahead, you will have at least 45 weeks worked

during each year. You must also estimate what your average salary will be for the 10 years just before your planned retirement date.

With these assumptions and this estimate of your future salary rate you can get a general idea of what your normal monthly retirement benefit will be by using the procedure outlined in the preceding section or the chart on pages 16 and 17.

May I Receive Retirement Benefits and Continue To Work at Lockheed?

The benefits are to provide financial help after you actually retire from Lockheed. You may not, therefore, continue as a full-time employee at Lockheed and receive your retirement income too.

Employment for yourself or another employer, of course, will not affect your benefits.

If, as a retired employee receiving benefits, you return to full-time work at Lockheed, your retirement benefits will be suspended during the time of your re-employment.

What Do I Get If I Retire Before Age 65?

If you retire between ages 55 and 65 you may be eligible for an "early retirement benefit." The amount of this benefit is computed on the basis of your credited service at the time of your early retirement. This amount will be proportionately reduced because you will start receiving benefits at an earlier age.

What If I Am Laid Off?

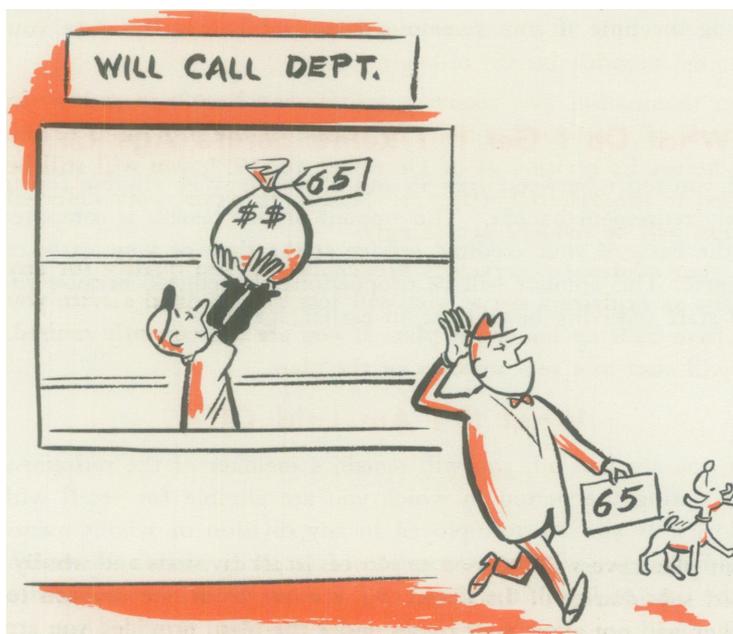
If you are laid off, you will remain a member of the retirement plan during the period in which you are eligible for recall with seniority. If you are reemployed in any division or wholly-owned subsidiary, even without restoration of seniority, within 24 months of the date of layoff, the time you were off will still be counted as continuous service, provided you have maintained recall rights.

Do I Receive Benefits If I Terminate Before Retirement?

If you are over 40 years of age when your service is broken and if you have credited service of at least 10 years, you are entitled to a deferred monthly retirement benefit. This benefit will be available to you after your 65th birthday, starting the first of the month after you apply.

Even if you don't have the 10 years of credited service, you may qualify for the deferred benefit. But you must have at least one year's credited service and have been continuously employed for 10 years immediately before you terminate. This will not increase your credited service, and the amount of your benefit will be limited by the actual credited service you have earned.

This deferred benefit is a percentage of the retirement benefit earned at the time your continuous service was broken. It will amount to the following percentage of your earned retirement benefit:



Years of Credited Service	Deferred Benefit
Less than 10	0
10 but less than 11	50%
11 but less than 12	60%
12 but less than 13	70%
13 but less than 14	80%
14 but less than 15	90%
15 or more	100%

To obtain this deferred benefit you have to apply for it. You may not apply until three months before you reach age 65, and you must apply before reaching age 75. If you apply between these two ages, you will start getting your checks as of the first of the month after age 65 and following receipt of your application.

If you are otherwise qualified for deferred retirement benefits, you may request approval to have payments begin at any time after age 55 by filing a written application with the Retirement Plan Committee. Benefits under this election will be proportionately reduced from the deferred benefits as listed in the schedule above. You must apply in the three-month period before the date you desire the monthly benefit to begin.

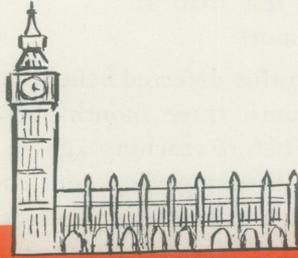
If, on termination, you receive a termination benefit in cash or in the form of a deferred annuity by reason of the provisions of the plan before its revision as of December 16, 1957, you will still be entitled to the deferred retirement benefit. However, your deferred pension will be reduced accordingly.

If your continuous service is broken before you qualify for any benefits as explained above, you will lose any credited service you may have built up under the plan. If you are subsequently rehired, you will start as a new member of the plan.

Suppose I Move from One Division of the Company to Another?

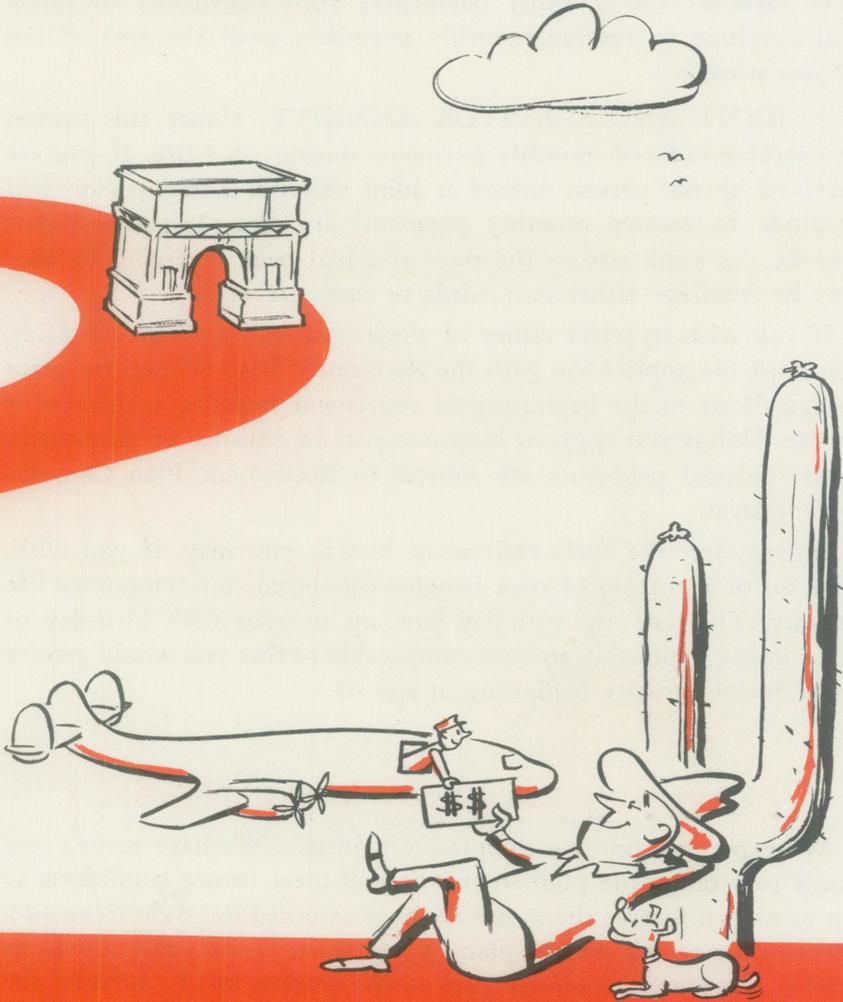
Our plan covers all salaried employees in all divisions and wholly-owned subsidiaries of Lockheed. So, a move from one division to another will not affect your rights under the plan, provided you are

not off the payroll for more than 30 days, or, if you are off for more than 30 days, your seniority is retained or restored. This also applies to termination and rehire by the same division or wholly-owned subsidiary.



What Happens If I Am Placed on Hourly Status?

Any benefits accumulated under the salaried plan will be held for you and paid at retirement. In addition, of course, you will receive any benefits you earn under any other plan that covers you as an hourly employee.



Will Benefits Continue After My Death?

You may provide for benefits to be paid to a survivor or beneficiary after your death by electing one of the following options:

1. **LIFE ANNUITY—10 YEARS CERTAIN.** Under this option you receive reduced monthly payments for the rest of your life. If you should die within 10 years after you retire (that is, before you have received 120 monthly payments) your beneficiary or estate will continue to receive monthly payments until the end of the 10-year period.

2. **JOINT AND SURVIVOR ANNUITY.** Under this option you receive reduced monthly payments during your life. If you are survived by the person named as joint annuitant, that person will continue to receive monthly payments for life. These payments may be the same size as the ones you had been receiving or they may be smaller—either two-thirds or one-half as large.

If you wish to select either of these optional payment methods, you must file application with the Retirement Plan Committee prior to age 65 or to the beginning of retirement benefits, whichever is earlier. Unless you apply at least one year in advance of retirement, these optional payments are subject to Retirement Plan Committee approval.

If you elect the early retirement benefit you may, if you wish, have all or a portion of your benefits converted to a temporary life annuity. This annuity will pay you, up to your 65th birthday or prior death, a monthly amount comparable to that you would receive from Social Security beginning at age 65.

What Is the Future of the Plan?

We expect to continue the plan indefinitely. We have made every effort to arrange the plan so that it will meet future conditions so far as we can foresee them. But we have reserved the right to amend, suspend, or terminate the plan at any time. If we must cancel or modify the plan, the money paid to the trustee will be held by the trustee and will be used to provide benefits under the plan. It cannot revert to Lockheed under any circumstances.

How Are Benefits Paid?

Your retirement benefit begins the first day of the month after you retire and apply, and continues for the rest of your life. Monthly checks will be mailed to you at whatever address you give us.

Who Administers the Plan?

The company is responsible for the entire administration of the plan. It exercises this responsibility through a Retirement Plan Committee consisting of not less than five members appointed by the Lockheed Board of Directors. This committee interprets provisions of the plan, decides questions arising under the plan, and generally has charge of administering the plan.

What Happens to the Funds?

All of the company's payments under the plan are made to a retirement fund, and assets of this fund are held by a bank as trustee. The company contributes to this retirement fund amounts sufficient to keep the plan in effect and to meet requirements of the Commissioner of Internal Revenue.

Your Social Security Benefits

In addition to the benefits from the Lockheed retirement plan, you will probably be eligible for Social Security benefits. Estimating these benefits also requires some assumptions.

If you have earned and paid Social Security taxes on \$4200 each year except one in the period after 1954 and until you are 65 (62 for women), you will have a benefit based on an average earning of \$350 a month. This is the maximum benefit of \$108.50 a month at age 65. A smaller monthly average of earnings taxed by Social Security gives a lesser benefit. If a retired man receiving \$108.50 has a wife 65 or older, she receives an additional check for \$54.30

a month. You may receive a booklet at any Social Security office which will give you detailed information on the determination of your Social Security retirement benefit.



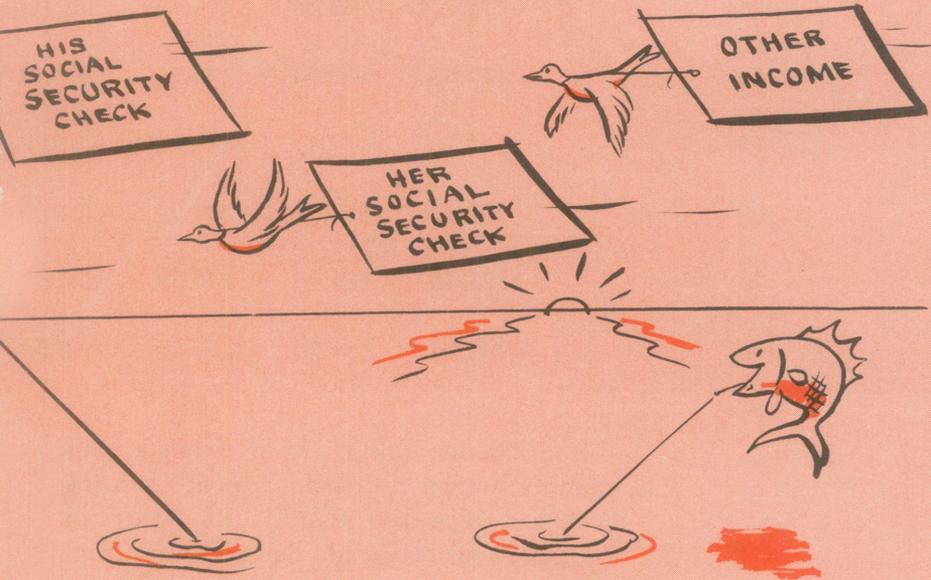
Estimating Total Retirement Income

EXAMPLE*

YOUR ESTIMATE

\$286.50	1. Income from Lockheed Retirement Plan	\$ _____
108.50	2. Husband's Social Security Benefit at age 65	_____
54.30	3. Wife's Social Security Benefit at age 65	_____
\$449.30	4. Total <i>lifetime</i> income	_____
	5. Income from other sources	_____
	6. Total amount available	_____

*Based on information used in first example on page 6.



Your Monthly Normal Retirement Benefits

AVERAGE WEEKLY SALARY FOR 10 YEARS BEFORE RETIREMENT	YEARS OF CREDITED SERVICE WITH LOCKHEED										
	10	12	14	16	18	20	22	24	26	28	30
\$100	\$ 30.00	\$ 36.00	\$ 42.00	\$ 48.00	\$ 54.00	\$ 60.00	\$ 66.00	\$ 72.00	\$ 78.00	\$ 84.00	\$ 90.00
125	46.20	55.44	64.68	73.92	83.16	92.40	101.64	110.88	120.12	129.36	138.60
150	62.50	75.00	87.50	100.00	112.50	125.00	137.50	150.00	162.50	175.00	187.50
175	78.70	94.44	110.18	125.92	141.66	157.40	173.14	188.88	204.62	220.36	236.10
200	95.00	114.00	133.00	152.00	171.00	190.00	209.00	228.00	247.00	266.00	285.00
225	111.20	133.44	155.68	177.92	200.16	222.40	244.64	266.88	289.12	311.36	333.60
250	127.50	153.00	178.50	204.00	229.50	255.00	280.50	306.00	331.50	357.00	382.50
275	143.70	172.44	201.18	229.92	258.66	287.40	316.14	344.88	373.62	402.36	431.10
300	160.00	192.00	224.00	256.00	288.00	320.00	352.00	384.00	416.00	448.00	480.00
325	176.20	211.44	246.68	281.92	317.16	352.40	387.64	422.88	458.12	493.36	528.60
350	192.50	231.00	269.50	308.00	346.50	385.00	423.50	462.00	500.50	539.00	577.50

You can use this chart to estimate your monthly normal retirement benefit from the Lockheed retirement plan. To the figures in the chart you should add Social Security ben-

efits to estimate what your total monthly retirement income will be at age 65. The full amount of primary Social Security benefit is \$108.50.

Appendix

(The following definitions are quoted from the formal plan.)

Continuous Service

"Continuous Service." An Employee's Continuous Service, for the purposes of the Plan, shall be his employment with one or more of the Corporations which begins with that date of hire of him by one of the Corporations since which date of hire his employment has not been broken by suspension of his earnings from the Corporations, except that suspension of his earnings from the Corporations shall not break his Continuous Service (and the period of such suspension shall be deemed to have been Continuous Service) when:

- (a) such suspension of earnings is for thirty calendar days or less, whether or not said Employee loses his seniority, or
- (b) such suspension of earnings is for more than thirty calendar days but is without loss of seniority, or if lost, with seniority reinstated or restored, or
- (c) such suspension of earnings is with respect to an Employee laid off but who has retained his eligibility status for recall with seniority and who is rehired after December 16, 1957, without seniority, by one or more of the Corporations within twenty-four months of the date of his layoff.

Employment with Vega Aircraft Corporation or Vega Airplane Company or with a wholly-owned subsidiary corporation of one of the Corporations while it was or is such subsidiary, shall be considered as equivalent to employment with one or more of the Corporations.

Section 2.03

Credited Service

"Credited Service" means the sum of "Past Service" and "Future Service," as those terms are defined in Sections 3.01 and 3.02.

Section 2.06

PAST SERVICE

An Employee who on December 16, 1957 is an Employee in a Covered Group (including one who is on layoff with recall status and is not otherwise employed by one or more of the Corporations, and who returns to a Covered Group with Continuous Service) shall be credited with Past Service which shall consist of the number of years (to the nearest one-twelfth (1/12) of a year) of his Continuous Service prior to December 25, 1956, except that in no event shall Continuous Service begin prior to July 1, 1932.

Section 3.01

FUTURE SERVICE

Future Service of each Employee shall be credited for each Plan Year beginning on or after December 25, 1956, on the basis of total Weeks Worked (as that term is defined hereinbelow) during any such Plan Year. In any such Plan Year in which a Member has forty-five or more Weeks Worked such Member shall be credited with a full year of Future Service. Where a Member's total Weeks Worked during a Plan Year are less than forty-five, a credit in units of one-twelfth ($1/12$) years of Future Service shall be given. The number of such units of one-twelfth ($1/12$) years shall be computed as follows:

Such Member's total Weeks Worked in such Plan Year shall be divided by three and three-fourths ($3\frac{3}{4}$); any fraction of more than one-half ($1/2$) in such quotient shall be rounded out to the next whole number and any fraction of one-half ($1/2$) or less shall be dropped.

The term "Weeks Worked" shall mean all weeks for which an Employee is paid as an Employee in a Covered Group during his last period of Continuous Service before his actual retirement.

Weeks in which an Employee is absent from work in a Covered Group because of injury or illness sustained in the course of employment with one or more of the Corporations and with respect to which he receives Workmen's Compensation benefits and with respect to which he is not otherwise paid shall be deemed to be Weeks Worked for purposes of credit for Future Service.

Any Employee who is absent from work in a Covered Group pursuant to leave of absence approved by the Corporation by which he is at that time employed, for local or district Union business directly related to Employees in a Covered Group in accordance with any collective bargaining agreement shall be credited with Future Service of Weeks Worked for such weeks he would normally have been scheduled to work in a Covered Group for such Corporation during such period of absence.

The Retirement Plan Committee may adopt rules for crediting an Employee with Future Service of Weeks Worked for weeks in which he is absent from work in a Covered Group, and for which he is not paid, provided that such rules are applied in a nondiscriminatory fashion to all participants.

In no event shall a Member be entitled to Credited Service for employment after he reaches age sixty-eight.

Rate Determination Day

"Rate Determination Day" for each Member for each Plan Year beginning with the Plan Year which starts December 25, 1957, in

which he earns Credited Service shall be the first day of such Member's first payroll period in such Plan Year for which he is paid for work in a Covered Group. "Rate Determination Day" for each Member for each Plan Year which started prior to December 31, 1945, in which he earned Credited Service shall be December 1. For the Plan Year beginning December 31, 1945, and for succeeding Plan Years to the Plan Year which starts December 25, 1957, in which he earned Credited Service, "Rate Determination Day" shall be for each Employee the last day of his payroll period which ends on October 1 or the closest preceding day in September. If, in such Plan Years prior to the Plan Year which starts with December 25, 1957, an Employee's employment commenced after the Rate Determination Day for the Plan Year of his employment, then his Rate Determination Day for that Plan Year shall be the date of his employment.

Section 2.08

Excess Base Rate of Pay

"Excess Base Rate of Pay" of a Member for each Plan Year in which such Member has earned Credited Service shall be the amount, if any, by which his Weekly Rate of Compensation on his Rate Determination Day for such Plan Year exceeds Eighty Dollars and Seventy-seven Cents (\$80.77).

Section 2.10

Average Excess Base Rate of Pay

"Average Excess Base Rate of Pay." A Member's average Excess Base Rate of Pay shall be the amount determined by adding together his Excess Base Rate of Pay for each of the last ten Plan Years in which he has received Credited Service, or such lesser number of years in which he has received Credited Service, and dividing the sum so obtained by ten or by such lesser number of years in which he has received Credited Service; except that the Excess Base Rate of Pay for each of such last ten Plan Years, or such lesser number of years, in which he has received Credited Service shall be taken to be not less than Three Dollars and Eighty-five Cents (\$3.85) per week. The Retirement Plan Committee may adopt rules for the computation of a Member's Average Excess Base Rate of Pay in unusual cases or cases not covered specifically by the provisions of the Plan.

Section 2.11

