

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1995 Commission file number 1-11437

[LOCKHEED MARTIN LOGO]

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

Maryland 52-1893632
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

6801 Rockledge Drive, Bethesda, Maryland 20817-1877 (301/897-6000)
(Address and telephone number of principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of each exchange on which registered
Common Stock, \$1 par value	New York Stock Exchange, Inc.

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if the disclosure of delinquent files pursuant to Item 405 or Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

State the aggregate market value of the voting stock held by non-affiliates of the registrant. Approximately \$14,953,000,000 as of January 31, 1996.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. Common Stock, \$1 par value, 198,748,774 shares outstanding as of January 31, 1996.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Lockheed Martin Corporation's 1995 Annual Report to Shareholders are incorporated by reference in Parts I, II and IV of this Form 10-K.

Portions of Lockheed Martin Corporation's 1996 Definitive Proxy Statement are incorporated by reference in Part III of this Form 10-K.

PART I

ITEM 1. BUSINESS

GENERAL

Lockheed Martin Corporation ("Lockheed Martin" or the "Corporation") was incorporated on August 29, 1994 under the Maryland General Corporation Law in order to effect the combination (the "Combination") of the businesses of Lockheed Corporation ("Lockheed") with the businesses of Martin Marietta Corporation ("Martin Marietta"). On August 29, 1994, Lockheed and Martin Marietta entered into an Agreement and Plan of Reorganization, which was amended on February 7, 1995 (as amended, the "Reorganization Agreement"). On March 15, 1995, the Combination was consummated and Martin Marietta and Lockheed became wholly owned subsidiaries of Lockheed Martin on the terms set forth in the Reorganization Agreement.

On January 25, 1996, Lockheed Martin entered into an Agreement and Plans of Merger and Complete Liquidation with certain of its direct and indirect wholly owned subsidiaries. As a result, on January 28, 1996, each of Lockheed, Lockheed Missiles and Space Company, Inc., Lockheed Sanders, Inc., Martin Marietta and Martin Marietta Technologies, Inc. were merged with and into Lockheed Martin.

The business of Lockheed Martin consists of the businesses previously conducted by Lockheed and Martin Marietta and their respective subsidiaries. Lockheed Martin is a diversified enterprise principally engaged in the conception, research,

development, design, manufacture and integration of advanced technology products and services with core businesses organized into five major operating sectors: Space & Strategic Missiles; Aeronautics; Information & Technology Services; Electronics; and Energy & Environment.

On June 26, 1995, Lockheed Martin unveiled a corporate-wide consolidation plan that, when fully implemented, is expected to yield annual savings of approximately \$1.8 billion. Under the consolidation plan, Lockheed Martin will close 12 facilities and laboratories as well as 26 duplicative field offices in the U.S. and abroad, eliminating approximately 12,000 positions and some 7.7 million square feet of excess capacity over five years. The total cost to implement the consolidation plan, which is expected to be largely completed over the next two years, is estimated to be approximately \$1.7 billion. These costs will be funded by cash generated from operations supplemented, as necessary, by borrowings. The consolidation plan resulted in a pre-tax charge of \$525 million in the second quarter of 1995. In addition, in the first quarter of 1995, the Corporation recorded a pre-tax charge of \$165 million for other merger related costs.

Space & Strategic Missiles Sector

Space & Strategic Missiles Sector's activities include the design, development, engineering and production of civil, commercial and military space systems, including spacecraft, space launch vehicles and supporting ground systems and services; satellites; strategic fleet ballistic missiles; tactical missile systems; electronics and instrumentation; remote sensing

technology; space- and ground-based strategic systems; and surface- and space-based information and communications systems.

Major programs of Space & Strategic Missiles Sector include the Titan IV expendable launch vehicle, accounting for approximately 14% of the Sector's 1995 sales, the Trident family of submarine launched, strategic deterrent, fleet ballistic missiles, and the Atlas expendable launch vehicle. In addition, the Sector produces various government and commercial satellites, including environmental monitoring satellites, such as Landsat and TIROS, military and civilian communications satellites, including the MILSTAR communications satellite, and the Theater High Altitude Area Defense (THAAD) ground-based theater air defense system. Through Space & Strategic Missiles Sector, Lockheed Martin also is a principal subcontractor on the space station, has contracted to build spacecraft for Motorola's IRIDIUM(R) global communications system, and has established a joint venture company with two major Russian aerospace firms, Khrunichev State Research and Production Space Center and RSC Energia, which markets the services of the Atlas and Proton rockets to commercial customers world-wide. The Sector also is engaged in a substantial amount of classified activities.

Space & Strategic Missiles Sector's Astro Space Commercial unit is building the next series of satellites for the International Telecommunications Satellite Organization (INTELSAT), which will provide voice, data and television transmission for use by over 125 nations. The Technical Operations unit controls approximately 50 orbiting spacecraft, including the Hubble Space

Telescope. The Missiles & Space unit integrated Hubble's complex systems with its spacecraft and provides service and support functions for NASA, including preparing and executing the in-orbit repair mission and providing operations support at NASA's Goddard Space Flight Center. In the area of remote sensing technology, the Sector is producing the Earth Observing System (EOS AM-1) satellite bus, which will be utilized by NASA to measure properties of the atmosphere, such as pollution levels, and collect data on soil and minerals.

Sales by the Sector represented approximately 33% of the Corporation's total sales in 1995. Sales to the United States Government, excluding Foreign Military Sales, represented approximately 80% of the Sector's sales in 1995.

Aeronautics Sector
- - - - -

Aeronautics Sector is involved in the design, development, engineering and production of fighter, bomber, special mission, airlift, antisubmarine warfare, reconnaissance, surveillance and high performance aircraft; systems for military operations; aircraft controls and subsystems; thrust reversers and shipboard vertical missile launching systems; and aircraft modification and maintenance and logistics support for military and civilian customers.

Lockheed Martin is the prime contractor for the F-16 "Fighting Falcon" fighter aircraft, which was the Corporation's largest program in 1995, accounting for 8% of the Corporation's 1995 revenues and approximately 28% of the Sector's sales. Lockheed Martin, through the Aeronautics Sector, is also a significant

contractor for the Air Force's F-22 air superiority fighter program, designed to produce the next generation of tactical fighter, and for production of the C-130 series of airlift aircraft, designed primarily for military transport, but also modified to perform many other missions including humanitarian aid and disaster relief. Aeronautics Sector received two international orders in 1995 for the most recent aircraft in the C-130 series, the C-130J. Aeronautics Sector delivered eight P-3 maritime patrol aircraft in 1995 and will continue to provide spares and support activities for the P-3. In addition, Aeronautics Sector supports the F-117 stealth fighter bomber and designs, produces and supports missile launching systems such as the Vertical Launching System for the U.S. Navy and international customers. Through The Skunk Works, Aeronautics Sector performs a substantial amount of classified work.

Sales by Aeronautics Sector represented approximately 29% of the Corporation's total sales in 1995. Sales to the United States Government, excluding Foreign Military Sales, represented approximately 65% of the Sector's sales in 1995.

Information & Technology Services Sector

Information & Technology Services Sector is involved in the development and operation of large, complex information systems; designing, manufacturing and marketing computer graphics products; developing and manufacturing high capacity data storage products; electronics contract manufacturing services; and providing advanced transportation systems and services, and payload integration, astronaut training and flight operations support. The Sector's

customers include state and municipal governments, NASA and other federal civil government agencies, national intelligence agencies, the Department of Defense and commercial markets.

Information & Technology Services Sector's largest program, representing approximately 11% of the Sector's sales in 1995, involves performance of processing services for NASA's space shuttle program. In addition, the Sector produces the external tank for the space shuttle and provides engineering and test analysis services to NASA. In 1995, NASA selected United Space Alliance, a limited liability company owned by Lockheed Martin and Rockwell International, to be its sole source space shuttle program prime contractor in an effort to reduce costs through streamlined operations.

Lockheed Martin's CalComp, Access Graphics and MountainGate businesses are involved in commercial markets for computer graphics, hardware distribution and data storage devices. Lockheed Martin Commercial Electronics Company provides electronics contract manufacturing services for companies in the computer, telecommunications and medical instruments industries.

Sales by the Sector represented approximately 20% of Lockheed Martin's total sales in 1995. Sales to the United States Government, excluding Foreign Military Sales, represented approximately 64% of Information & Technology Services Sector's sales in 1995.

Electronics Sector
- - - - -

Electronics Sector's activities primarily relate to the design, development, engineering and production of high-performance

electronic systems for undersea, shipboard, land-based and airborne applications. Major product lines include advanced technology missiles, night navigation and targeting systems for aircraft; submarine and surface ship combat systems; airborne, ship and land-based radar; radio frequency, infrared, and electro-optical countermeasure systems; surveillance systems; control systems; ordnance; and aircraft component manufacturing and assembly.

Lockheed Martin is the prime contractor for the U.S. Navy's AEGIS fleet air defense system, Electronics Sector's largest program accounting for approximately 19% of the Sector's sales in 1995. In 1995, the U.S. Navy selected Electronics Sector to upgrade the AEGIS Computer System by improving the system's phased array radar, cooperative engagement capability, near-shore performance and anti-tactical ballistic missile capability. Electronics Sector's production of the LANTIRN navigation and targeting system for the U.S. Air Force concluded in 1994. Production, however, continues for international customers and the U.S. Navy has announced plans to integrate the LANTIRN targeting pod on the F-14 Tomcat aircraft.

The Sector is the primary contractor for the AN/BSY-2 submarine combat system for the Seawolf attack submarine. In addition, Electronics Sector produces the Target Acquisition Designation Sight/Pilot Night Vision Sensor (TADS/PNVS), as well as providing fire control and guidance systems to the Trident II Submarine Program. The Corporation expects that the production of Hellfire II, an upgraded air-launched, anti-armor missile used in the Apache and Supercobra helicopters, as well as the production of

fixed-site, mobile and tactical versions of Ground-Based Radar will account for an increasing percentage of the Sector's sales in 1996.

Sales by Electronics Sector represented approximately 14% of the Corporation's total sales in 1995. Sales to the United States Government, excluding Foreign Military Sales, represented approximately 73% of the Sector's sales in 1995.

Energy & Environment Sector

Energy & Environment Sector is responsible for Lockheed Martin's energy and environmental businesses, including the management of various U.S. Department of Energy (DoE) activities. Lockheed Martin is the largest management and operations contractor within the DoE's system of laboratories and other facilities and is responsible for managing operations with an annual budget of approximately \$4.7 billion. Lockheed Martin, through Energy & Environment Sector, manages the Oak Ridge National Laboratory and Energy Systems, science research facilities that play a role in (i) the development of safe, economic and environmentally acceptable technologies for the efficient production and use of energy, (ii) programs related to the national defense and (iii) environmental and other technical programs for the Department of Energy and other federal agencies. The Sector also manages the Sandia National Laboratories, a federally funded research and development center with responsibilities for national security programs in defense, energy and the environment, and the Idaho National Engineering Laboratory, an engineering and testing research center focusing on environmental remediation and energy research.

Sales by the Sector represented less than 1% of the Corporation's total sales in 1995. Sales to the United States Government represented approximately 88% of the Sector's sales in 1995.

Additional Activities and Business Segment Reporting

In addition to the above activities, Lockheed Martin has real estate subsidiaries in Florida and Maryland, runs research laboratories and carries on other miscellaneous activities. Lockheed Martin owns approximately 81% of Martin Marietta Materials, Inc., a publicly traded corporation which is principally engaged in the production of aggregates used for the construction of infrastructure projects and in commercial and residential construction and in manufacturing and producing high-purity magnesia-based products.

For business segment reporting in the Corporation's financial statements, the Space & Strategic Missiles; Aeronautics; Information & Technology Services and Electronics Sectors each comprise reportable business segments. The Energy & Environment Sector, together with the additional activities described in the preceding paragraph, is reported as Energy, Materials and Other.

Recent Developments

In January 1996, Lockheed Martin and its wholly owned subsidiary LAC Acquisition Corporation entered into an Agreement and Plan of Merger with Loral Corporation, dated as of January 7, 1996 (the "Loral Merger Agreement"), pursuant to which Lockheed Martin agreed to initiate a tender offer for all the issued and outstanding shares of common stock of Loral Corporation (together

with the associated preferred stock purchase rights) (collectively, "Loral Shares") for an aggregate consideration of \$38 per share, net to the seller in cash, without interest, (the "Tender Offer"). The Tender Offer was initiated on January 12, 1996. The consummation of the transactions contemplated by the Loral Merger Agreement are subject to a number of conditions, including there being validly tendered and not withdrawn prior to the expiration of the Tender Offer a specified percentage of Loral Shares and the receipt of certain regulatory approvals. The Corporation expects closing of the transactions to occur late in the first quarter or early in the second quarter of 1996.

The Corporation intends to obtain the funds needed to consummate the Tender Offer, estimated to be approximately \$8.4 billion, from loans to be obtained under credit agreements with a syndicate of commercial banks or, alternatively, through the issuance of commercial paper backed by the credit agreements. Following the closing of the Tender Offer, it is anticipated that the Corporation will refinance all or a portion of these borrowings with funds raised in the public or private securities markets. The Corporation has entered into interest rate hedging agreements to offset a portion of its exposure to rising interest rates related to the anticipated long-term financings. Such agreements expose the Corporation to certain risks including, but not limited to, market risks, risks arising from the possibility that the anticipated financing needs do not materialize and the risk of nonperformance by the counterparty to the hedging arrangements. Procedures are in place to monitor these risks and the Corporation does not believe these risks to be material.

COMPETITION AND RISK

Lockheed Martin's sales to the U.S. Government, excluding Foreign Military Sales, amounted to approximately 69% of net sales for the year ended December 31, 1995. Approximately 13% of net sales for fiscal year 1995 were sales to foreign governments and approximately 18% of net sales were to commercial customers worldwide.

Lockheed Martin encounters extensive competition in all of its lines of business with numerous other contractors on the basis of price, technical and managerial capability. Its business involves rapidly advancing technologies and is subject to many uncertainties including, but not limited to, those resulting from changes in federal budget priorities, particularly the size and scope of the defense budget, and dependence on Congressional appropriations.

Substantial efforts are undertaken continually on a long-term basis in order to maintain existing levels of business.

Approximately 69% of the 1995 sales of the Corporation were made to the United States Government, either as a prime contractor or as a subcontractor, for which there is intense competition. Accordingly, a significant portion of the Corporation's sales are subject to inherent risks, including uncertainty of economic conditions, changes in government policies and requirements that may reflect military and political developments, availability of funds, complexity of designs and the rapidity with which product lines become obsolete due to technological advances, technical or schedule progress, difficulty of forecasting costs and schedules when bidding on developmental and highly sophisticated technical work and other factors characteristic of the industry. Due to the intense competition for available government business, the maintenance and/or expansion of government business increasingly requires the Corporation to invest in its working capital and fixed asset base.

Certain risks inherent in the current defense and aerospace business environment are discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 44 through page 56 of the Corporation's 1995 Annual Report to Shareholders (the "1995 Annual Report").

Earnings may vary materially depending upon the types of long-term government contracts undertaken, the costs incurred in their performance, the achievement of other performance objectives and the stage of performance at which the right to receive fees,

particularly under incentive and award fee contracts, is finally determined.

The Corporation's international business involves additional risks, such as exposure to currency fluctuations, offset obligations and changes in foreign economic and political environments. In addition, international transactions frequently involve increased financial and legal risks arising from stringent contractual terms and conditions and widely differing legal systems, customs and mores in various foreign countries. The Corporation expects that international sales as a percentage of the overall sales of the Corporation will continue to increase in future years as a result of, among other things, the continuing changes in the United States defense industry.

A portion of Lockheed Martin's business includes classified programs that cannot be specifically discussed, the operating results of which are included in the Corporation's consolidated financial statements. The nature of and business risks associated with classified programs do not differ materially from those of the Corporation's other government programs and products.

PATENTS

The Corporation owns numerous patents and patent applications, some of which, together with licenses under patents owned by others, are utilized in its operations. While such patents and licenses are, in the aggregate, important to the operation of the Corporation's business, no existing patent, license or other similar intellectual property right is of such importance that its

loss or termination would, in the opinion of management, materially affect the Corporation's business.

RAW MATERIALS AND SEASONALITY

The Corporation has not experienced significant difficulties in its ability to obtain raw materials and other supplies needed in its manufacturing process, nor does the Corporation expect such difficulties to arise in the future. No material portion of the business of the Corporation is considered to be seasonal.

GOVERNMENT CONTRACTS AND REGULATIONS

All government contracts and, in general, subcontracts thereunder are subject to termination in whole or in part at the convenience of the United States Government as well as for default. Long-term government contracts and related orders are subject to cancellation if appropriations for subsequent performance periods become unavailable. Lockheed Martin generally would be entitled to receive payment for work completed and allowable termination or cancellation costs if any of its government contracts were to be terminated for convenience. Upon termination for convenience of cost-reimbursement-type contracts, the contractor is normally entitled, to the extent of available funding, to reimbursement of allowable costs plus a portion of the fee related to work accomplished. Upon termination for convenience of fixed-price-type contracts, the contractor is normally entitled, to the extent of available funding, to receive the purchase price for delivered items, reimbursement for allowable costs for work in process, and

an allowance for profit thereon or adjustment for loss if completion of performance would have resulted in a loss.

In addition to the right of the government to terminate, government contracts are conditioned upon the continuing availability of Congressional appropriations. Congress usually appropriates funds on a fiscal-year basis even though contract performance may extend over many years. Consequently, at the outset of a program, the contract is usually partially funded, and additional funds are normally only appropriated to the contract by Congress in future years.

BACKLOG

Lockheed Martin's total negotiated backlog at December 31, 1995, was approximately \$41.1 billion compared with approximately \$42.2 billion at the end of 1994. The approximate total negotiated backlog of the Sectors at December 31, 1995 was as follows: Space & Strategic Missiles \$16.2 billion, Aeronautics \$14.8 billion, Information & Technology Services \$4.7 billion and Electronics \$5.4 billion. Unlike the other Sectors, the Energy & Environment Sector is not itself a reportable business segment. The reportable business segment of which the Energy & Environment Sector is part, Energy, Materials and Other, had total negotiated backlog at December 31, 1995 of approximately \$8 million. These figures include both unfilled firm orders for the Corporation's products for which funding has been both authorized and appropriated by the customer (Congress, in the case of U.S. Government customers) and firm orders for which funding has not been appropriated.

Backlog information and comparisons thereof as of different dates may not be accurate indicators of future sales or the ratio of Lockheed Martin's future sales to the United States Government versus its sales to other customers.

Of the Corporation's total 1995 year-end backlog, approximately \$26 billion, or 63%, is not expected to be filled within one year.

ENVIRONMENTAL REGULATION

Lockheed Martin's operations are subject to and affected by a variety of federal, state, and local environmental protection laws and regulations. The Corporation is involved in environmental responses at certain of its facilities and at certain waste disposal sites not currently owned by the Corporation (third-party sites) where the Corporation has been designated a "Potentially Responsible Party" (PRP) by the U.S. Environmental Protection Agency (EPA). At such third-party sites, the EPA or a state agency has identified the site as requiring removal or remedial action under the federal "Superfund" and other related federal or state laws governing the remediation of hazardous materials. Generally, PRPs that are ultimately determined to be "responsible parties" are strictly liable for site clean-ups and usually agree among themselves to share, on an allocated basis, in the costs and expenses for investigation and remediation of the hazardous materials. Under existing environmental laws, however, responsible parties are jointly and severally liable and, therefore, the Corporation is potentially liable for the full cost of funding such

remediation. In the unlikely event that the Corporation were required to fund the entire cost of such remediation, the statutory framework provides that the Corporation may pursue rights of contribution from the other PRPs.

At third-party sites, the Corporation continues to pursue a course of action designed to minimize and mitigate its potential liability through assessing the legal basis for its involvement, including an analysis of such factors as (i) the amount and nature of materials disposed of by the Corporation, (ii) the allocation process, if any, used to assign all costs to all involved parties, and (iii) the scope of the response action that is or may reasonably be required. The Corporation also continues to pursue active participation in steering committees, consent orders and other appropriate and available avenues. Management believes that this approach should minimize the Corporation's proportionate share of liability at third-party sites where other PRPs share liability.

Although the Corporation's involvement and extent of responsibility varies at each site, management, after an assessment of each site and consultation with environmental experts and counsel, has concluded that the probability is remote that the Corporation's actual or potential liability as a PRP in each or all of these sites will have a material adverse effect on the Corporation's consolidated financial position or results of operations. While the possibility of insurance coverage is considered in the Corporation's efforts to minimize and mitigate its potential liability, this possibility is not taken into account in management's assessment of whether it is likely that its actual

or potential liability will have a material adverse effect on the Corporation's consolidated financial position.

In addition, Lockheed Martin manages various government-owned facilities on behalf of the government. At such facilities, environmental compliance and remediation costs have historically been the responsibility of the government and the Corporation relied (and continues to rely with respect to past practices) upon government funding to pay such costs. While the government remains responsible for capital costs associated with environmental compliance, responsibility for fines and penalties associated with environmental noncompliance, in certain instances, is being shifted from the government to the contractor with such fines and penalties no longer constituting allowable costs under the contracts pursuant to which such facilities are managed.

Management does not believe that adherence to presently applicable environmental regulations at its own facilities or in its contract management capacity at government-owned facilities will have a material adverse effect on Lockheed Martin's consolidated financial position or results of operations. For additional details, see "Legal Proceedings" on page 23 through page 27. See also "Note 14 -- Commitments and Contingencies" of the "Notes to Consolidated Financial Statements" on page 73 through page 74 and "Management's Discussion and Analysis of Financial Condition and Results of Operations, Environmental Matters" on page 55 through page 56 of the 1995 Annual Report.

RESEARCH AND DEVELOPMENT

Lockheed Martin conducts significant research and development activities, both under contract funding and with Independent Research and Development (IR&D) funds. Lockheed Martin expended \$778 million in 1995, \$813 million in 1994 and \$851 million in 1993 using IR&D and bid and proposal funds, a substantial portion of which was included in overhead allocable to United States Government contracts.

During fiscal year 1995, the Corporation did not undertake the development of a new product or line of business requiring the investment of a material amount of the Corporation's total assets.

See "Research and Development and Similar Costs" in "Note 1--Summary of Significant Accounting Policies" of the "Notes to Consolidated Financial Statements" on page 63 of the 1995 Annual Report.

EMPLOYEES

As of December 31, 1995, Lockheed Martin had approximately 160,000 employees, (including the approximately 4,000 persons employed by Martin Marietta Materials, Inc.) the majority of whom were located in the United States. The Corporation has a continuing need for many skilled and professional personnel in order to meet contract schedules and obtain new and ongoing orders for its products. Approximately 34,500 of Lockheed Martin's employees are covered by collective bargaining agreements with various international and local unions. Management considers employee relations generally to be good and believes that the probability is remote that

renegotiating these contracts will have a material adverse effect on its business.

FORWARD LOOKING STATEMENTS - SAFE HARBOR PROVISIONS

This Annual Report on Form 10-K contains statements which, to the extent that they are not recitations of historical fact, constitute "forward looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All forward looking statements involve risks and uncertainties. The forward looking statements in this document are intended to be subject to the safe harbor protection provided by Sections 27A and 21E. For a discussion identifying some important factors that could cause actual results to vary materially from those anticipated in the forward looking statements see the Corporation's Securities and Exchange Commission filings, including but not limited to, the discussion of "Competition and Risk" and the discussion of "Government Contracts and Regulations" on pages 10 through 12 and 13 through 14 of this Annual Report on Form 10-K and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 44 through 56 of the 1995 Annual Report and "Note 1 - Summary of Significant Accounting Policies" and "Note 14 - Commitments and Contingencies" of the Notes to Consolidated Financial Statements on pages 62 through 63 and 73 through 74, respectively, of the Audited Financial Statements included in the 1995 Annual Report.

ITEM 2. PROPERTIES

At December 31, 1995, the Corporation, excluding Martin Marietta Materials, Inc., operated in approximately 409 offices, facilities, manufacturing plants, warehouses, service centers, and laboratories throughout the United States and internationally. Of these, the Corporation owned approximately 35 locations aggregating approximately 33.2 million square feet of floor space. The Corporation leased space at approximately 374 of its locations aggregating approximately 16.7 million square feet. Additionally, the Corporation manages or occupies various government-owned facilities at Marshall Space Flight Center in Alabama; Livermore, Palmdale, Palo Alto, Santa Cruz, Sunnyvale and Vanderberg Air Force Base in California; Largo, Cape Canaveral Air Force Station, and Kennedy Space Center in Florida; Marietta, Georgia; the United States Enrichment facilities at Paducah, Kentucky and Piketon, Ohio; the NASA Michoud Assembly Facility near New Orleans, Louisiana; Pittsfield, Massachusetts; Stennis Space Center in Mississippi; Las Vegas, Nevada; Sandia National Laboratories in New Mexico; Johnson City and Knolls Atomic Power Laboratory at Niskayuna, New York; the Department of Energy facility at Oak Ridge, the Department of Energy's Idaho National Engineering Laboratory and the Army Ordnance plant at Milan, Tennessee; Houston and Ft. Worth, Texas; and Jericho, Vermont, among others. The United States Government also furnishes certain equipment and property used by the Corporation.

The Corporation owns corporate office buildings located in Bethesda, Maryland and Calabasas, California in fee simple, and leases corporate office facilities in Arlington (Crystal City),

Virginia. In addition, the Corporation owns and leases office and manufacturing facilities for various operating sectors. Following are some of the major locations, with their approximate square footage indicated:

SECTOR	LOCATION	SQUARE FOOTAGE (M)	
		OWNED	LEASED
Aeronautics	Ontario, California		1.0
	Palmdale, California	2.2	
	Marietta, Georgia	1.7	
	Middle River, Maryland	2.1	
	Greenville, South Carolina		.6
	Ft. Worth, Texas		.9
Electronics	Orlando, Florida	2.3	
	Pittsfield, Massachusetts		.9
	Nashua, New Hampshire	2.5	
	Camden, New Jersey		.6
	Moorestown, New Jersey	.9	
	Syracuse, New York	1.8	
	Utica, New York	.5	
Information & Technology Services	Orlando, Florida	1.0	
	King of Prussia, Pennsylvania	.5	.6
	Reston, Virginia		.8
Space & Strategic Missiles	Sunnyvale and Palo Alto, California	6.5	2.4
	Kearny Mesa, California		
	Waterton and Littleton, Colorado	4.0	1.2
	East Windsor, New Jersey		
	King of Prussia, Pennsylvania	.7	.9

Finally, the Corporation owns various tracts of land which are available for sale or development. The location and approximate size of these land tracts include:

LOCATION	ACREAGE
Potrero Creek, California	9,100
Beaumont Gateway, California	2,800

LOCATION

ACREAGE

LOCATION	ACREAGE
Meridian Test Range, Texas	2,784
Orlando, Florida	2,000
Littleton, Colorado (Deer Creek)	1,000
Palmdale Trust, California	650
Austin, Texas	600

That portion of the Corporation's activity related to engineering and research and development does not lend itself to productive capacity analysis. In the area of manufacturing, most of the operations are of a job-order nature, rather than an assembly line process, and productive equipment has multiple uses for multiple products.

Management believes that all of the Corporation's major physical facilities are in good condition and are adequate for their intended use.

ITEM 3. LEGAL PROCEEDINGS

Lockheed Martin is primarily engaged in providing products and services under contracts with the United States Government and, to a lesser degree, under foreign government contracts, some of which are funded by the United States Government. All such contracts are subject to extensive legal and regulatory requirements and, from time to time, agencies of the United States Government investigate whether Lockheed Martin's operations are being conducted in accordance with these requirements. Such investigations could result in administrative, civil or criminal liabilities including repayments, fines or penalties being imposed upon Lockheed Martin or could lead to suspension or debarment from future government contracting by Lockheed Martin. Lockheed Martin is also a party to or has its property subject to various other litigation and proceedings, including matters arising under provisions relating to the protection of the environment (collectively "proceedings").

On June 7, 1990, Boggs, et al. v. Divested Atomic Energy Corporation, et

al., was filed against various defendants including Martin Marietta Energy

Systems ("MMES"). Plaintiffs' request for class certification was granted and the case is pending in the United States District Court for the Eastern District of Ohio. Plaintiffs seek \$600 million based upon allegations that the defendants discharged hazardous substances into the environment. In the event that any damages are awarded in these proceedings, such damages will be allowable costs under contracts between MMES and the Department of Energy.

On December 28, 1993, MMES received a subpoena issued by a federal grand jury in the Eastern District of Virginia seeking documents relating to subcontracts with two of MMES's suppliers. MMES was not identified as a target of the investigation and was recently advised that criminal investigation has been declined.

On December 22, 1994 the Corporation's Ordnance Systems Facility received a subpoena issued by the Department of Defense Inspector General's Office ("DoD IG") seeking documents relating to health and safety matters at the facility. Documents responsive to the subpoena were produced and no further information has been requested.

By letter dated September 21, 1995, the Corporation informed the DoD IG that the Corporation had become aware of certain potential accounting issues which the Corporation was investigating with respect to the LANTIRN program. On February 12, 1996, the Corporation was served with a DoD IG subpoena seeking documents related to the price proposal submitted in connection with a LANTIRN program contract awarded in 1992. This was among the items disclosed in the Corporation's letter.

On November 29, 1994, the Corporation received a subpoena issued by the DoD IG seeking documents pertaining to testing of the AN/BQG-5 Stand-Alone Wide Aperture Array Sonar which is produced by the Corporation's Ocean, Radar & Sensor Systems company. Documents responsive to the subpoena were produced.

On June 27, 1994, the Corporation received a DoD IG subpoena seeking documents related to Lockheed Martin's Compu-Scene IV image

generator product. The documents were produced and the investigation was later closed.

On May 4, 1995 the Corporation received a subpoena issued by the DoD IG seeking documents relating to the Advanced Concept Center and the Information Systems and Technologies businesses which are parts of the Lockheed Martin Management & Data Systems company. The documents were produced and the government's investigation of this matter is continuing.

On May 9, 1995, the Corporation received a subpoena seeking the production of documents before a federal grand jury in Boise, Idaho. The investigation appears to relate to alleged violations of environmental laws and regulations pertaining to handling hazardous waste at the Idaho National Engineering Laboratory. The investigation is continuing.

The United States Environmental Protection Agency and the U.S. Army Criminal Investigative Command are conducting a criminal investigation to determine whether the Corporation improperly disposed of wastes from The Skunk Works at a government site in Nevada. It does not appear that the Corporation is the target of the investigation.

Lockheed Martin Missiles and Space Company (which on January 28, 1996 was merged with and into the Corporation) has voluntarily produced documents to the U.S. Air Force Office of Special Investigations concerning the extent to which the Corporation accurately responded to the government's request for proposal in the Integrated Computer-Aided Software Engineering (I-CASE) procurement. The government's investigation is continuing.

On March 31, 1995, Lockheed Sanders, Inc. was served with a subpoena by the DoD IG seeking documents relating to a contract with the U.S. Navy for the production of computer chip kits used in the AN/ALQ-126B On-board Defensive Electronic Countermeasures systems. After documents responsive to the subpoena were produced, the investigation was closed.

On June 12, 1995, the Corporation received a federal grand jury subpoena issued by the United States District Court for the Central District of California seeking documents relating to the Corporation's business in Korea. The Corporation is in the process of producing the documents requested and the government's investigation is continuing.

On July 3, 1995, the Corporation received a subpoena directed to Lockheed Martin Tactical Aircraft Systems company seeking the production of documents before a federal grand jury sitting in the Northern District of Texas relating to the Corporation's use of foreign consultants and commission representatives. The Corporation has produced the documents requested.

On September 6, 1995, Lockheed Aeromod Centers, Inc. was served with a civil complaint filed by Pima County, Arizona. The Complaint alleges (i) that on two dates in 1991 and three dates in 1992 the Company exceeded certain discharge parameters set forth in the Company's wastewater discharge permit, (ii) that the Company was late in notifying the County with respect to two of these instances and (iii) that the Company did not fully test its wastewater discharge on two occasions in 1992. As a result, the County alleges that it is entitled to up to \$2.5 million in civil penalties.

On January 23, 1996, a DoD IG subpoena was served on Lockheed Martin Electronics & Missiles seeking documents relating to the software development portion of the Paperless LANTIRN Automated Depot ("PLAD") contract. It is believed that the government is investigating allegations that the Corporation's proposal for the PLAD contract was defectively priced.

On January 23, 1996, Lockheed Martin Electronics & Missiles was served with a federal grand jury subpoena issued by the United States District Court for the Middle District of Florida at Jacksonville seeking documents related to the manufacture and testing of two circuit card assemblies used in the production of the Hellfire missile.

Lockheed Martin is involved in various other legal and environmental proceedings arising in the ordinary course of its business, but in the opinion of management and counsel the probability is remote that the outcome of any such litigation or proceedings, whether specifically described above or referred to generally in this paragraph, will have a material adverse effect on the results of Lockheed Martin's operations or its financial position. See also "Note 14 -- Commitments and Contingencies" of the "Notes to Consolidated Financial Statements" on page 73 through page 74 and "Management's Discussion and Analysis of Financial Condition and Results of Operations, Environmental Matters" on page 55 through page 56 of the 1995 Annual Report.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of 1995.

ITEM 4(a). EXECUTIVE OFFICERS OF THE REGISTRANT

The executive officers of Lockheed Martin Corporation are listed below. There were no family relationships among any of the executive officers and directors of the Corporation. All officers serve at the pleasure of the Board of Directors.

NAME (AGE AT 12/31/95)	POSITIONS AND OFFICES HELD WITH CORPORATION (YEAR ELECTED)	PRINCIPAL OCCUPATION AND BUSINESS EXPERIENCE (PAST FIVE YEARS)
Norman R. Augustine (60)	President and Chief Executive Officer; Director (1995)	President of Lockheed Martin Corporation since March 1995 and Chief Executive Officer of Lockheed Martin Corporation since January 1, 1996. Chairman of the Board of Martin Marietta from 1988 to 1995 and Chief Executive Officer from 1987 to 1995.
Marcus C. Bennett (59)	Senior Vice President and Chief Financial Officer; Director (1995)	Senior Vice President and Chief Financial Officer of Lockheed Martin Corporation since March 1995. Vice President and Chief Financial Officer of Martin Marietta since 1988.
Vance D. Coffman (51)	Executive Vice President and Chief Operating Officer; Director (1996)	Director since 1996; Executive Vice President and Chief Operating Officer since 1996; President and Chief Operating Officer, Space and Strategic Missiles Sector from March 1995 to December 1995; previously served in Lockheed Corporation as Executive Vice President, from 1992-1995; and President of Lockheed Space Systems Division from 1988-1992.
Minoru S. Araki (64)	President, Missiles & Space	President, Lockheed Missiles and Space Company, Inc. since March 1995; Previously served in Lockheed Corporation as Executive Vice President, Missiles and Space Systems Group and

NAME (AGE AT 12/31/95)	POSITIONS AND OFFICES HELD WITH CORPORATION (YEAR ELECTED)	PRINCIPAL OCCUPATION AND BUSINESS EXPERIENCE (PAST FIVE YEARS)
		Executive Vice President - Lockheed Missiles & Space Company, Inc., from October 1988 to March 1995.
James A. Blackwell, Jr. (55)	Sector President - Aeronautics	President and Chief Operating Officer, Aeronautics Sector since March 1995; previously served in Lockheed Corporation as Vice President and President from April 1993 to March 1995, Lockheed Aeronautical Systems Company; served as an executive employee of Lockheed Aeronautical Systems Company from 1986 until March 1995.
Melvin R. Brashears (50)	Sector President - Space & Strategic Missiles	President and Chief Operating Officer Space and Strategic Missiles Sector, January 1996; Deputy, Space and Strategic Missiles Sector from November 1995 to December 1995; Executive Vice President of Lockheed Missiles & Space Company, Inc. from March 1995 - November 1995 and President of Lockheed Commercial Space Company; previously served in Lockheed Corporation as Vice President and Assistant General Manager, Space Systems Division, Lockheed Missiles and Space Company, Inc., from 1992 - 1995; Director of Advanced Space Programs, from 1991-1992.
Thomas A. Corcoran (51)	Sector President - Electronics	President and Chief Operating Officer, Electronics Sector since March 1995; previously served in Martin Marietta Corporation as President, Electronics Group, from 1993-March 1995; previously served at General Electric Corporation as Vice President and General Manager, from 1990-1993.
Dain M. Hancock (54)	President, Tactical Aircraft Systems	President, Tactical Aircraft Systems since March 1995; previously served in Lockheed Corporation as Vice President from 1993 to March 1995; and Vice President and F-16 Program Director, Lockheed Fort Worth Company, from 1993 to March 1995. From 1966 until 1993 he was an employee of General Dynamics Corporation.
John R. Kreik (51)	President, Sanders	President, Sanders; previously served in Lockheed Corporation as President, Lockheed Sanders, Inc. from 1990-1995.

NAME (AGE AT 12/31/95)	POSITIONS AND OFFICES HELD WITH CORPORATION (YEAR ELECTED)	PRINCIPAL OCCUPATION AND BUSINESS EXPERIENCE (PAST FIVE YEARS)
James W. McAnally, Jr. (59)	President, Astronautics	President, Astronautics since March 1995; previously served in Martin Marietta Corporation as President, Astronautics from 1993 to March 1995.
John S. McLellan (54)	President, Aeronautical Systems	President, Aeronautical Systems since March 1995; previously served in Lockheed Corporation as Vice President and Executive Vice President, Lockheed Aeronautical Systems Company from March 1994 to March 1995; served as President, Lockheed Aircraft Service Company-Ontario from February 1992 to March 1994; served as Executive Vice President from April 1989 to February 1992.
Frank H. Menaker, Jr. (55)	Vice President and General Counsel	Vice President and General Counsel for Lockheed Martin Corporation since March 1995, after having served in the same capacity for Martin Marietta Corporation since 1981.
Albert Narath (62)	Sector President - Energy & Environment	President and Chief Operating Officer, Energy and Environment Sector, Lockheed Martin Corporation from August 15, 1995 to present; President, Sandia Corporation from April 1989 to August 14, 1995.
Robert E. Rulon (52)	Vice President and Controller	Vice President and Controller since March 1995; previously served in Lockheed Corporation as Vice President and Controller from 1992-1995; served as Vice President, Internal Audit from 1990-1992.
Walter E. Skowronski (47)	Vice President and Treasurer	Vice President and Treasurer since March 1995; previously served in Lockheed Corporation as Vice President and Treasurer from 1992-1995; served as staff Vice President, Investor Relations from 1990-1992.
Peter B. Teets (53)	Sector President - Information & Technology Services	President and Chief Operating Officer, Information and Technology Services Sector since March 1995; previously served in Martin Marietta Corporation as Corporate Vice President (since 1985) and President, Space Group, from 1993-1995; served as President, Astronautics Group from 1987-1993.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

There were approximately 43,300 holders of record of Lockheed Martin Corporation Common Stock, \$1 par value, as of January 31, 1996. The Corporation's Common Stock is traded on the New York Stock Exchange, Inc. Information concerning stock prices and dividends paid during the past two years is as follows:

Quarter	Common Dividends Paid and Market Prices/**			
	Dividends Paid		Market Price	
	1995	1994	High/Low	High/Low
First	N/A	N/A	54.375/50.25	N/A
Second	.35	N/A	64.875/50.00	N/A
Third	.35	N/A	68.125/59.50	N/A
Fourth	.35	N/A	79.50/63.00	N/A
Year	1.05	N/A	79.50/50.00	N/A

/**/ The first day that the Corporation's Common Stock was publicly traded was March 16, 1995

ITEM 6. SELECTED FINANCIAL DATA

The information required by this Item 6 is included under the caption "Six-Year Summary" on page 77 of the 1995 Annual Report, and that information is hereby incorporated by reference in this Form 10-K.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information required by this Item 7 is included under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 44 through page 56 of the 1995 Annual Report, and that information is hereby incorporated by reference in this Form 10-K.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this Item 8 is included under the captions "Consolidated Statement of Earnings," "Consolidated Statement of Cash Flows," "Consolidated Balance Sheet," "Consolidated Statement of Stockholders' Equity," and "Notes to Consolidated Financial Statements" on page 57 through page 76 of the Audited Consolidated Financial Statements included in the 1995 Annual Report and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 44 through page 56 of the 1995 Annual Report. This information is hereby incorporated by reference in this Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information concerning directors required by this Item 10 is included under the caption "Election of Directors" in the Corporation's definitive Proxy Statement to be filed pursuant to Regulation 14A no later than March 26, 1996 (the "1996 Proxy Statement"), and that information is hereby incorporated by reference in this Form 10-K. Information concerning executive officers required by this Item 10 is located under Part I, Item 4(a) on page 28 through page 30 of this Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item 11 is included in the text and tables under the caption "Compensation of Executive Officers" in the 1996 Proxy Statement and that information, except for the information required by Item 402(k) and 402(l) of Regulation S-K, is hereby incorporated by reference in this Form 10-K.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this Item 12 is included under the heading "Securities Owned by Management" and "Voting Securities and Record Date" in the 1996 Proxy Statement and that information is hereby incorporated by reference in this Form 10-K.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Not Applicable.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a)(1) List of Financial Statements filed as part of the Form 10-K.

Page

The following financial statements of Lockheed Martin Corporation and consolidated subsidiaries, included in the 1995 Annual Report, are incorporated by reference into Item 8 on page 32 of this Annual Report on Form 10-K. Page numbers refer to the 1995 Annual Report:

Consolidated Statement of Earnings-- Years ended December 31, 1995, 1994 and 1993.....	58
Consolidated Statement of Cash Flows-- Years ended December 31, 1995, 1994 and 1993.....	59
Consolidated Balance Sheet-- December 31, 1995 and 1994.....	60
Consolidated Statement of Stockholders' Equity-- Years ended December 31, 1995, 1994 and 1993.....	61
Notes to Consolidated Financial Statements-- Years ended December 31, 1995, 1994 and 1993.....	62

(2) List of Financial Statement Schedules filed as part of this Form 10-K.

All schedules have been omitted because they are not applicable, not required, or the information has been otherwise supplied in the financial statements or notes to the financial statements.

Ernst & Young LLP

The report of Lockheed Martin's independent auditors with respect to the above-referenced financial statements appears on page 57 of

the 1995 Annual Report and that report is hereby incorporated by reference in this Form 10-K. The consent of Lockheed Martin's independent auditors appears on page 49.

(b) The following report on Form 8-K was filed during the last quarter of the period covered by this report:

(1) Lockheed Martin Corporation Current Report on Form 8-K filed with the Securities and Exchange Commission on October 2, 1995.

During the first quarter of 1996, Lockheed Martin Corporation made the following filings on Form 8-K:

(1) Lockheed Martin Corporation Current Report on Form 8-K filed with the Securities and Exchange Commission on January 12, 1996.

(c) Exhibits

(2) Plan of Acquisition, Reorganization, Arrangement, Liquidation or Succession.

(a) Agreement and Plans of Merger and Complete Liquidation dated as of January 25, 1996.

(b) Agreement and Plan of Reorganization, dated as of August 29, 1994, among the Corporation, Martin Marietta Corporation and Lockheed Corporation, as amended as of February 7, 1995 (incorporated by reference to Exhibit 2.1 to Lockheed Martin Corporation's Registration Statement on Form S-4 (No. 33-57645) filed with the Commission on February 9, 1995).

(c) Plan and Agreement of Merger, dated as of August 29, 1994, among Lockheed Corporation, Pacific Sub, Inc. and the Corporation (incorporated by reference to Exhibit 2.2 to Lockheed Martin Corporation's Registration Statement on Form S-4 (No. 33-57645) filed with the Commission on February 9, 1995).

(d) Plan and Agreement of Merger, dated as of August 29, 1994, among Martin Marietta Corporation, Atlantic Sub, Inc. and the Corporation (incorporated by reference to Exhibit 2.3 to Lockheed

Martin Corporation's Registration Statement on Form S-4 (No. 33-57645) filed with the Commission on February 9, 1995).

- (e) Agreement and Plan of Merger, dated as of January 7, 1996, by and among Loral Corporation, Lockheed Martin Corporation and LAC Acquisition Corporation (incorporated by reference to Exhibit (C)(2) to the Schedule 14D-1 filed with the Commission on January 12, 1996 by the Corporation and LAC Acquisition Corporation).

(3)(i) Articles of Incorporation.

- (a) Articles of Amendment and Restatement of Lockheed Martin Corporation (formerly Parent Corporation) filed with the State Department of Assessments and Taxation of the State of Maryland on February 7, 1995 (incorporated by reference to Exhibit 3.1 to Lockheed Martin Corporation's Registration Statement on Form S-4 (No. 33-57645) filed with the Commission on February 9, 1995).

(ii) Bylaws

- (a) Copy of the Bylaws of Lockheed Martin Corporation as amended on February 6, 1995 (incorporated by reference to Exhibit 3.2 to Lockheed Martin Corporation's Registration Statement on Form S-4 (No. 33-57645) filed with the Commission on February 9, 1995).

- (4) (a) Indenture dated April 22, 1993, between Martin Marietta Corporation, Technologies, and Continental Bank, National Association as Trustee (incorporated by reference to Exhibit 4 of the Corporation's filing on Form 8-K on April 15, 1993).

No other instruments defining the rights of holders of long-term debt are filed since the total amount of securities authorized under any such instrument does not exceed 10% of the total assets of the Corporation on a consolidated basis. The Corporation agrees to furnish a copy of such instruments to the Securities and Exchange Commission upon request.

- (b) See Exhibits 3.1 and 3.2.

- (10)* (a) Format of the agreements between Martin Marietta Corporation and certain officers to provide for continuity of management in the event of a change in control of the Corporation (incorporated by reference

to Exhibit 10.14 to Lockheed Martin Corporation's Registration Statement on Form S-4 (No. 33-57645) filed with the Commission on February 9, 1995).

- (b) Lockheed Martin Corporation 1995 Omnibus Performance Award Plan (incorporated by reference to Exhibit 10.36 to Lockheed Martin Corporation's Registration Statement on Form S-4 (No. 33-57645) filed with the Commission on February 9, 1995).
- (c) Lockheed Martin Corporation Directors Deferred Stock Plan (incorporated by reference to Exhibit 10.37 to Lockheed Martin Corporation's Registration Statement on Form S-4 (No. 33-57645) filed with the Commission on February 9, 1995).
- (d) Lockheed Martin Corporation Directors Deferred Compensation Plan.
- (e) Lockheed Martin Corporation Directors Retirement Plan.
- (f) Lockheed Martin Corporation Directors Charitable Award Plan.
- (g) Lockheed Martin Corporation Death Benefit and Business Travel Accident Insurance Policy for Directors.
- (h) Lockheed Martin Corporation Financial Counseling Program for Directors.
- (i) Lockheed Martin Corporation Elected Officers Post Retirement Death Benefit Plan.
- (j) Lockheed Martin Corporation Senior Management Financial Counseling Program.
- (k) Lockheed Martin Corporation Directors Personal Liability and Accidental Death Plan.
- (l) Lockheed Martin Corporation Management Incentive Compensation Plan.
- (m) Trust Agreement, dated February 14, 1996, between Lockheed Martin Corporation and Bankers Trust Company.
- (n) Agreement Containing Consent Order, dated December 22, 1994, among the Corporation, Lockheed Corporation, Martin Marietta Corporation and the Federal Trade Commission (incorporated by reference to Exhibit 10.4 to Lockheed Martin Corporation's Registration Statement on Form S-4 (No. 33-57645) filed with the Commission on February 9, 1995).
- (o) Confidentiality and Standstill Agreement, dated March 29, 1994, between Martin Marietta Corporation and Lockheed Corporation (incorporated by reference to Exhibit 10.5 to Lockheed Martin Corporation's Registration Statement on Form S-4 (No. 33-57645) filed with the Commission on February 9, 1995).
- (p) Reconfiguration Agreement, dated August 29, 1994, among Martin Marietta Corporation, the Corporation and General Electric Company (incorporated by reference to Exhibit 10.2 to Lockheed Martin Corporation's Registration Statement on Form S-4 (No. 33-57645) filed with the Commission on February 9, 1995).
- (q) Amendment to the Reconfiguration Agreement, dated November 30, 1994, among Martin Marietta Corporation, the

Corporation and General Electric Company (incorporated by reference to Exhibit 10.3 to Lockheed Martin Corporation's Registration Statement on Form S-4 (No. 33-57645) filed with the Commission on February 9, 1995).

- (r) Standstill Agreement, dated April 2, 1993, between Martin Marietta Corporation and General Electric Company (incorporated by reference to Exhibit 10.1 to Lockheed Martin Corporation's Registration Statement on Form S-4 (No. 33-57645) filed with the Commission on February 9, 1995).
- (s) Restructuring , Financing, and Distribution Agreement, dated as of January 7, 1996, by and among Loral Corporation, Loral Aerospace Holdings, Inc., Loral Aerospace Corp., Loral General Partner Inc., Loral Globalstar, L.P., Loral Globalstar Limited, Loral Telecommunications Acquisition, Inc. ("to be renamed Loral Space & Communications Ltd.") and Lockheed Martin Corporation (incorporated by reference to Exhibit (C)(3) to the Schedule 14D-1 filed with the Commission on January 12, 1996 by the Corporation and LAC Acquisition Corporation).
- (t) Form of Stockholders Agreement to be entered into by and among Loral Corporation (which will become "Lockheed Martin Tactical Systems, Inc.") and Loral Space & Communications Ltd. (incorporated by reference to Exhibit (C)(4) to the Schedule 14D-1 filed with the Commission on January 12, 1996 by the Corporation and LAC Acquisition Corporation).
- (u) Form of Tax Sharing Agreement to be entered into by and among Lockheed Martin Tactical Systems, Inc., Loral Space & Communications Ltd., Lockheed Martin Corporation and LAC Acquisition Corporation (incorporated by reference to Exhibit (C)(5) to the Schedule 14D-1 filed with the Commission on January 12, 1996 by the Corporation and LAC Acquisition Corporation).
- (v) Martin Marietta Corporation Directors Deferred Compensation Plan, as amended (incorporated by reference to Exhibit 10(iii)(a) to Martin Marietta Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1994).
- (w) Martin Marietta Corporation Post-Retirement Income Maintenance Plan for Directors, as amended (incorporated by reference to Exhibit 10(iii)(b) to Martin Marietta Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1994).
- (x) Martin Marietta Corporation Financial Counseling Program for directors, officers, company presidents, and other key employees, as amended (incorporated by reference to Exhibit 10.6 to Lockheed Martin Corporation's Registration Statement on Form S-4 (No. 33-57645) filed with the Commission on February 9, 1995).
- (y) Martin Marietta Corporation Executive Incentive Plan, as amended (incorporated by reference to Exhibit 10.7 to Lockheed Martin Corporation's Registration Statement on Form S-4 (No. 33-57645) filed with the Commission on February 9, 1995).
- (z) Deferred Compensation and Estate Supplement Plan, as amended (incorporated by reference to Exhibit 10(iii)(e) to Martin Marietta

Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1994).

- (aa) Martin Marietta Corporation Post-Retirement Death Benefit Plan for Senior Executives, as amended (incorporated by reference to Exhibit 10.9 to Lockheed Martin Corporation's Registration Statement on Form S-4 (No. 33-57645) filed with the Commission on February 9, 1995).
- (bb) Martin Marietta Corporation 1979 Stock Option Plan for Key Employees, as amended (incorporated by reference to Exhibit 10.11 to Lockheed Martin Corporation's Registration Statement on Form S-4 (No. 33-57645) filed with the Commission on February 9, 1995).
- (cc) Martin Marietta Corporation 1984 Stock Option Plan for Key Employees, as amended (incorporated by reference to Exhibit 10.12 to Lockheed Martin Corporation's Registration Statement on Form S-4 (No. 33-57645) filed with the Commission on February 9, 1995) (The plan amendment dated September 28, 1995 is included as Exhibit 10(cc) to this Annual Report on Form 10-K.)
- (dd) Martin Marietta Corporation Amended Omnibus Securities Award Plan, as amended March 25, 1993 (incorporated by reference to Exhibit 10.13 to Lockheed Martin Corporation's Registration Statement on Form S-4 (No. 33-57645) filed with the Commission on February 9, 1995).
- (ee) Martin Marietta Corporation Supplemental Excess Retirement Plan, as amended (incorporated by reference to Exhibit 10.15 to Lockheed Martin Corporation's Registration Statement on Form S-4 (No. 33-57645) filed with the Commission on February 9, 1995).
- (ff) Martin Marietta Corporation Restricted Stock Award Plan, as amended (incorporated by reference to Exhibit 10.16 to Lockheed Martin Corporation's Registration Statement on Form S-4 (No. 33-57645) filed with the Commission on February 9, 1995).

- (gg) Martin Marietta Corporation Long Term Performance Incentive Compensation Plan (incorporated by reference to Exhibit 10(iii)(m) to Martin Marietta Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1994).
- (hh) Amended and Restated Martin Marietta Corporation Long-Term Performance Incentive Compensation Plan (incorporated by reference to Exhibit 10(iii)(n) to Martin Marietta Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1994).
- (ii) Martin Marietta Corporation Directors' Life Insurance Program (incorporated by reference to Exhibit 10.17 to Lockheed Martin Corporation's Registration Statement on Form S-4 (No. 33-57645) filed with the Commission on February 9, 1995).
- (jj) Martin Marietta Corporation Executive Special Early Retirement Option and Plant Closing Retirement Option Plan (incorporated by reference to Exhibit 10.18 to Lockheed Martin Corporation's Registration Statement on Form S-4 (No. 33-57645) filed with the Commission on February 9, 1995).
- (kk) Martin Marietta Supplementary Pension Plan for Employees of Transferred GE Operations (incorporated by reference to Exhibit 10.19 to Lockheed Martin Corporation's Registration Statement on Form S-4 (No. 33-57645) filed with the Commission on February 9, 1995).
- (ll) Form of Employment Agreement between Martin Marietta Corporation and certain officers (incorporated by reference to Exhibit 10.20 to Lockheed Martin Corporation's Registration Statement on Form S-4 (No. 33-57645) filed with the Commission on February 9, 1995).
- (mm) Martin Marietta Corporation Deferred Compensation Plan for Selected Officers (incorporated by reference to Exhibit 10.10 to Lockheed Martin

Corporation's Registration Statement on Form S-4 (No. 33-57645) filed with the Commission on February 9, 1995).

- (nn) Lockheed Corporation 1992 Employee Stock Option Program (incorporated by reference to the Registration Statement on Form S-8 (No. 33-49003) of Lockheed Corporation filed with the Commission on September 11, 1992).
- (oo) Amendment to Lockheed Corporation 1992 Employee Stock Option Plan (incorporated by reference to Exhibit 10.22 to Lockheed Martin Corporation's Registration Statement on Form S-4 (No. 33-57645) filed with the Commission on February 9, 1995).
- (pp) Lockheed Corporation 1986 Employee Stock Purchase Program, as amended, (incorporated by reference to Exhibit 10.23 to Lockheed Martin Corporation's Registration Statement on Form S-4 (No. 33-57645) filed with the Commission on February 5, 1995). (The amendment to the plan dated September 28, 1995 is included as Exhibit 10(pp) to this Annual Report on Form 10-K).
- (qq) Lockheed Corporation 1982 Employee Stock Purchase Program, as amended, (incorporated by reference to Exhibit 10.24 to Lockheed Martin Corporation's Registration Statement on Form S-4 (No. 33-57645) filed with the Commission on February 5, 1995). (The amendment to the plan dated September 28, 1995 is included as Exhibit 10(qq) to this Annual Report on Form 10-K).
- (rr) Incentive Retirement Benefit Plan for Certain Executives of Lockheed Corporation, as amended (incorporated by reference to Exhibit 10.6 to Lockheed Corporation's Annual Report on Form 10-K for the year ended December 25, 1994).
- (ss) Supplemental Retirement Benefit Plan for Certain Transferred Employees of Lockheed Corporation, as amended (incorporated by reference to Exhibit 10.7 to Lockheed Corporation's Annual Report on Form 10-K for the year ended December 25, 1994).

- (tt) Supplemental Benefit Plan of Lockheed Corporation, as amended.
- (uu) Long-Term Performance Plan of Lockheed Corporation and its Subsidiaries (incorporated by reference to Exhibit 10.28 to Lockheed Martin Corporation's Registration Statement on Form S-4 (No. 33-57645) filed with the Commission on February 9, 1995).
- (vv) Amended and Restated Supplemental Savings Plan of Lockheed Corporation.
- (ww) Deferred Compensation Plan for Directors of Lockheed Corporation, as amended.
- (xx) Lockheed Corporation Retirement Plan for Directors, as amended.
- (yy) Form of Lockheed Corporation Termination Benefits Agreement effective January 1, 1991 (included in Form 8, Amendment No. 1 to Exhibit 28 of Form 8-K dated November 5, 1990 of Lockheed Corporation and incorporated herein by reference).
- (zz) Trust Agreement, as amended February 3, 1995, between Lockheed Corporation and First Interstate Bank of California (incorporated by reference to Exhibit 10.33 to Lockheed Martin Corporation's Registration Statement on

Form S-4 (No. 33-57645) filed with the Commission on February 9, 1995).

- (ab) Lockheed Corporation Directors' Deferred Compensation Plan Trust Agreement, as amended (incorporated by reference to Exhibit 10.34 to Lockheed Martin Corporation's Registration Statement on Form S-4 (No. 33-57645) filed with the Commission on February 5, 1995). (The amendment to the trust agreement dated September 30, 1995 is included as Exhibit 10(ab) to this Annual Report on Form 10-K).
- (ac) Trust Agreement, dated December 22, 1994, between Lockheed Corporation and J.P. Morgan California with respect to certain employee benefit plans of Lockheed Corporation (incorporated by reference to Exhibit 10.35 to Lockheed Martin Corporation's Registration Statement on Form S-4 (No. 33-57645) filed with the Commission on February 5, 1995). (The amendment to the trust agreement dated September 30, 1995 is included as Exhibit 10(ac) to this Annual Report on Form 10-K).
- (ad) Lockheed Corporation Deferred Management Incentive Compensation Plan, as amended.
- (ae) Lockheed Corporation 1992 Employee Stock Option Program, as amended (incorporated by reference to Lockheed Corporation's Registration Statement (No. 33-49003) and Exhibit 10.22 to Lockheed Martin Corporation's Registration Statement of Form S-4 (No. 33-57645) filed with the Commission on February 5, 1995). (The amendment to the plan dated September 28, 1995 is included as Exhibit (ae) to this Annual Report on Form 10-K).
- (af) Lockheed Martin Corporation Deferred Management Incentive Compensation Plan.

* Exhibits (10)(a) through 10(m) and 10(v) through (10)(af) constitute management contracts or compensatory plans or arrangements required to be filed as an Exhibit to this Form pursuant to Item 14(c) of this Report.

- (11) Computation of net earnings per common share for the years ended December 31, 1995, 1994 and 1993.
- (12) Computation of ratio of earnings to fixed charges for the year ended December 31, 1995.
- (13) 1995 Annual Report to Security Holders (including an appendix describing graphic and image material). Those portions of the 1995 Annual Report to Security Holders which are not incorporated by reference in this Annual Report on Form 10-K shall not be deemed to be "filed" as part of this Report.
- (21) List of Subsidiaries of Lockheed Martin Corporation.
- (23) Consent of Ernst & Young LLP, Independent Auditors for Lockheed Martin Corporation (included in this Form 10-K at page 49).

(24) Powers of Attorney.

(27) Financial Data Schedule.

Other material incorporated by reference:

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LOCKHEED MARTIN CORPORATION

Date: March 13, 1996 By: /s/ FRANK H. MENAKER, JR.

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

SIGNATURES	TITLE	DATE
/s/Norman R. Augustine* ----- NORMAN R. AUGUSTINE	President, Chief Executive Officer and Director	March 4, 1996
/s/Marcus C. Bennett* ----- MARCUS C. BENNETT	Senior Vice President, Chief Financial Officer and Director	February 22, 1996
/s/Robert E. Rulon* ----- ROBERT E. RULON	Chief Accounting Officer	February 22, 1996
/s/Lynne V. Cheney* ----- LYNNE V. CHENEY	Director	February 22, 1996
/s/A. James Clark* ----- A. JAMES CLARK	Director	February 22, 1996
/s/Vance D. Coffman* ----- VANCE D. COFFMAN	Director	February 22, 1996

SIGNATURES	TITLE	DATE
/s/Edwin I. Colodny* ----- EDWIN I. COLODNY	Director	February 22, 1996
/s/Lodwrick M. Cook* ----- LODWICK M. COOK	Director	February 22, 1996
/s/James L. Everett, III* ----- JAMES L. EVERETT, III	Director	February 22, 1996
/s/Houston K. Flournoy* ----- HOUSTON K. FLOURNOY	Director	February 22, 1996
/s/James F. Gibbons* ----- JAMES F. GIBBONS	Director	February 22, 1996
/s/Edward L. Hennessy, Jr.* ----- EDWARD L. HENNESSY, JR.	Director	February 22, 1996
/s/Edward E. Hood, Jr.* ----- EDWARD E. HOOD, JR.	Director	February 22, 1996
/s/Caleb B. Hurtt* ----- CALEB B. HURTT	Director	February 22, 1996
/s/Gwendolyn S. King* ----- GWENDOLYN S. KING	Director	February 22, 1996
/s/Lawrence O. Kitchen* ----- LAWRENCE O. KITCHEN	Director	February 22, 1996
/s/Gordon S. Macklin* ----- GORDON S. MACKLIN	Director	February 22, 1996
/s/Vincent N. Marafino* ----- VINCENT N. MARAFINO	Director	February 22, 1996
/s/Eugene F. Murphy* ----- EUGENE F. MURPHY	Director	February 22, 1996
/s/David S. Potter* ----- DAVID S. POTTER	Director	February 22, 1996
/s/Frank Savage* ----- FRANK SAVAGE	Director	February 22, 1996
/s/Daniel M. Tellep* ----- DANIEL M. TELLEP	Director	February 22, 1996
/s/Carlisle A.H. Trost* ----- CARLISLE A.H. TROST	Director	February 22, 1996

SIGNATURES	TITLE	DATE
----- /s/James R. Ukropina* ----- JAMES R. UKROPINA	Director	February 22, 1996
----- /s/Douglas C. Yearley* ----- DOUGLAS C. YEARLEY	Director	February 22, 1996
----- *By: /s/ STEPHEN M. PIPER ----- (Stephen M. Piper, Attorney-in-fact**)		March 13, 1996

** By authority of Powers of Attorney filed with this Annual Report on Form 10-K.

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Lockheed Martin Corporation of our report dated January 23, 1996, included in the 1995 Annual Report to Shareholders of Lockheed Martin Corporation.

We also consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement Number 33-58067 of Lockheed Martin Corporation on Form S-3, dated March 14, 1995;
- (2) Registration Statement Numbers: 33-58073, 33-58075, 33-58077, 33-58079, 33-58081, 33-58083, 33-58085, 33-58089 and 33-58097 of Lockheed Martin Corporation on Forms S-8, each dated March 15, 1995;
- (3) Post-Effective Amendment No. 1, dated March 15, 1995 to Registration Statement Number 33-57645 of Lockheed Martin Corporation on Form S-8; and
- (4) Registration Statement Number 33-63155 of Lockheed Martin Corporation on Form S-8, dated October 3, 1995;

of our report dated January 23, 1996, with respect to the consolidated financial statements incorporated herein by reference.

ERNST & YOUNG LLP

Washington, D.C.
March 11, 1996

AGREEMENT AND PLANS OF MERGER
AND COMPLETE LIQUIDATION

dated as of January 25, 1996

among

LOCKHEED MARTIN CORPORATION,
LOCKHEED CORPORATION,
LOCKHEED MISSILES AND SPACE COMPANY, INC.,
LOCKHEED SANDERS, INC.
MARTIN MARIETTA CORPORATION,
and
MARTIN MARIETTA TECHNOLOGIES, INC.

AGREEMENT AND PLANS OF MERGER
AND COMPLETE LIQUIDATION

This AGREEMENT AND PLANS OF MERGER AND COMPLETE LIQUIDATION (this "Agreement") dated as of January 25, 1996, is among Lockheed Martin Corporation, a Maryland corporation ("LMC"), Lockheed Corporation, a Delaware corporation ("Lockheed"), Lockheed Missiles and Space Company, Inc., a California corporation ("LM&SC"), Lockheed Sanders, Inc., a Delaware corporation ("Sanders"), Martin Marietta Corporation, a Maryland corporation ("Martin Marietta"), and Martin Marietta Technologies, Inc., a Maryland corporation ("MMTI").

RECITALS

WHEREAS, the Board of Directors of each of LMC, Lockheed, LM&SC and Sanders deems it advisable and in the best interests of their respective stockholders that LM&SC merge with and into Lockheed (the "LM&SC-Lockheed Merger") and that Sanders merge with and into Lockheed (the "Sanders-Lockheed Merger");

WHEREAS, the Board of Directors of each of LMC, Martin Marietta and MMTI deems it advisable and in the best interests of their respective stockholders that MMTI merge with and into Martin Marietta (the "MMTI-MMC Merger");

WHEREAS, the Board of Directors of each of LMC, Lockheed and Martin Marietta deems it advisable and in the best interests of their respective stockholders that, following the consummation of the last to occur of the LM&SC-Lockheed Merger, the Sanders-Lockheed Merger and the MMTI-Martin Marietta Merger, Martin Marietta merge with and into LMC (the "MMC-LMC Merger") and that, following the MMC-LMC Merger, Lockheed merge with and into LMC (the "Lockheed-LMC Merger"); and

WHEREAS, each of the LM&SC-Lockheed Merger, the Sanders-Lockheed Merger, the MMTI-MMC Merger, the Lockheed-LMC Merger and the MMC-LMC Merger (collectively referred to herein as the "Mergers"), respectively, is intended to qualify as a complete liquidation under Section 332 of the Internal Revenue Code of 1986, as amended;

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, the parties hereby agree as follows:

ARTICLE I

The Mergers

Section 1.1. The Lockheed Heritage Mergers.

(a) LM&SC and Lockheed shall execute and cause to be filed a certificate of merger in the form attached to this Agreement as Exhibit A (the "LM&SC-Lockheed Certificate) with the Secretary of State of the State of Delaware and the Secretary of State of the State of California. The LM&SC-Lockheed Certificate shall provide that the LM&SC-Lockheed Merger shall be effective at 11:57 p.m. Eastern Standard Time on the Merger Date as hereinafter defined. LM&SC and Lockheed shall take all actions necessary or appropriate to consummate the LM&SC-Lockheed Merger in accordance with the provisions of the LM&SC-Lockheed Certificate.

(b) Sanders and Lockheed shall execute and cause to be filed a certificate of merger in the form attached to this Agreement as Exhibit B (the "Sanders-Lockheed Certificate) with the Secretary of State of the State of Delaware. The Sanders-Lockheed Certificate shall provide that the Sanders-Lockheed Merger shall be effective at 11:57 p.m. Eastern Standard Time on the Merger Date as hereinafter defined. Sanders and Lockheed shall take all actions necessary or appropriate to consummate the Sanders-Lockheed Merger in accordance with the provisions of the Sanders-Lockheed Certificate.

(c) Lockheed and LMC shall execute and cause to be filed (i) a certificate of merger in the form attached to this Agreement as Exhibit C (the "Lockheed-LMC Certificate) with the Secretary of State of the State of Delaware and (ii) articles of merger in the form attached hereto as Exhibit D (the "Lockheed-LMC Articles") with the State Department of Assessments and Taxation of the State of Maryland. The Lockheed-LMC Certificate and the Lockheed-LMC Articles shall provide that the Lockheed-LMC Merger shall be effective at 11:59 p.m. Eastern Standard Time on the Merger Date as hereinafter defined. Lockheed and LMC shall take all actions necessary or appropriate to consummate the Lockheed-LMC Merger in accordance with the provisions of the Lockheed-LMC Certificate and the Lockheed-LMC Articles.

Section 1.2. The Martin Marietta Heritage Mergers.

(a) Martin Marietta and MMTI will cause articles of merger in the form attached to this Agreement as Exhibit E (the "MMTI-MMC Articles") to be filed with the State Department of Assessments and Taxation of the State of Maryland. The MMTI-MMC Articles shall provide that the MMTI-MMC Merger shall be effective at 11:57 p.m. Eastern Standard Time on the Merger Date as hereinafter defined. MMTI and MMC shall take all actions necessary or appropriate to consummate the MMTI-MMC Merger in accordance with the provisions of the MMTI-MMC Articles.

(b) LMC and Martin Marietta will cause articles of merger in the form attached to this Agreement as Exhibit F (the "MMC-LMC Articles") to be filed with the State

Department of Assessments and Taxation of the State of Maryland. The MMC-LMC Articles shall provide that the MMC-LMC Merger shall be effective at 11:58 p.m. Eastern Standard Time on the Merger Date as hereinafter defined. Martin Marietta and LMC shall take all actions necessary or appropriate to consummate the MMC-LMC Merger in accordance with the provisions of the MMC-LMC Articles.

ARTICLE II

Approvals

Section 2.01. Each of the parties to this Agreement covenants and agrees for the benefit of each of the other parties to this Agreement to take any and all action necessary or appropriate (including approval by their respective boards of directors and shareholders, if necessary) to consummate the Mergers in accordance with all applicable laws, including the Maryland General Corporation Law, the General Corporation Law of the State of Delaware and the California General Corporation Law.

ARTICLE III

Effect of Mergers

Section 3.01. LM&SC-Lockheed Merger. Upon consummation of the LM&SC-

Lockheed Merger, LM&SC shall immediately cease to exist and Lockheed shall succeed to all rights and obligations of LM&SC. Each share of capital stock of Lockheed which shall be outstanding at the effective time of this merger shall, by virtue of the merger and without any action on the part of the holder thereof, remain an outstanding share of capital stock of the corporation surviving the merger provided for herein. Each share of capital stock of LM&SC which shall be outstanding at the effective time of the merger shall, by virtue of the merger and without any action on the part of the holder thereof, be canceled and no consideration shall be paid in respect thereof. The Certificate of Incorporation and Bylaws of Lockheed shall be the Certificate of Incorporation and Bylaws of the surviving corporation and shall thereafter continue to be its Certificate of Incorporation and Bylaws until changed as provided therein and by law.

Section 3.02. Sanders-Lockheed Merger. Upon consummation of the

Sanders-Lockheed Merger, Sanders shall cease to exist and Lockheed shall succeed to all rights and obligations of Sanders. Each share of capital stock of Lockheed which shall be outstanding at the effective time of this merger shall, by virtue of the merger and without any action on the part of the holder thereof, remain an outstanding share of capital stock of the corporation surviving the merger provided for herein. Each share of capital stock of Sanders which shall be outstanding at the effective time of the merger shall, by virtue of the merger and without any action on the part of the holder thereof, be canceled and no consideration shall be paid in respect thereof. The Certificate of Incorporation and Bylaws of Lockheed shall be the Certificate of Incorporation and Bylaws of the surviving corporation and shall thereafter continue to be its Certificate of Incorporation and Bylaws until changed as provided therein and by law.

Section 3.03. MMTI-MMC Merger. Upon consummation of the MMTI-MMC

Merger, MMTI shall cease to exist and Martin Marietta shall succeed to all rights and obligations of MMTI. Each share of capital stock of Martin Marietta which shall be outstanding at the effective time of this merger shall, by virtue of the merger and without any action on the part of the holder thereof, remain an outstanding share of capital stock of the corporation surviving the merger provided for herein. Each share of capital stock of MMTI which shall be outstanding at the effective time of the merger shall, by virtue of the merger and without any action on the part of the holder thereof, be canceled and no consideration shall be paid in respect thereof. The Charter and Bylaws of Martin Marietta shall be the Charter and Bylaws of the surviving corporation and shall thereafter continue to be its Charter and Bylaws until changed as provided therein and by law.

Section 3.04. Lockheed-LMC Merger. Upon consummation of the

Lockheed-LMC Merger, Lockheed shall cease to exist and LMC shall succeed to all rights and obligations of Lockheed (including all rights and obligations to which

Lockheed succeeded pursuant to the LM&SC-Lockheed Merger and the Sanders-Lockheed Merger, respectively). Each share of capital stock of LMC which shall be outstanding at the effective time of this merger shall, by virtue of the merger and without any action on the part of the holder thereof, remain an outstanding share of capital stock of the corporation surviving the merger provided for herein. Each share of capital stock of Lockheed which shall be outstanding at the effective time of the merger shall, by virtue of the merger and without any action on the part of the holder thereof, be canceled and no consideration shall be paid in respect thereof. The Charter and Bylaws of LMC shall be the Charter and Bylaws of the surviving corporation and shall thereafter continue to be its Charter and Bylaws until changed as provided therein and by law.

Section 3.05. MMC-LMC Merger. Upon consummation of the MMC-LMC

Merger, Martin Marietta shall cease to exist and LMC shall succeed to all rights and obligations of Martin Marietta (including all rights and obligations to which Martin Marietta succeeded pursuant to the MMTI-MMC Merger). Each share of capital stock of LMC which shall be outstanding at the effective time of this merger shall, by virtue of the merger and without any action on the part of the holder thereof, remain an outstanding share of capital stock of the corporation surviving the merger provided for herein. Each share of capital stock of Martin Marietta which shall be outstanding at the effective time of the merger shall, by virtue of the merger and without any action on the part of the holder thereof, be canceled and no consideration shall be paid in respect thereof. The Charter and Bylaws of LMC shall be the Charter and Bylaws of the surviving corporation and shall thereafter continue to be its Charter and Bylaws until changed as provided therein and by law.

Section 3.06. Complete Liquidation. Each of the Mergers is

intended to qualify as a complete liquidation under Section 332 of the Internal Revenue Code of 1986, as amended, of the entity merging out of existence.

ARTICLE IV

Miscellaneous

Section 4.01. Counterparts. The Agreement and any amendment thereof

may be executed in two or more counterparts, all of which shall be considered the same agreement.

Section 4.02. Governing Law. This Agreement shall be governed by and

construed in accordance with the laws of the State of Maryland, without regard to the principles of conflicts of laws thereof.

Section 4.03. Exhibits. All Exhibits to this Agreement referred to

herein are intended to be and hereby are specifically made a part of this Agreement.

Section 4.04. Headings. All section headings contained in this

Agreement are for convenience of reference only, do not form a part of this Agreement and shall not effect in any way the meaning or interpretation of this Agreement.

Section 4.05. No Third Party Beneficiaries. The terms and conditions

of this Agreement are for the sole benefit of the parties to this Agreement and their successors and assigns only, and shall not be relied upon by, nor construed as conferring any rights upon, any other persons.

Section 4.06. Condition Precedent and Merger Date. Notwithstanding

anything to the contrary contained herein, this Agreement shall become null and void, the obligations of the parties to proceed with the Mergers contemplated herein shall terminate and the Plans of Merger and Complete Liquidation contained herein shall be rescinded unless, on or prior to the Merger Date as hereinafter defined, one of the Chairman of the Board, the President and Chief Executive Officer or the Vice President and General Counsel of LMC executes a certificate to the effect that satisfactory agreements have been reached with the United States Government concerning the transfer of contracts from each such party to LMC and later lodges such certificate with the Corporate Secretary of each party to this Agreement for inclusion with the minutes of that party's Board of Directors. The Merger Date shall be January 28, 1996, provided, however, that either the Chairman of the Board or the President of LMC may extend this date to a date through and including May 1, 1996.

Section 4.07 Amendment. No amendment of any provision of this

Agreement shall be valid unless the same shall be in writing and signed by all the parties.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered as of the date first written above.

ATTEST: LOCKHEED MARTIN CORPORATION

By: _____

ATTEST: LOCKHEED CORPORATION

By: _____

ATTEST: MARTIN MARIETTA CORPORATION

_____ By: _____

ATTEST: LOCKHEED MISSILES AND
SPACE COMPANY, INC.

_____ By: _____

ATTEST: LOCKHEED SANDERS, INC.

_____ By: _____

ATTEST: MARTIN MARIETTA
TECHNOLOGIES, INC.

_____ By: _____

LOCKHEED MARTIN CORPORATION
DIRECTORS DEFERRED COMPENSATION PLAN

March 15, 1995
As Amended December 7, 1995

ARTICLE I

PURPOSE

The purpose of this Plan is to give each non-employee Director of Lockheed Martin Corporation the opportunity to be compensated for his or her service as a Director on a deferred basis. The Plan is also intended to establish a method of paying Director's compensation which will aid the Corporation in attracting and retaining as members of the Board persons whose abilities, experience and judgment can contribute to the success of the Corporation.

ARTICLE II

DEFINITIONS

Whenever the following terms are used in this Plan, they shall have the meaning specified below, unless the context clearly indicates to the contrary:

Account means the bookkeeping account maintained by the Corporation on behalf of a participating Director which is credited with the Director's Deferred Compensation, including investment earnings credited under Section 4.2.

Beneficiary shall have the meaning specified in Section 7.2(b).

Board of Directors or Board means the Board of Directors of the Corporation.

Committee means the Committee appointed to administer this Plan, as provided in Section 6.1 hereof.

Corporation means Lockheed Martin Corporation, a Maryland corporation and its successors.

Deferred Compensation means Director's Fees deferred pursuant to this Plan and investment earnings credited thereto under Section 4.2.

Election Form means the form by which a Director elects to participate in this Plan.

Director means a member of the Board of Directors of the Corporation who is eligible to receive compensation in the form of Director's Fees and who is not an officer or employee of the Corporation or any of its subsidiaries.

Director's Fees means the fees payable to a Director for services as a Director and for services on any Committee of the Board, including the amount of any retainer paid to a non-employee for services as Chairman of the Board, but excluding any amounts credited or stock distributed to a Director under the Lockheed Martin Corporation Directors Deferred Stock Plan.

Effective Date means the effective date referred to in Section 7.8.

Plan means the Lockheed Martin Corporation Directors Deferred Compensation Plan.

ARTICLE III

PARTICIPATION

3.1 Timing of Deferral Elections. In order to defer Director's fees earned in any calendar year, a Director must make a deferral election by executing and filing an Election Form before the commencement of that calendar year or, in the case of a new Director, before the commencement of the Director's term of office in that calendar year. Individuals who are Directors on the Effective Date of the Plan must make their deferral election before the Effective Date in order to defer Director's Fees to be earned in the calendar year that includes the Effective Date.

3.2 Terms of Deferral Elections. A Director's deferral election for a calendar year shall specify the percentage (which may equal 100%) of the Director's Fees to be earned by the Director for that year which are to be deferred under this Plan. A Director's deferral election shall remain in effect for each subsequent calendar year, unless the Director duly files a revised Election Form or written revocation of the election before the beginning of the subsequent calendar year. A Director's deferral election shall be irrevocable during any calendar year in which it is in effect.

ARTICLE IV

CREDITING OF ACCOUNTS

4.1 Crediting of Director's Fees. Director's Fees that a Director has elected to defer shall be credited to the Director's Account as of the first day of the month in which the Director's Fees would have been payable to the Director if no deferral election had been made under this Plan. The elected deferral percentage shall apply to all Director's Fees earned by the Director during a calendar year.

4.2 Crediting of Investment Earnings. As of the last day of each month, a Director's Account shall be credited to reflect investment earnings (or loss) for the month, based on the Director's investment selections under this Section 4.2. A Director may elect to have his or her Account credited with investment earnings for each month as if the Director's Account balance had been invested and earned

(a) interest at a rate equal to one twelfth (1/12) of the annual prime rate as set by Citibank, N.A., New York, New York, on the last day of the preceding month,

(b) a return equal to that of the published index for the Standard & Poors 500 (with dividends) for the month, or

(c) a combination of (a) and (b).

A Director's initial investment selections must be made by the date that the Director's initial deferral election takes effect. A Director may change his or her investment selections with respect to all amounts credited to the Director's Account, including amounts deferred in prior periods. A change of investment selections must be made by filing a revised Election Form in advance of the month in which the change is to take effect.

4.3 Account Balance as Measure of Deferred Compensation. The Deferred Compensation payable to a Director (or the Director's Beneficiary) shall be measured by, and shall in no event exceed, the sum of the amounts credited to the Director's Account.

ARTICLE V

PAYMENT OF DEFERRED COMPENSATION

5.1 Manner of Distribution.

(a) Lump sum payments. A Director's Deferred Compensation shall be paid as a lump sum cash payment equal to the balance credited to the Director's Account on the December 31 that is coincident with or next follows the date of the termination of the Director's status as a Director, unless the Director has elected to receive installment payments in accordance with Section 5.1(b).

(b) Installment payments. A Director may elect to have the Director's Deferred Compensation distributed in annual installments over a maximum period of ten (10) years. The amount of each annual installment shall be determined by dividing the Director's Account balance (or the portion of the Account balance to which the installment election applies) on the December 31 preceding the payment date by the number of years remaining in the elected installment period. A Director's election to receive installment payments with respect to Director's fees deferred in any calendar year must be made on an Election Form duly filed no later than the latest date on which a deferral election may be made for that calendar year under Section 4.1. A Director's installment election shall remain in effect with respect to Director's fees deferred in each subsequent calendar year, unless the Director duly files a revised Election Form before the beginning of the subsequent calendar year. An installment election shall be irrevocable with respect to Director's fees deferred (and allocable investment earnings) in any calendar year for which the installment election is in effect.

(c) Deferral For Directors Fees Earned in 1996. A Director may elect to have the Director's Deferred Compensation earned during the 1996 calendar year credited and paid as a lump sum under (a) or annual installments under (b) except that payment (or installments, as the case may be) will be made (or commence) on January 1, 1998, or as soon as practicable thereafter regardless of whether the Director has terminated service as a Director.

5.2 Commencement of Payments. Except as provided in Sections 5.1(c) and 5.4, the payment of Deferred Compensation to a Director shall be made or commence in January of the first calendar year following the year in which the Director ceases to be a Director, whether due to resignation, retirement, disability, death, or otherwise. Installment payments shall continue to be made in January of each succeeding year until all installments have been paid.

5.3 Death Benefits. In the event that a Director dies before payment of the Director's Deferred Compensation has commenced or been completed, the balance of the Director's Account shall be distributed to the Director's Beneficiary commencing in the January following the date of the Director's death in accordance with the manner of distribution (lump sum or annual installments) elected by the Director for payments during the Director's lifetime. However, upon good cause shown by a Beneficiary or personal representative of the Director, the Committee, in its sole discretion, may reject a Director's installment election and instead cause the Director's death benefits to be paid in a lump sum.

5.4 Emergency Withdrawals. In the event of an unforeseeable emergency prior to the commencement of distributions or after the commencement of installment payments, the Committee may approve a distribution to a Director (or Beneficiary after the death of a Director) of the part of the Director's Account balance that is reasonably needed to satisfy the emergency need. An Emergency withdrawal will be approved only in a circumstance of severe financial hardship to the Director (or Beneficiary after the death of the Director) resulting from a sudden and unexpected illness or accident of the Director (or Beneficiary, as applicable) or of a dependent of the Director (or Beneficiary, as applicable), loss of property due to casualty, or other similar extraordinary or unforeseeable circumstance arising from events beyond the control of the Director (or Beneficiary, as applicable). The investment earnings credited to the Director's Account shall be determined as if the withdrawal had been debited from the Director's Account on the first day of the month in which the withdrawal occurs.

5.5 Corporation's Right to Withhold. There shall be deducted from all payments under this Plan the amount of taxes, if any, required to be withheld under applicable federal or state tax laws. The Directors and their Beneficiaries will be liable for payment of any and all income or other taxes imposed on Deferred Compensation payable under this Plan.

ARTICLE VI

ADMINISTRATION, AMENDMENT AND TERMINATION

6.1 Administration by Committee. This Plan shall be administered by a Committee of three consisting of the (i) Chief Financial Officer of the Corporation, (ii) Secretary of the Corporation, and (iii) Treasurer of the Corporation. The Committee shall act by vote or by written consent of a majority of its members. The Committee's resolution of any question regarding the interpretation of this Plan shall be subject to review by the Board, and the Board's determination shall be final and binding on all parties.

6.2 Amendment and Termination. This Plan may be amended, modified, or terminated by the Board at any time, except that no such action shall (without the consent of affected Directors or, if appropriate, their Beneficiaries or personal representatives) adversely affect the rights of Directors or Beneficiaries with respect to compensation earned and deferred under this Plan prior to the date of such amendment, modification, or termination.

ARTICLE VII

MISCELLANEOUS

7.1 Limitation on Directors' Rights. Participation in this Plan shall not give any Director the right to continue to serve as a member of the Board or any rights or interests other than as herein provided. No Director shall have any right to any payment or benefit hereunder except to the extent provided in this Plan. This Plan shall create only a contractual obligation on the part of the Corporation as to such amounts and shall not be construed as creating a trust. The Plan, in and of itself, has no assets. Directors shall have only the rights of general unsecured creditors of the Corporation with respect to amounts credited to or payable from their Accounts.

7.2 Beneficiaries.

(a) Beneficiary Designation. Subject to applicable laws (including any applicable community property and probate laws), each Director may designate in writing the Beneficiary that the Director chooses to receive any payments that become payable after the Director's death, as provided in Section 5.3. A Director's Beneficiary designation shall be made on forms provided and in accordance with procedures established by the Corporation and may be changed by the Director at any time before the Director's death.

(b) Definition of Beneficiary. A Director's "Beneficiary" or "Beneficiaries" shall be the person or persons, including a trust or trusts, validly designated by the Director or, in the absence of a valid designation, entitled by will or the laws of descent and distribution to receive the amounts otherwise payable to the Director under this Plan in the event of the Director's death.

7.3 Rights Not Assignable; Obligations Binding Upon Successors. A Director's rights under this Plan shall not be assignable or transferable and any purported transfer, assignment, pledge or other encumbrance or attachment of any payments or benefits under this Plan, or any interest thereon, other than pursuant to Section 7.2, shall not be permitted or recognized. Obligations of the Corporation under this Plan shall be binding upon successors of the Corporation.

7.4 Governing Law; Severability. The validity of this Plan or any of its provisions shall be construed, administered, and governed in all respects under and by the laws of the State of Maryland. If any provisions of this instrument shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof shall continue to be fully effective.

7.5 Annual Statements. The Corporation shall prepare and send a statement to the Director (or to the Director's Beneficiary after the Director's death) showing the balance credited to the Director's Account as of December 31 of each year for which an Account is maintained with respect to the Director.

7.6 Headings Not Part of Plan. Headings and subheadings in this Plan are inserted for reference only and are not to be considered in the construction of this Plan.

7.7 Consent to Plan Terms. By electing to participate in this Plan, a Director shall be deemed conclusively to have accepted and consented to all of the terms of this Plan and to all actions and decisions of the Corporation, Board, or Committee with regard to the Plan. Such terms and consent shall also apply to and be binding upon each Director's Beneficiary or Beneficiaries, personal representatives, and other successors in interest.

7.8 Effective Date. This Plan shall become effective on the date that the proposed plan of combination between Lockheed Corporation and Martin Marietta Corporation has been approved by the stockholders of both corporations and becomes effective. This Plan shall apply only to Director's Fees earned by Directors after that date.

LOCKHEED MARTIN CORPORATION
DIRECTORS RETIREMENT PLAN

May 25, 1995

ARTICLE I

PURPOSE

The purpose of this Plan is to provide retirement income to persons who have performed substantial services as non-employee Directors of Lockheed Martin Corporation and thereby to aid the Corporation in attracting and retaining as members of the Board persons whose abilities, experience and judgment can contribute to the success of the Corporation.

ARTICLE II

DEFINITIONS

Whenever the following terms are used in this Plan, they shall have the meaning specified below, unless the context clearly indicates to the contrary:

Beneficiary shall have the meaning specified in Section 6.2(b).

Board of Directors or Board means the Board of Directors of the Corporation.

Committee means the Committee appointed to administer this Plan, as provided in Section 5.1 hereof.

Corporation means Lockheed Martin Corporation, a Maryland corporation and its successors.

Director means a member of the Board of Directors of the Corporation who is eligible to receive compensation in the form of Retainer Fees and who is not an officer or employee of the Corporation or any of its subsidiaries; where indicated by the context, the term Director shall include a retired or former Director.

Effective Date means March 15, 1995.

Plan means the Lockheed Martin Corporation Directors Retirement Plan.

Retainer Fee means the annual fee payable to a Director for service as a Board member, including the value of the amount annually credited to each Director under the Lockheed Martin Corporation Directors Deferred Stock Plan, but not including any fees for services as a member of a committee of the Board.

Retirement Age means the age for mandatory retirement of Directors from Board membership, as specified in the Corporation's by-laws on the date a Director retires, resigns, or otherwise ceases to be a member of the Board.

ARTICLE III

ELIGIBILITY FOR BENEFITS

3.1 Five-year Service Requirement. Except as provided in Section 4.1, a Director shall be eligible to receive benefits under this Plan only if the Director has served as a member of the Board for five (5) or more years, and the Director retires, resigns, or otherwise ceases to be a member of the Board after the Effective Date.

3.2 Credited Service. For purposes of Section 3.1 and Article IV, a Director's years of service as a Board member shall be deemed to include all periods in which he or she served as a director of the Corporation, Lockheed Corporation, or Martin Marietta Corporation, including all periods in which he or she served as a director while an employee of one or more of those corporations. A Director shall be credited with a year of service for each twelve (12) month period of Board service; fractional years of service shall not be taken into account under this Plan.

ARTICLE IV

BENEFITS

4.1 Retirement at Retirement Age. If a Director retires from the Board on or after attainment of Retirement Age, the Corporation shall make annual payments to the Director in the amount of the Retainer Fee for life. Such payments shall commence in the January following the year in which the Director retires and shall be made in each successive January ending with the January payment for the calendar year of the Director's death. Upon the approval of the Nominating Committee of the Board, a Director who retires from the Board on or after attainment of Retirement Age, but with less than five (5) years of service on the Board, may be treated as having satisfied the eligibility requirement of Section 3.1. Notwithstanding the foregoing, an initial payment prorated to reflect the number of months remaining in the year shall be made to the Director as soon as practicable following his retirement.

4.2 Resignation before Retirement Age. If a Director retires, resigns, or otherwise ceases to be a member of the Board before attaining Retirement Age, the Corporation shall make annual payments to the Director in the amount of the Retainer Fee for a number of years equal to the number of full years the Director had served on the Board. Such payments shall commence in the January following the year in which the Director ceases to be a member of the Board and shall be made in each successive January until the payments have been completed.

4.3 Death Benefits. Upon the death of an active Director, whether or not such Director has served as a Director for five (5) years, or a retired or former Director entitled to benefits under Section 4.1 or 4.2, the Corporation shall make annual payments to the Director's Beneficiary in the amount of the Retainer Fee for a number of years equal to (i) the number of full years the Director had served on the Board, less (ii) the number of years, if any, for which payments were made to the Director under Section 4.1 or 4.2, provided that the number of annual payments to a Director's Beneficiary shall in no event exceed twenty (20). Such payments shall commence in the January following the year of the Director's death and shall be made in each successive January until the payments have been completed.

4.4 Retainer Fee used to Determine Benefits. All benefits payable to or with respect to a Director shall be based upon the amount of the Retainer Fee in effect on the Date the Director retires, resigns, or otherwise ceases to be a member of the Board.

4.5 Coordination with Predecessor Plans. The payments to a Director or Beneficiary under Section 4.1, 4.2, or 4.3 shall be adjusted to reflect payments made or to be made under the Post-Retirement Income Maintenance Plan for Directors of Martin Marietta Corporation (the "Martin Marietta Plan") and the Lockheed Corporation Retirement Plan for Directors (the "Lockheed Plan") in the following manner:

(a) With respect to any Director who received a lump sum payment under the Martin Marietta Plan, each annual benefit payment under this Plan (commencing with the earliest year in which a benefit is otherwise payable) shall be reduced by an amount equal to the annual retainer fee that was taken into account in determining the amount of the lump sum payment to the Director under the Martin Plan; that reduction shall be made for a number of years equal to the number of years of accrued benefits for which the Director received the lump sum payment under the Martin Plan; thereafter, any benefits payable to the Director or the Director's Beneficiary under this Plan shall be unaffected by this Section 4.5.

(b) With respect to any Director who has accrued the right to receive benefits under the Lockheed Plan and who has not waived that right in favor of the benefits payable under this Plan:

(i) the amount of any annual benefit payment that would be made to the Director or the Director's Beneficiary under this Plan in January of a year shall be reduced by the sum of the monthly benefit payments, if any, made to the Director or the Director's surviving spouse under the Lockheed Plan in the preceding calendar year;

(ii) if a lump sum payment has been made to the Director or the Director's surviving spouse under the Lockheed Plan, each annual benefit payment under this Plan (commencing with the earliest year in which a benefit is otherwise payable) shall be reduced by an amount equal to the annual retainer fee that was taken into account in determining the amount of the lump sum payment under the Lockheed Plan; that reduction shall be made for the number of years equal to the number of years of accrued benefits for which the lump sum payment was made under the Lockheed Plan; thereafter, any benefits payable to the Director or the Director's Beneficiary under this Plan shall be unaffected by this Section 4.5; and

(iii) if the benefit payments to the Director or the Director's surviving spouse under the Lockheed Plan will commence later than the date on which benefit payments would otherwise commence to be made to the Director or the Director's Beneficiary under this Plan, payments under this Plan shall commence no earlier than January of the calendar year following the year in which benefit payments will commence under the Lockheed Plan, advanced by one year for each full year that the Director has served on the Board of the Corporation (excluding years of service as a director of Lockheed Corporation).

ARTICLE V

ADMINISTRATION, AMENDMENT AND TERMINATION

5.1 Administration by Committee. This Plan shall be administered by a Committee of three consisting of the (i) Chief Financial Officer of the Corporation, (ii) Secretary of the Corporation, and (iii) Treasurer of the Corporation. The Committee shall act by vote or by written consent of a majority of its members. The Committee's resolution of any question regarding the interpretation of this Plan shall be subject to review by the Board, and the Board's determination shall be final and binding on all parties.

5.2 Amendment and Termination. This Plan may be amended, modified, or terminated by the Board at any time, except that no such action shall (without the consent of affected Directors or, if appropriate, their Beneficiaries or personal representatives) adversely affect the rights of Directors or Beneficiaries with respect to benefit rights accrued under this Plan prior to the date of such amendment, modification, or termination.

ARTICLE VI

MISCELLANEOUS

6.1 Limitation on Directors' Rights. Participation in this Plan shall not give any Director the right to continue to serve as a member of the Board or any rights or interests other than as herein provided. No Director shall have any right to any payment or benefit hereunder except to the extent provided in this Plan. This Plan shall create only a contractual obligation on the part of the Corporation and shall not be construed as creating a trust. The Plan, in and of itself, has no assets. Directors shall have only the rights of general unsecured creditors of the Corporation with respect to benefits payable under this Plan.

6.2 Beneficiaries.

(a) Beneficiary Designation. Subject to applicable laws (including any applicable community property and probate laws), each Director may designate in writing the Beneficiary that the Director chooses to receive any payments that become payable after the Director's death, as provided in Section 4.3. A Director's Beneficiary designation shall be made on forms provided and in accordance with procedures established by the Corporation and may be changed by the Director at any time before the Director's death.

(b) Definition of Beneficiary. A Director's "Beneficiary" or "Beneficiaries" shall be the person or persons, including a trust or trusts, validly designated by the Director or, in the absence of a valid designation, entitled by will or the laws of descent and distribution to receive the amounts otherwise payable to the Director under this Plan in the event of the Director's death.

6.3 Rights Not Assignable; Obligations Binding Upon Successors. A Director's rights under this Plan shall not be assignable or transferable and any purported transfer, assignment, pledge or other encumbrance or

attachment of any payments or benefits under this Plan, or any interest thereon, other than pursuant to Section 6.2, shall not be permitted or recognized. Obligations of the Corporation under this Plan shall be binding upon successors of the Corporation.

6.4 Governing Law; Severability. The validity of this Plan or any of its provisions shall be construed, administered, and governed in all respects under and by the laws of the State of Maryland. If any provisions of this instrument shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof shall continue to be fully effective.

6.5 Corporation's Right to Withhold. There shall be deducted from all payments under this Plan the amount of taxes, if any, required to be withheld under applicable federal or state tax laws. The Directors and their Beneficiaries will be liable for payment of any and all income or other taxes imposed on benefits payable under this Plan.

6.6 Headings Not Part of Plan. Headings and subheadings in this Plan are inserted for reference only and are not to be considered in the construction of this Plan.

Lockheed Martin Corporation
Directors Charitable Award Plan

Plan Document Amended and Restated
Effective June 1, 1995

The Lockheed Martin Corporation Directors Charitable Award Plan ("Plan") was originally adopted effective July 1, 1994 as the Martin Marietta Corporation Directors Charitable Award Plan ("Prior Plan"). Effective March 15, 1995, Lockheed Martin Corporation (the "Corporation") assumed the rights and obligations of Martin Marietta Corporation under the Prior Plan. Effective June 1, 1995, the Corporation adopted the Prior Plan and amended and restated the Prior Plan to make it applicable to members of the Board of Directors of the Corporation.

1. PURPOSE OF THE PLAN

The Plan allows each eligible Director of the Corporation to recommend that the Corporation make a donation of up to \$1,000,000 to the eligible tax-exempt organization(s) (the "Donee(s)") selected by the Director, with the donation to be made, in the Director's name, in ten equal annual installments, with the first installment to be made as soon as is practicable after the Director's death. The purpose of the Plan is to recognize the interest of the Corporation and its Directors in supporting worthy educational institutions and/or charitable organizations.

2. ELIGIBILITY

All persons serving as Directors of the Corporation as of June 1, 1995, shall be eligible to participate in the Plan. Any Director who joins the Corporation's Board of Directors after that date shall be immediately eligible to participate in the Plan upon election to the Board. Individuals who were Directors of Martin Marietta Corporation on March 15, 1995 are also eligible for benefits under the Plan.

3. AMOUNT AND TIMING OF DONATION

Each eligible Director may choose one organization to receive a Corporation donation of \$1,000,000, or up to five organizations to receive donations aggregating \$1,000,000. Each recommended organization must be designated to receive a donation of at least \$100,000. The donation will be made by the Corporation in ten equal annual installments, with the first installment to be made as soon as is practicable

after the Director's death, and each later installment to be made at approximately the same time in the following years. If a Director recommends more than one organization to receive a donation, each will receive a prorated portion of each annual installment as follows: Each annual installment payment will be divided among the recommended organizations in the same proportions as the total donation amount has been allocated among the organizations by the Director.

4. DONEES

In order to be eligible to receive a donation, a recommended organization must be a tax-exempt charitable organization or educational institution and must initially, and at the time a donation is to be made, be able to demonstrate receipt of an IRS notice of qualification to receive tax deductible contributions, if requested by the Corporation, and be reviewed and approved by the Directors Charitable Award Plan Committee (the "Committee"). The Committee may disapprove a donation if it determines that a donation to the organization would be detrimental to the best interests of the Corporation. A Director's private foundation is not eligible to receive donations under the Plan. If an organization recommended by a Director ceases to qualify as a Donee, and if the Director does not submit a form to change the recommendation before his or her death, the amount recommended to be donated to the organization will instead be donated to the Director's remaining qualified Donee(s) on a prorata basis. If all of a Director's recommended organizations cease to qualify, the amount will be donated to organizations selected by the Corporation. A Director may not receive any property or economic benefit from an organization as a result of recommending it as a Donee under the Plan; a violation of this requirement will render the Director's recommendation of the Donee void.

5. RECOMMENDATION OF DONATION

When a Director becomes eligible to participate in the Plan, he or she shall make a written recommendation to the Corporation, on a form approved by the Corporation for this purpose, designating the Donee(s) which he or she intends to be the recipient(s) of the Corporation donation to be made on his or her behalf. A Director may revise or revoke any such recommendation prior to his or her death by signing a new recommendation form and submitting it to the Corporation.

A Director may choose to place restrictions on the use of funds he or she recommends to be donated to an organization. The Corporation will advise the Donee of the restrictions, but the Corporation will not be responsible for monitoring the use of the funds by the organization to ensure compliance with the restrictions. However, the Committee may, in its discretion, suspend any remaining donation installments for the organization if it becomes aware that the funds are not being used in a manner which is consistent with the restrictions.

6. VESTING

A Director will become vested in the Plan upon the completion of sixty full months of service as a Director, or if he or she dies, retires or becomes disabled while serving as a Director. Service as a member of the Board of Directors of Lockheed Corporation prior to June 1, 1995 will be counted as vesting service. If a Director terminates Board service before becoming vested (other than on account of death, retirement or disability), no donation will be made on his or her behalf. A Director will be considered to have retired if he or she has attained mandatory retirement age for Directors as set forth in the Corporation's By-laws.

7. FUNDING AND PLAN ASSETS

The Corporation may fund the Plan or it may choose not to fund the Plan. If the Corporation elects to fund the Plan in any manner, neither the Directors (or their heirs or assigns) nor their recommended Donee(s) shall have any rights or interests in any assets of the Corporation identified for such purpose. Nothing contained in the Plan shall create, or be deemed to create, a trust, actual or constructive, for the benefit of a Director or any Donee recommended by a Director to receive a donation, or shall give, or be deemed to give, any Director or recommended Donee any interest in any assets of the Plan or the Corporation. If the Corporation elects to fund the Plan through life insurance policies, a participating Director agrees to cooperate and fulfill the enrollment requirements necessary to obtain insurance on his or her life.

8. AMENDMENT OR TERMINATION

The Board of Directors of the Corporation may, at any time, by a majority vote and without the consent of the Directors participating in the Plan, amend, modify, or waive any term of the Plan or suspend, or terminate the Plan for any reason, including, but not limited to, changes in applicable tax laws; provided however, that, subject to Section 4, no such amendment or termination shall, without the consent of the relevant Director or relevant Donee (if the Director has died) eliminate, reduce, or modify the obligation of the Corporation to make contributions on behalf of a Director who prior to the date of the amendment is adopted dies, retires, becomes disabled or has completed sixty full months of service as a Director.

9. ADMINISTRATION

The Plan shall be administered by the Committee. The Committee shall be responsible for executing and delivering documents necessary and appropriate to the administration of the Plan and for making determinations as to the eligibility of Donees. The Board of Directors shall have the authority to interpret the Plan and make determinations as to eligibility of Directors. The determinations of the Committee (or the Board of Directors, as the case may be) on the foregoing matters shall be conclusive and binding on all interested parties.

10. DIRECTORS CHARITABLE AWARD PLAN COMMITTEE

The Directors Charitable Award Plan Committee shall be a committee of four members consisting of the persons who from time to time may be the Corporation's Chief Financial Officer, Treasurer, Secretary, and Vice President, Corporate Communications. The Chief Financial Officer shall act as the Chairperson of the Committee.

11. GOVERNING LAW

The Plan shall be construed and enforced according to the laws of Maryland, and all provisions thereof shall be administered according to the laws of said state.

12. MISCELLANEOUS PROVISIONS

A Director's rights and interest under the Plan may not be assigned or transferred. The expenses of the Plan will be borne by the Corporation.

13. CHANGE OF CONTROL

(a) If there is a Change of Control of the Corporation, all Directors participating in the Plan shall immediately become vested. For the purpose of the Plan, the term "Change of Control" shall have the same meaning as is defined for the term in Section 10(b) of the Martin Marietta Corporation Amended Omnibus Securities Award Plan. In the event of a Change of Control other than as a result of the transactions contemplated by the Agreement and Plan of Reorganization among Parent Corporation, Martin Marietta Corporation and Lockheed Corporation dated as of August 29, 1994, the Corporation shall immediately create an irrevocable trust to make the anticipated Plan donations, and shall immediately transfer to the trust sufficient assets (which may include insurance policies) to make all the Plan donations in respect to the individuals who were Directors immediately before the Change of Control. In addition, once a Change of Control occurs, Section 3 and 13 of this Plan may not be amended.

(b) Notwithstanding the foregoing, effective June 1, 1995, the term "Change of Control" shall have the same meaning as is defined for the term in Section 7(b) of the Lockheed Martin Corporation 1995 Omnibus Performance Award Plan.

14. CONSENT

By electing to participate in the Plan, a Director shall be deemed conclusively to have accepted and consented to all the terms of this Plan and all actions or decisions made by the Corporation, the Board, or the Committee with regard to the Plan. Such terms and consent shall also apply to and be binding upon the beneficiaries, distributees, and personal representatives and other successors in interest of each participant.

15. EFFECTIVE DATE

The Plan as amended and restated is effective June 1, 1995. The recommendations of a Director will be effective when he or she completes all of the Plan enrollment requirements (including, if the Plan is funded with insurance, satisfaction of any requirements to qualify for the insurance).

16. RIGHTS UNDER PRIOR PLAN

The rights of any individual who was a member of the Board of Directors of Martin Marietta Corporation on March 15, 1995 (an "MMC Director") shall be determined solely under this Plan as amended and restated effective June 1, 1995, except that each MMC Director is fully vested as of March 15, 1995 in the Plan's benefits. Any MMC Director shall be entitled to a single benefit attributable to service both as a member of the Board of Directors of Martin Marietta Corporation and of the Corporation. After March 15, 1995, Directors of Martin Marietta Corporation (other than individuals who were Directors on that date) shall not be eligible to participate in the Plan.

Resolution No. 61

Lockheed Martin Corporation
Board of Directors
May 25, 1995

\$100,000 Death Benefit and \$1 million Business Travel Accident Insurance Policy
For Directors

RESOLVED, That the Senior Vice President and Chief Financial Officer be authorized, with the authority to delegate such authorization, to adopt a plan providing that upon the death of any former or active non-employee member of the Board of Directors, the Corporation shall pay to the director's designated beneficiary (or if no beneficiary has been designated, his or her estate), a death benefit in the amount of \$100,000, reduced by the amount of life insurance coverage provided to the director by Lockheed Corporation or Martin Marietta Corporation, and increased to include the estimated amount of taxes on a grossed up basis.

RESOLVED FURTHER, That the Senior Vice President and Chief Financial Officer be authorized, with the authority to delegate such authorization, to obtain for each non-employee member of the Board of Directors travel accident insurance coverage paying a benefit of up to \$1,000,000 in the event that the director is involved in an accident while travelling on business related to the Corporation.

RESOLVED FURTHER, That the officers of the Corporation be and each hereby is authorized, with the power to delegate such authorization, to execute and deliver such instruments and documents, to do all such other acts and things, and to take all such further steps as are deemed necessary or advisable or convenient or proper in order to fully carry out the intent of the foregoing resolutions.

Lockheed Martin Corporation
Board of Directors
May 25, 1995

Financial Counseling Program
For Directors

RESOLVED, That the Senior Vice President and Chief Financial Officer be authorized, with the authority to delegate such authorization, to provide reimbursement to each member of the Board of Directors of up to \$6,000 annually for expenses incurred by the director in obtaining financial counseling services while the director is serving as a member of the Board of Directors and for one year following retirement;

RESOLVED FURTHER, That the officers of the Corporation be and each hereby is authorized, with the power to delegate such authorization, to execute and deliver such instruments and documents, to do all such other acts and things, and to take all such further steps as are deemed necessary or advisable or convenient or proper in order to fully carry out the intent of the foregoing resolution.

Lockheed Martin Corporation
Board of Directors
May 25, 1995

Benefits for Elected Officers (Post-Retirement Death Benefit Plan, Financial Counseling, Personal Liability Insurance, Accidental Death and Dismemberment Coverage and Other Incidental Benefits)

RESOLVED, That the Chairman and Chief Executive Officer and the President be and each is hereby authorized, with authority to delegate such authorization, to adopt for the benefit of elected officers of the Corporation a post-retirement death benefit plan paying benefits in the amount of one and one-half times base salary at retirement, except that officers who do not waive their rights to post retirement death benefits under the Martin Marietta Corporation Post Retirement Death Benefit Plan for Senior Executives or the Lockheed Corporation Post Retirement Death Benefit Plan, as appropriate, will not be eligible for the plan.

RESOLVED, That the Chairman and Chief Executive Officer and the President be and each is hereby authorized, with authority to delegate such authorization, to adopt a financial counseling program which provides reimbursement to elected officers of the Corporation for financial counseling up to 3-1/2% of base salary as of the first pay period of the year in which the expense is incurred or \$10,000, whichever is less, and reimbursement to non-elected vice presidents of \$2,000 annually; provided however, that during 1995, officers and vice presidents who continue to receive reimbursement for similar expenses under existing Martin Marietta Corporation and Lockheed Corporation programs shall not be eligible to receive reimbursements.

RESOLVED FURTHER, That the Chairman and Chief Executive Officer and the President be and each is hereby authorized, with authority to delegate such authorization, to adopt for the benefit of elected officers (i) personal liability insurance coverage while employed as an officer of \$5,000,000; and (ii) accidental death and dismemberment coverage while employed as an officer of \$1,000,000; and to adopt for elected officers and senior management employees such other incidental benefits and non-cash compensation as is consistent with the presentation made to the Committee on such matters and for which no significant long term liabilities for the Corporation are created.

RESOLVED FURTHER, That the officers of the Corporation be and each hereby is authorized, with the power to delegate such authorization, to execute and deliver such instruments and documents, to do all such other acts

and things, and to take all such further steps as are deemed necessary or advisable or convenient or proper in order to fully carry out the intent of the foregoing resolutions.

LOCKHEED MARTIN CORPORATION

MANAGEMENT INCENTIVE COMPENSATION PLAN

Approved July 27, 1995

ARTICLE I

PURPOSE OF THE PLAN

This plan is established to provide a further incentive to selected employees to promote the success of Lockheed Martin Corporation by providing an opportunity to receive additional compensation for above average performance measured against individual and business unit goals. The Plan is intended to achieve the following:

1. Improved cost effectiveness.
2. Stimulate employees to work individually and as teams to meet objectives and goals consistent with enhancing shareholder values.
3. Facilitate the Company's ability to retain qualified employees and to attract top executive talent.

ARTICLE II

STANDARD OF CONDUCT AND PERFORMANCE EXPECTATION

1. It is expected that the business and individual goals and objectives established for this Plan will be accomplished in accordance with the Corporation's policy on ethical conduct in business with the Government and all other customers. It is a prerequisite before any award can be considered that a participant will have acted in accordance with the Lockheed Martin Corporation Code of Ethics and Business Conduct and fostered an atmosphere to encourage all employees acting under the participants' supervision to perform their duties in accordance with the highest ethical standards. Ethical behavior is imperative. Thus, in achieving one's goals, their individual commitment and adherence to the Corporation's ethical standards will be considered paramount in determining awards under this Plan.

2. Plan participants whose individual performance is determined to be less than acceptable are not eligible to receive incentive awards.

ARTICLE III

DEFINITIONS

1. PLAN -- This Lockheed Martin Corporation Management Incentive Compensation Plan (MICP).
2. BOARD OF DIRECTORS -- The Board of Directors of the Company.
3. COMMITTEE -- The Compensation Committee of the Board of Directors as from time to time appointed or constituted by the Board of Directors.
4. COMPANY -- Lockheed Martin Corporation and its Subsidiaries.
5. EMPLOYEE -- Any person who is employed by the Company and who is paid a salary as distinguished from an hourly wage. The term shall be deemed to include any person who was employed by the Company during all or any part of the year with respect to which an appropriation is made to the Plan by the Board of Directors but shall not include any employee who, during any part of such year, was represented by a collective bargaining agent.
6. PARTICIPANT -- Any Employee selected to participate in the Plan in accordance with its terms.
7. ANNUAL SALARY -- The regular base salary of a Participant during a fiscal year of the Company, determined by multiplying by 52 the Participant's weekly base salary rate effective during the first full pay period in December preceding the year of payment, but excluding any incentive compensation, commissions, over-time payments, payments under work-week plan, indirect payments, retroactive payments not affecting the base salary or applicable to the current year, and any other payments of compensation of any kind.

ARTICLE IV

ELIGIBILITY FOR PARTICIPATION

Those Employees who through their efforts are able to contribute significantly to the success of the Company in any given calendar year will be considered eligible for selection for participation in the Plan with respect to that year. Participants are selected each plan year based on recommendations by the sector presidents or corporate function heads and have received the endorsement of the executive office. Those eligible shall include all Employees considered by

the Committee to be key Employees of the Company. No member of the Committee shall be eligible for participation in the plan.

ARTICLE V

INCENTIVE COMPENSATION PAYMENTS

1. CALCULATION OF PAYMENTS - Incentive compensation payments to Participants shall be calculated in accordance with the formula and procedures set forth in Exhibit A hereto. All such payments shall be in cash.
2. INDIVIDUAL PERFORMANCE FACTORS - The Individual Performance Factors of Participants, as provided in Exhibit A shall be determined by the sector president or corporate function head and approved by the executive office. The performance factors of the Chairman of the Board and the President of Lockheed Martin Corporation shall be determined by the Committee and the Committee shall review the Individual Performance Ratings of other Participants who are elected officers of the Company. The Committee may at the request of any member of the Committee review the performance ratings of any other Participant or groups of Participants. The Committee may make adjustments in any such performance factors as it considers appropriate.
3. COMPANY AND CORPORATE FACTORS - The company factors and corporate factors, as provided for in Exhibit A, shall be determined by the executive office and shall thereafter be reviewed with and be subject to the approval of the Committee. The Committee may make adjustments in any such factor as it considers appropriate. The executive office shall, as soon as feasible in each year, review with the Committee the company and corporate objectives which may relate to the determination of such company and corporate factors.
4. RECOMMENDATION BY THE COMMITTEE.
 - A. As early as feasible after the end of each year in respect of which incentive compensation payments are to be made, the Committee shall establish an incentive fund which shall be equal to a percentage, to be determined by the Committee at that time, to the Company's pretax earnings for the year in which incentive compensation payments are to be made. For purposes of the Plan, pretax earnings shall (i) consist of pretax earnings from operations; (ii) shall not include any earnings attributable to extraordinary items as determined by generally accepted accounting principles; and (iii) shall be computed prior to the deduction of incentive compensation payments to be paid under the Plan.

- B. To the extent that the aggregate of all proposed payments of incentive compensation to all Participants as determined by the application of the formula set forth in Exhibit A (subject to any adjustments made by the Committee under Paragraph 2 or 3 above) exceeds the amount of the incentive fund as determined under Paragraph 4.A. above, all proposed payments of incentive compensation to Participants shall be reduced on a prorata basis.
 - C. If the Company's pretax earnings, as defined in Paragraph 4A, are less than the aggregate of all proposed payments of incentive compensation (as determined by the application of the formula set forth in Exhibit A subject to 2 or 3 above), the Committee may, in its discretion, establish an incentive fund without regard to the pretax earnings guideline of Paragraph 4A. If the Committee does so, Paragraph 4B shall not apply and the Committee's recommendation to the Board of Directors shall both state that the pretax earnings guideline would be exceeded and set forth the reasons the Committee believes that the proposed incentive compensation payments should nevertheless be made.
 - D. The Committee will recommend to the Board of Directors the authorization of an appropriation to the Plan by the Company for distribution to Participants in an amount equal to the incentive fund as computed pursuant to the provisions of this Paragraph 4.
5. APPROPRIATIONS TO THE PLAN - The Board of Directors may, notwithstanding any provision of the Plan, make adjustments in any proposed incentive compensation payment under the Plan, and subject to any such adjustments, the Board of Directors will appropriate to the Plan the amount as recommended by the Committee for distribution to the Participants; provided that, the Board of Directors may appropriate an amount which is less than the amount recommended by the Committee in which event all proposed payments of incentive compensation to Participants shall be reduced on a prorata basis.
6. METHOD OF PAYMENT - The amount so determined for each Participant with respect to each calendar year shall be paid to such Participant in full or on a deferred basis as determined by the Committee. Such determination as to deferred payments shall be governed by the Committee's judgement as to the time of payment best serving the interests of the Company. Deferred payments shall be made pursuant to such terms and conditions, as may be determined or provided for by the Committee, only to Participants who continue in the employ of the Company or are retired under a retirement plan approved by the Board of

Directors, or to the estates of, or beneficiaries designated by, Participants who shall have died while in such employ or after such retirement.

In the event of termination of employment by a Participant for any reason other than such retirement or death, then such participant or his estate or his beneficiary or beneficiaries, shall after such termination receive a distribution or distributions of any amounts deferred by the Committee, if any, the amount (not in excess of the unpaid deferred payments) and time of which shall be determined or provided for by the Committee. Participants may also elect to defer payments to the extent provided in the Lockheed Martin Corporation Deferred Management Incentive Plan.

7. RIGHTS OF PARTICIPANTS - All payments are subject to the discretion of the Board of Directors. No Participant shall have any right to require the Board of Directors to make any appropriation to the Plan for any calendar year, nor shall any Participant have any vested interest or property right in any share in any amounts which may be appropriated to the Plan. Payments made under the Plan and distributed to Participants shall not be recoverable from the Participant by the Company.

ARTICLE VI

ADMINISTRATION

The Plan shall be administered under the direction of the Committee. The Committee shall have the right to construe the Plan, to interpret any provision thereof, to make rules and regulations relating to the Plan, and to determine any factual question arising in connection with the Plan's operation after such investigation or hearing as the Committee may deem appropriate. Any decision made by the Committee under the provisions of this Article shall be conclusive and binding on all parties concerned. The Committee may delegate to the officers or employees of the Company the authority to execute and deliver those instruments and documents, to do all acts and things, and to take all other steps deemed necessary, advisable or convenient for the effective administration of this MICP Plan in accordance with its terms and purpose.

ARTICLE VII

AMENDMENT OR TERMINATION OF PLAN

The Board of Directors shall have the right to terminate or amend this Plan at any time and to discontinue further appropriations thereto.

ARTICLE VIII

EFFECTIVE DATE

The Plan shall be effective with respect to the operations of the Company for the year 1995 and the years subsequent thereto. A participant who receives an award from this Plan is no longer eligible for any incentive compensation payment from any similar plan which may have been administered by the Lockheed Corporation or the Martin Marietta Corporation.

EXHIBIT A

CALCULATION OF MANAGEMENT INCENTIVE COMPENSATION PAYMENTS

A. AWARD FORMULA

1. Incentive compensation payments will be calculated by multiplying the Participant's Annual Salary by the applicable "target" of the Participant's position (as defined in B), and that result will then be multiplied by the Individual Performance Factor (as defined in C). The resulting award will be increased or decreased proportionately based on the appropriate Organizational Factor (as defined in D).
2. The aggregate of all Participant's Incentive Awards determined under items C and D below will be recommended to the Committee for its consideration.
3. Any calculation of incentive awards under this exhibit shall be subject to the provisions of the Plan and in the event of any conflict between the terms or application of this Exhibit A and the Plan, the Plan shall prevail.

B. TARGET LEVELS

Target levels are based on the level of importance and responsibility of the position in the organization as determined by the sector president and/or major corporate function head subject to approval by the executive office.

Position	Target
Chief Executive Officer	75%
President	65%
Exec. VP. Sector Pres. & CFO	55%
Other Elected Officers	45%
Other Eligible Positions	40%
	30%
	20%
	15%

C. INDIVIDUAL PERFORMANCE FACTORS

Individual performance factors are normally in increments of 0.10 and will have the following definitions:

Factor -----	Definition -----
1.30 - 1.40	Performance vastly superior to expectations and peers within the organization.
1.10 - 1.20	Consistently exceeds expected performance.
1.00	Consistently meets all requirements and expectations.
0.80 - 0.90	Performance meets most, but not all job requirements and expectations.
0.60 - 0.70	Performance meets some objectives, but overall performance below expected levels.
0.00	Performance fails to meet job requirements.

D. ORGANIZATIONAL PERFORMANCE FACTORS

1. Specific objectives will be established by the executive office and the rating will depend on the assessment of the quality of performance by each operating unit, or the corporate staff in accomplishing the objectives based on the following schedule:
 - 1.30 On balance, far exceeded high performance expectations.
 - 1.00 Achieved all objectives or on balance met high performance expectations.
 - 0.75 Met most objectives. Overall performance was good, but not as high as possible or expected.
 - 0.50 Met few objectives, but overall performance not as good as possible or expected.
 - 0.00 Did not achieve sufficient overall performance level.

2. Intermediate organizational ratings, as deemed appropriate by the executive office for results achieved, may be assigned in increments of 0.05.

TRUST AGREEMENT

TRUST AGREEMENT made this 14th day of February, 1996, by and between Lockheed Martin Corporation, a corporation organized and existing under the laws of the State of Maryland ("Company") and Bankers Trust Company, a New York banking corporation ("Trustee");

WHEREAS, Company has adopted the nonqualified deferred compensation plans and other contractual arrangements as listed in Appendix A (hereinafter called the "Plans");

WHEREAS, Company has incurred or expects to incur liability under the terms of such Plans with respect to the individuals participating in such Plans;

WHEREAS, Company wishes to establish a trust (hereinafter called the "Trust") and to contribute to the Trust assets that shall be held therein, subject to the claims of Company's creditors in the event of Company's Insolvency, as herein defined, until paid to Plan participants and their beneficiaries in such manner and at such times as specified in the Plans;

WHEREAS, it is the intention of the parties that this Trust shall constitute an unfunded arrangement and, to the extent applicable, shall not affect the status of the Plans as unfunded plans maintained for the purpose of providing deferred compensation for a select group of management or highly compensated employees for purposes of Title I of the Employee Retirement Income Security Act of 1974 (hereinafter called "ERISA");

WHEREAS, it is the intention of Company to make contributions to the Trust to provide itself with a source of funds to assist it in the meeting of its liabilities under the Plans;

NOW, THEREFORE, the parties do hereby establish the Trust and agree that the Trust shall be comprised, held and disposed of as follows:

Section 1. Establishment of Trust.

(a) Company hereby deposits with Trustee in trust the cash and/or property shown on Appendix B, which shall become the principal of the Trust to be held, administered and disposed of by Trustee as provided in this Trust Agreement.

(b) The Trust hereby established shall be irrevocable.

(c) The Trust is intended to be a grantor trust, of which Company is the grantor, within the meaning of subpart E, part I, subchapter J, chapter 1, subtitle A of the Internal Revenue Code of 1986, as amended, and shall be construed accordingly.

(d) The principal of the Trust and any earnings thereon shall be held separate and apart from other funds of Company and shall be used exclusively for the uses and purposes of Plan participants and their beneficiaries and Company's general creditors as herein set forth. Plan participants and their beneficiaries shall have no preferred claim on, or any beneficial ownership interest in, any assets of the Trust. Any rights created under the Plans and this Trust Agreement shall be mere unsecured contractual rights of Plan participants and their beneficiaries against Company. Any assets held by the Trust will be subject to the claims of Company's general creditors under federal and state law in the event of Insolvency, as defined in Section 3(a) herein.

(e) Company shall make additional irrevocable contributions to the Trust of cash or other property acceptable to Trustee pursuant to any applicable terms of the Plans. In addition, Company, in its sole discretion, may at any time, or from time to time, make additional irrevocable contributions of cash or other property acceptable to the Trustee. Such additional contribution shall augment the principal to be held, administered and disposed of by Trustee as provided in this Trust Agreement. The Trustee shall have no responsibility or authority in connection with the determination of the amounts to be transferred to it from time to time as contributions of the Company, nor shall it have any authority on behalf of the Trust or any participant to bring any action or proceeding to enforce the collection of any such amount.

(f) Upon a Change of Control of Company as to anywith respect to a Plan (as Change of Control is defined by suchthe applicable Plan), (1) Company shall, as soon as possible, but in no event later than two business days preceding the date payment of benefits is due under such Plan due to the Change of Control, make an irrevocable contribution to the Trust of cash or other property acceptable to Trustee that is sufficient, when added to the then principal of the Trust and after consideration of benefits to be paid pursuant to the other Plans, to pay each Plan participant or beneficiary the benefits to which Plan participants or their beneficiaries are entitled pursuant to the terms of the Plan as of the date on which the Change of Control occurred, and (2) Company or Recordkeeper (as defined in Section 2(a) below) shall deliver to Trustee a Payment Schedule (as defined in Section 2(a) below) for the Plan indicating the benefits which have accrued as of the Change in Control or become payable due to the Change in Control.

Section 2. Payments to Plan Participants and Their Beneficiaries.

(a) The Company may designate another party (a "Recordkeeper"), which may be the Trustee, to perform recordkeeping and other ministerial duties for each Plan (including but not limited to calculating the amount of benefits payable under a Plan to a participant), as indicated on Appendix A. From time to time Company or the Recordkeeper shall deliver to Trustee a schedule or schedules (each, a "Payment Schedule") that indicates the amounts payable and applicable withholding taxes in respect of each Plan participant (and his or her beneficiaries), or that provides a formula or other instructions acceptable to Trustee for determining the amounts so payable, the form in which such amount is to be paid (as provided for or available under the Plans),

and the time of commencement for payment of such amounts. Except as otherwise provided herein, Trustee shall make payments to the Plan participants and their beneficiaries in accordance with such Payment Schedule. Trustee shall deduct from any such payments any withholding taxes indicated on the Payment Schedule and shall be responsible for payment and reporting of such withholding taxes to the appropriate taxing authorities.

(b) The entitlement of a Plan participant or his or her beneficiaries to benefits under a Plan shall be determined by Company or such party as it shall designate as Recordkeeper under the Plan, and any claim for such benefits shall be considered and reviewed under the procedures set out in the Plan. The Trustee shall have no duty to determine any person's payment rights or other entitlements under a Plan unless the Trustee has been designated the Recordkeeper for that Plan and as such has agreed to undertake such determinations.

(c) Company may make payment of some or all benefits directly to Plan participants or their beneficiaries as they become due under the terms of the Plans. Company shall be responsible for the payment and reporting of any applicable withholding taxes to the appropriate taxing authorities in connection with such payments. Company shall notify Trustee of its decision to make payment of benefits directly prior to the time amounts are payable to participants or their beneficiaries. If any payments under a Plan are made directly by Company to the Participants, the Trustee shall, at the written request of Company, use the assets of the Trust, to the extent they are sufficient, to reimburse Company for such payments and for any tax withholding payments made by Company with respect thereto. The Trustee may rely upon and shall be fully protected in acting upon such directions.

(d) In addition, if the principal of the Trust, and any earnings thereon, are not sufficient to make payments of benefits in accordance with the terms of the Plans, as reflected on a Payment Schedule, Company shall make the balance of each such payment as it falls due. Trustee shall notify Company where principal and earnings of the Trust are not sufficient to make any such payments.

(e) Notwithstanding anything contained in this Section 2 to the contrary, Company may designate another party (a "Paying Agent"), which may be a Recordkeeper other than the Trustee, for each Plan, as indicated in Appendix A, to pay benefits to participants and beneficiaries under that Plan. Accordingly, from time to time, Company or a Recordkeeper shall may deliver to Trustee a Payment Schedule with instructions to pay the amounts described therein to the appropriate Paying Agent(s). Except as otherwise provided herein, Trustee shall make payments to the Paying Agent(s) in accordance with such Payment Schedule and such instructions, which Payment Schedule and instructions shall provide whether (1) Trustee shall pay to the Paying Agent the gross amount payable to Plan participants and beneficiaries, with the Paying Agent responsible for withholding any applicable withholding taxes and reporting and remitting such withholding taxes to the appropriate taxing authorities or (2) Trustee shall pay to the Paying Agent the amount of benefits net of withholding taxes (as set forth in the Payment Schedule), with Trustee responsible for reporting and remitting the applicable withholding taxes to the appropriate taxing authorities. The provisions of

Section 2(a) shall apply to benefits payable under a Plan at any time that there is no designated Paying Agent for such Plan.

(f) If a Participant elects pursuant to the terms of a Plan to release the Company in whole or in part from its liability to provide benefits to the Participant under that Plan (the "First Plan") in exchange for the Company's agreement to provide benefits to the Participant under a plan that is not listed in Appendix A (the "Second Plan"), the Company may direct the Trustee to pay an amount equal to the value of the reduction in the Participant's benefits under the First Plan to an irrevocable trust established by the Company in connection with the Second Plan. Similarly, if a Participant elects pursuant to the terms of a Plan to have the Company's liability to the Participant under that Plan discharged through an assumption of that liability by another person, the Company may direct the Trustee to pay an amount equal to the value of the Participant's benefits under the Plan to such other person (or that person's designee) in connection with such assumption of liability. The Trustee shall be under no duty or obligation to question or to verify any such direction of the Company and shall be fully protected in acting in accordance with such direction.

Section 3. Trustee Responsibility Regarding Payments to Trust

----- Beneficiary When Company Is Insolvent. -----

(a) Trustee shall cease payment of benefits to Plan participants and their beneficiaries or the Paying Agent(s) if the Company is Insolvent. Company shall be considered "Insolvent" for purposes of this Trust Agreement if (i) Company is unable to pay its debts as they become due, or (ii) Company is subject to a pending proceeding as a debtor under the United States Bankruptcy Code.

(b) At all times during the continuance of this Trust, as provided in Section 1(d) hereof, the principal and income of the Trust shall be subject to claims of general creditors of Company under federal and state law as set forth below.

(1) The Board of Directors and the Chief Executive Officer of Company shall have the duty to inform Trustee in writing of Company's Insolvency. If a person claiming to be a creditor of Company alleges in writing to Trustee that Company has become Insolvent, Trustee shall determine whether Company is Insolvent and, pending such determination, Trustee shall discontinue payment of benefits to Plan participants or their beneficiaries or the Paying Agent(s).

(2) Unless Trustee has actual knowledge of Company's Insolvency, or has received notice from Company or a person claiming to be a creditor alleging that Company is Insolvent, Trustee shall have no duty to inquire whether Company is Insolvent. Trustee may in all events rely on such evidence concerning Company's solvency as may be furnished to Trustee and that provides Trustee with a reasonable basis for making a determination concerning Company's solvency.

(3) If at any time Trustee has determined that Company is Insolvent, Trustee shall discontinue payments to Plan participants or their beneficiaries or the Paying Agent(s) and shall hold the assets of the Trust for the benefit of Company's general

creditors. Nothing in this Trust Agreement shall in any way diminish any rights of Plan participants or their beneficiaries to pursue their rights as general creditors of Company with respect to benefits due under the Plans or otherwise.

(4) Trustee shall resume the payment of benefits to Plan participants or their beneficiaries or the Paying Agent(s) in accordance with Section 2 of this Trust Agreement only after Trustee has determined that Company is not Insolvent (or is no longer Insolvent).

(c) Provided that there are sufficient assets, if Trustee discontinues the payment of benefits from the Trust pursuant to Section 3 (b) hereof and subsequently resumes such payments, the first payment following such discontinuance shall include the aggregate amount of all payments due to Plan participants or their beneficiaries under the terms of the Plans, or the Paying Agent(s) pursuant to the Payment Schedule, for the period of such discontinuance, less the aggregate amount of any payments made to Plan participants or their beneficiaries or the Paying Agent(s) by Company in lieu of the payments provided for hereunder during any such period of discontinuance.

Section 4. Payments to Company.

Except as provided in Section 2 or Section 3 hereof, Company shall have no right or power to direct Trustee to return to Company or to divert to others any of the Trust assets before all payment of benefits have been made to Plan participants and their beneficiaries pursuant to the terms of the Plans.

Section 5. Investment Authority.

(a) Trustee shall have full investment authority with respect to the Trust assets, subject to the right of Company to (i) designate in writing investment policy guidelines ("Investment Policy") with respect to Trust assets which Investment Policy may be amended from time to time in Company's sole discretion, and (ii) to designate in accordance with paragraph (e) below an Investment Manager with authority to direct Trustee in the investment of all or part of the assets of the Trust. Notwithstanding anything in this Agreement to the contrary, the Trustee shall have no responsibility with respect to the formulation of any funding, investment, or diversification policy embodied in the Investment Policy. Subject to any such Investment Policy or Investment Manager directions, Trustee may invest and reinvest in and acquire by purchase, exchange or otherwise property of any character whatsoever, foreign or domestic, or interests or participations therein. If such investments are otherwise permitted by the Investment Policy, Trustee shall have the power to invest in (1) common or collective trust funds advised or managed by Trustee or an affiliate of Trustee, and and (2) shares of or interests in any mutual fund or any investment company for which Trustee or an affiliate of Trustee performs investment advisory, custody, distribution, management or other services. Company recognizes that allocation by Trustee of Trust assets among such funds or companies may affect the compensation of Trustee or such affiliate with respect to such funds or companies. Trustee's compensation as provided for in Section 9 hereof shall not be reduced by the compensation, if any, with respect to such funds or

companies received by Trustee or such affiliate. Company specifically waives any rule of undivided loyalty or any other conflict of interest with respect to such investment.

(b) Subject to the Investment Policy, to the extent assets of the Trust are invested in common stock of the Company ("Company Stock"), the Trustee shall have no obligation to diversify the investments in the Trust and shall not be subject to any rule of applicable law which might otherwise make necessary, require or in any way deem appropriate diversification of investments in the Trust, all such rules being hereby expressly waived.

(c) Subject to the Investment Policy, Trustee is authorized to exercise from time to time in its sole discretion the following powers in respect of any property of the Trust, it being intended that these powers be construed in the broadest possible manner:

(1) Power to sell at public or private sale for cash and upon such terms and conditions as it shall deem proper. No purchaser shall be bound to see to or be liable for the application of the proceeds of any such sale.

(2) Power to exchange any securities or property held by it for other securities or property, or partly for such securities or property and partly for cash, and to exercise conversion, subscription, option and similar rights with respect to any securities held by it, and to make payments in connection therewith.

(3) Power to vote in person or by proxy at corporate or other meetings and to participate in or consent to any voting trust, reorganization, dissolution, merger or other action affecting any securities in its possession or the issuers thereof, and to make payments in connection therewith.

(4) Power to compromise and adjust all debts or claims due to or made against it.

(5) In the acquisition, disposition and management of investments for or under the trust, power to acquire and hold any securities or other property even though Trustee in its individual or any other capacity, shall have invested or may thereafter invest its or their own or other funds in the same securities or related property or related securities or other property the interest, principal or other avails of which may be payable at different rates or different times or may have a different rank or priority; and to acquire and hold any securities or other property even though in connection therewith Trustee, in its individual or any other capacity, may receive compensation reasonably and customarily due in the course of its or their regular activities.

(6) Power to acquire, hold or dispose of property in its name without designation of fiduciary capacity, or in the name of its nominee, to deposit any property with any custodian, or in a depository, clearing corporation or any central system for handling of investments, or any nominee thereof.

(7) Power to employ from time to time counsel and suitable agents, including custodians, accountants, brokers and appraisers, including any affiliate of Trustee.

(8) Power to do all acts which it may deem necessary or proper and to exercise any and all powers of Trustee under this Trust Agreement under such terms and conditions as it may deem to be for the best interest of the Trust.

(9) Trustee may invest in securities (including stock or rights to acquire stock) or obligations issued by Company. All securities of Company held by the Trust shall be voted by Trustee in its sole discretion and all other rights associated with assets of the Trust shall be exercised by Trustee or the person designated by Trustee, and shall in no event be exercisable by or rest with Plan participants.

(d) Notwithstanding anything contained herein to the contrary, Company shall have the right, at any time, and from time to time in its sole discretion, to substitute assets of equal fair market value for any asset held by the Trust. This right is exercisable by Company in a non-fiduciary capacity without the approval or consent of any person acting in a fiduciary capacity.

(e) (1) Notwithstanding anything contained herein to the contrary, at any time, Company may, by a writing delivered to Trustee, delegate investment authority, management and control of Trust assets (including securities issued by Company) to one or more Investment Managers (as defined in section 5(e)(4) below) appointed by Company. Where Company has specifically delegated investment authority, management and control of Trust assets, Trustee shall continue to be the sole custodian of the Trust assets but shall not be the fiduciary with respect to the investment, management and control of the Trust assets and shall exercise the investment, management and control of such assets subject to the direction by any Investment Manager appointed by Company, and in such case such Investment Manager shall be the fiduciary with respect to the investment, management and control of such assets. The appointment, selection and retention of any Investment Manager shall be solely the responsibility of Company. Trustee is authorized and entitled to rely upon the fact that said Investment Manager is authorized to direct the investment and management of the assets of the Trust until such time as Company shall notify Trustee in writing that another Investment Manager has been appointed in the place and stead of the Investment Manager named or, in the alternative, that the Investment Manager named has been removed and the responsibility for the investment and management of the Trust assets has been transferred back to Trustee, as the case may be.

(2) Trustee shall not be liable nor responsible for losses or unfavorable results arising from Trustee's compliance with any directions of an Investment Manager appointed by Company which are made in accordance with the terms of the Trust. Trustee shall be under no duty to question any directions of the Investment Manager nor to review any securities or other property of the Trust constituting assets thereof with respect to which an Investment Manager has investment responsibility, nor to make any suggestions to such Investment Manager in connection therewith. Trustee shall, as promptly as possible, comply with any written directions given by an Investment Manager. Notwithstanding any other provisions of this Trust, however, Trustee, in its sole discretion, may refuse to comply with any directions which Trustee deems to be improper or contrary to the provisions of the Trust and any applicable federal or state statutes. Trustee shall not be liable for the making or retention of any investment

pursuant to such investment directions or for its failure to invest any or all of the Trust funds in the absence of such written directions.

(3) All directions concerning investments made by the Investment Manager shall be signed by such person or persons, acting on behalf of the Investment Manager as may be duly authorized in writing pursuant to this Trust; provided, however that the transmission to Trustee of such directions by photostatic teletransmission with duplicate or facsimile signature or signatures shall be considered a delivery in writing of the aforesaid directions until Trustee is notified in writing by Company that the use of such devices with duplicate or facsimile signatures is no longer authorized. Trustee shall be authorized to accept telephonic directions provided that such directions are promptly confirmed to Trustee in writing.

(4) For purposes of this Trust Agreement, "Investment Manager" shall mean a fiduciary (i) who (A) is registered as an investment adviser under the Investment Advisers Act of 1940, (B) is a bank, as defined in the Investment Advisers Act of 1940 or (C) is an insurance company qualified to perform investment advisory services under the laws of more than one state, and (ii) who has agreed to abide by written investment policy guidelines established by Company with respect to the Trust assets to be managed by such Investment Manager.

Section 6. Disposition of Income.

During the term of this Trust, all income received by the Trust, net of expenses and taxes, shall be accumulated and reinvested and added to principal.

Section 7. Accounting by Trustee.

Trustee shall keep accurate and detailed records of all investments, receipts, disbursements, and all other transactions required to be made, including such specific records as shall be agreed upon in writing between Company and Trustee. Within 90 days following the close of each calendar quarter and within 90 days after the removal or resignation of Trustee, Trustee shall deliver to Company a written account of its administration of the Trust during such quarter or during the period from the close of the last preceding quarter to the date of such removal or resignation, setting forth all investments, receipts, disbursements and other transactions effected by it, including a description of all securities and investments purchased and sold with the cost or net proceeds of such purchases or sales (accrued interest paid or receivable being shown separately), and showing all cash, securities and other property held in the Trust at the end of such quarter or as of the date of such removal or resignation, as the case may be.

The Company may approve such account by an instrument in writing delivered to Trustee. In the absence of Company's filing with Trustee objections to any such account within one hundred eighty (180) days after its receipt, Company shall be deemed to have so approved such account. In such case, or upon the written approval by Company of any such account, Trustee shall, to the extent permitted by applicable law, be discharged from all liability to Company for its acts or failures to act described by such account, and Company shall thereafter reimburse, indemnify (as provided in

Section 8(b) hereof) and hold harmless Trustee, individually and as Trustee, of, from and against any and all expenses, losses, damages, liabilities, demands, charges and claims of any kind or nature whatsoever in respect of its acts, omissions, transactions, duties, obligations or responsibilities as Trustee during the period covered by such account. The foregoing, however, shall not preclude the Trustee from having its account settled by a court of competent jurisdiction. Company shall not be liable to any person for approving, disapproving or failing to approve any statement of account rendered by Trustee.

Section 8. Responsibility of Trustee.

(a) Trustee shall act with the care, skill, prudence, and diligence under the circumstances then prevailing that prudent persons acting in a like fiduciary capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims to accomplish the purposes of the Trust as determined from the Trust instrument; provided that nothing in this Section shall be construed to impose responsibility upon the Trustee with respect to (i) Company Stock, other than to invest and retain such Company Stock in accordance with the terms of this Agreement and the Investment Policy or (ii) transactions effected, or assets managed, by an Investment Manager other than as provided in this Agreement.

Similarly, when investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing Trust property, the Trustee shall act in accordance with the Investment Policy and with the care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the Trust and its beneficiaries, that prudent persons acting in a like fiduciary capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims to accomplish the purposes of the Trust as determined from the Investment Policy and Trust instrument. In the course of administering the Trust pursuant to this standard, individual investments shall be considered as part of an overall investment strategy.

(b) Unless the Trustee has been appointed Recordkeeper for a Plan, Trustee shall have no duty to make an independent investigation as to any matters relating to any Plan, and shall be entitled to rely on the determinations of the Company and the applicable Recordkeeper as to all such matters. Company shall notify Trustee in writing of the occurrence of a Change in Control as to any Plan. Trustee may rely on such written notice and Company's determination shall be binding upon Trustee and the Plan participants and their beneficiaries.

Trustee shall incur no liability to any person for any action taken pursuant to a direction, request or approval given by Company, an Investment Manager, Paying Agent, or Recordkeeper (other than the Trustee) which is contemplated by, and in conformity with, the terms of the Plans or this Trust Agreement. Except as otherwise provided in this Trust Agreement, the Trustee may act upon any instruction, whether written, oral, telephonic, cable or telex, which purports to have come from Company, an Investment Manager, Paying Agent, or Recordkeeper (other than the Trustee) or its designees, without responsibility for errors in delivery, transmission or receipt provided

that the Trustee in good faith has determined that there is no reason to believe that such instruction, on its face, is invalid.

Trustee is authorized, but not required, to take any action it believes appropriate if it is unable in due time to obtain instructions from Company or if such action is determined by it to be required by law.

In the event of a dispute between Company and any party, Trustee may apply to a court of competent jurisdiction to resolve the dispute.

(c) Company hereby indemnifies Trustee against losses, liabilities, claims, costs and expenses in connection with the administration of the Trust, unless resulting from the negligence or willful misconduct of Trustee. If Trustee defends any litigation arising in connection with this Trust, or, at the direction of Company, undertakes litigation, Company agrees to indemnify Trustee against Trustee's costs, expenses and liabilities (including, without limitation, reasonable attorneys' fees and expenses) relating thereto and to be primarily liable for such payments.

(d) Without limiting the authorities granted under Section 5, Trustee may employ and consult with legal counsel (who may also be counsel for Company generally) with respect to any of its duties or obligations hereunder and may employ agents, including accountants and other professionals, to assist it in performing any of its duties or obligations hereunder and Company shall pay the reasonable costs of any counsel or agent so employed (excluding any employees of Trustee).

(e) Trustee shall have, without exclusion, all powers conferred on Trustees by applicable law, unless expressly provided otherwise herein, provided, however, that if an insurance policy is held as an asset of the Trust, Trustee shall have no power to name a beneficiary of the policy other than the Trust, to assign the policy (as distinct from conversion of the policy to a different form) other than to a successor Trustee, or to loan to any person the proceeds of any borrowing against such policy.

(f) Notwithstanding any powers granted to Trustee pursuant to this Trust Agreement or to applicable law, Trustee shall not have any power that could give this Trust the objective of carrying on a business and dividing the gains therefrom, within the meaning of section 301.7701-2 of the Procedure and Administrative Regulations promulgated pursuant to the Internal Revenue Code.

Section 9. Compensation and Expenses of Trustee.

The Trustee's compensation shall be as agreed in writing from time to time by Company and Trustee. Company shall pay all administrative and Trustee's fees and expenses. If Company does not pay any fees, expenses, liabilities or costs payable by Company under the terms of this Trust Agreement in a reasonably timely manner, after 15 days advance written notice to Company and verbal discussions with Company, Trustee may obtain payment from the Trust if such amount still is unpaid at that time.

Section 10. Resignation and Removal of Trustee.

(a) Trustee may resign at any time by written notice to Company, which shall be effective 60 days after receipt of such notice unless Company and Trustee agree otherwise.

(b) Trustee may be removed by Company on 60 days' written notice or upon shorter notice accepted by Trustee.

(c) Upon resignation or removal of Trustee and appointment of a successor Trustee, all assets of the Trust shall subsequently be transferred to the successor Trustee. Such transfer shall be completed within 60 days after receipt of written notice of such resignation, removal or transfer, unless Company extends the time limit; provided that Trustee shall not be required to effect such transfer until it has been released as provided in Section 7 hereof.

(d) If Trustee resigns or is removed, a successor shall be appointed, in accordance with Section 11 hereof, by the effective date of resignation or removal under paragraph (a) or (b) of this section. If no such appointment has been timely made, Trustee may apply to a court of competent jurisdiction for appointment of a successor or for instructions. All expenses of Trustee in connection with the proceeding shall be allowed as administrative expenses of the Trust.

Section 11. Appointment of Successor.

If Trustee resigns or is removed in accordance with Section 10(a) or (b) hereof, Company may appoint any third party, such as a bank trust department or other party that may be granted corporate trustee powers under state law, as a successor to replace Trustee upon resignation or removal. The appointment shall be effective when accepted in writing by the new Trustee, who shall have all of the rights and powers of the former Trustee, including ownership rights in the Trust assets. Subject to the provisions of Section 10(c), the former Trustee shall execute any instrument necessary or reasonably requested by Company or the successor Trustee to evidence the transfer.

Section 12. Amendment or Termination.

(a) This Trust Agreement may be amended by a written instrument executed by Trustee and Company. Notwithstanding the foregoing, no such amendment shall (1) conflict with the terms of the Plans, (2) give Plan participants any greater rights in Trust assets than rights as general creditors, (3) allow Company to borrow funds from the Trust, (4) make the Trust revocable, or (5) amend this Section 12(a).

(b) The Trust shall not terminate until the date on which Plan participants and their beneficiaries are no longer entitled to benefits pursuant to the terms of the Plans. Notwithstanding the foregoing, the Trust shall terminate upon the earlier of (1) the exhaustion of the assets of the Trust or (2) the exhaustion of all appeals of (or the earlier expiration of the time to appeal) a final determination of a court of competent jurisdiction that the Trust is not or has ceased to be a grantor trust as described in

Section 1(c) hereof. Upon termination of the Trust any assets remaining in the Trust shall be returned to Company.

(c) Upon receipt by Company of written approval by all participants or beneficiaries with accrued benefits, whether or not vested, under the Plans, Company may terminate this Trust in its entirety prior to the time all benefit payments under the Plans have been made upon written notice to Trustee. All assets in the Trust at termination shall be returned to Company unless Company otherwise directs the Trustee.

(d) Upon receipt by Company of written approval by all participants or beneficiaries with accrued benefits, whether or not vested, under any Plan, Company may terminate this Trust as to that Plan. Upon such a partial termination of the Trust, all assets of the Trust shall remain in the Trust and be available for payment of benefits under the remaining Plans.

(e) Section 1(f) of the Trust Agreement may not be amended by Company as to any Plan for five years following a Change in Control as to such Plan as defined herein.

Section 13. Miscellaneous.

(a) Any provision of this Trust Agreement prohibited by law or which would cause the Trust to any extent to fail or cease to be a grantor trust as described in Section 1(c) hereof shall be ineffective to the extent of any such prohibition, without invalidating the remaining provisions hereof.

(b) The Plans shall be administered by Company and the Recordkeepers. Unless the Trustee has been appointed the Recordkeeper for a Plan, the Trustee shall be under no duty whatsoever in respect of the administration of the Plans. If the Trustee has been appointed Recordkeeper, it shall be responsible solely for those administrative functions it has expressly undertaken in writing.

(c) Benefits payable to Plan participants and their beneficiaries under this Trust Agreement may not be anticipated, assigned (either at law or in equity), alienated, pledged, encumbered or subjected to attachment, garnishment, levy, execution or other legal or equitable process.

(d) This Trust Agreement shall be governed by and construed in accordance with the laws of the State of New York.

(e) This Trust Agreement shall inure to the benefits of, and be binding upon, the parties hereto and their successors and assigns.

(f) This Trust Agreement may be executed in several counterparts, each of which shall be deemed an original, and said counterpart shall constitute but one and the same instrument, which may be sufficiently evidenced by any one counterpart.

Section 14. Effective Date.

The effective date of this Trust Agreement shall be February 14, 1996.

IN WITNESS WHEREOF the Company and the Trustee have executed this instrument
this 14th day of February, 1996.

LOCKHEED MARTIN CORPORATION

By _____
Title:

Address for notice:
6801 Rockledge Drive
Bethesda, Maryland 20817
Attention: Vice President & Treasurer

BANKERS TRUST COMPANY

By _____
Title:

By _____
Title:

280 Park Avenue
33 West
New York, New York 10017
Attention: Global Retirement Securities
and Services

APPENDIX A

As of February 14th, 1996

Plan or Arrangement -----	Recordkeeper -----	Paying Agent -----	Investment Manager -----
Lockheed Martin Corporation Deferred Management Incentive Company Compensation Plan	Bankers Trust	none	none

\$24.5 Million Cash

APPENDIX C

As of February 14, 1996

INVESTMENT POLICY GUIDELINES

I. General

- A. Total return should be sufficient to provide that assets of the Trust will be adequate to meet all obligations as they come due, in accordance with provisions of the underlying benefit plans.
- B. Prudent risk parameters will be maintained, including diversification of investments, consistent with the terms of the Plans that participate in the Trust. Assets of the Trust will be invested in two portfolios as described in Section II below and underlying benefit plans will participate in these two portfolios on an equitable share accounting or plan accounting basis.
- C. Investments will be for the exclusive benefit of the trust participants and beneficiaries.
- D. Turnover will be monitored.

II. Portfolios and Asset Allocation

A. Lockheed Martin Stock Portfolio

- 1. Trust assets in the Lockheed Martin Stock Portfolio shall be invested in Lockheed Martin common stock (with a STIF account to be used only as described in 4. below). Dividends on stock in the Lockheed Martin Stock Portfolio are to be reinvested.
- 2. In purchasing any securities of Lockheed Martin Corporation on a national securities exchange, the Trustee shall give due regard to the trading volume, if any, of common stock at the time of each purchase and accordingly shall regulate the amount and timing of such purchases so as to minimize the effect on market price fluctuations which may be caused by such purchases.
- 3. The Lockheed Martin Stock Portfolio shall not have a designated liquidity reserve. All liquidity needs of the participating plans shall be met through Trust assets that are designated as the Liquidity Portion of the Balanced Portfolio.
- 4. The STIF component in the Lockheed Martin Stock Portfolio will be used only to collect contributions, to hold funds pending distribution to participants, and to collect dividends on Lockheed Martin stock before

reinvestment. The STIF investments of the Lockheed Martin Stock Portfolio shall reflect the guidelines for the Liquidity Portion of the Balanced Portfolio, described in Section B.3., below.

B. Balanced Portfolio

1. Trust assets not included in the Liquidity Portion (see below) of the Balanced Portfolio shall be deemed to constitute the General Portion of the Balanced Portfolio and shall be invested in accordance with a "balanced" mandate, as follows:

- a) Asset allocation target shall generally be 35% US equity securities and 65% fixed income securities, and
- b) Investment Manager (or Trustee, if an Investment Manager has not been appointed) may, at its discretion, invest 25%-45% of assets in US equity securities and 55%-75% of assets in fixed income securities

2. Investment in fixed income securities with maturities greater than one year shall reflect at all times an average credit rating of "A" or better by Standard & Poor's Corporation ("S&P") or A2 or better by Moody's Investors Service, Inc. ("Moody's"). There shall be a maximum 20% investment in securities rated between BBB+ and BB- as rated by S&P, or between Baa1 and Ba3 as rated by Moody's. In no event will securities rated below BB- by S&P or Ba3 by Moody's be used. The short term investments of the Balanced Portfolio shall reflect the guidelines for the Liquidity Portion of the Balanced Portfolio, described in Section B.3 below.

3. The Liquidity Portion shall consist of high quality, short term, readily marketable securities such as certificates of deposit, U.S. Treasury bills, commercial paper, bankers acceptances, or other instruments rated either A1 or higher by S&P or P-1 or higher by Moody's, and maturing less than 12 months from date of purchase.

The Liquidity Portion shall be the primary source of funds for ongoing payments made to participating plan beneficiaries, and shall at all times be maintained in an amount at least equal to the lesser of:

- a) 10% of total Trust market value, or
- b) \$5 million

4. Appropriate collective, commingled, or mutual funds may be used if authorized for use in writing by Lockheed Martin Corporation, prior to such use.

III. Investment Performance

A. Primary measurement will be time-weighted rate of return on market value, measured from beginning market value of a unit of assets held continuously for the entire time period measured. This rate provides a standard for

comparing the performance of different funds in which the size and timing of contributions and payouts could vary considerably. Consequently, the time-weighted rate of return is a mathematical measure that eliminates the effects of fund cash flows. (The "time-weighted" rate of return on market value would be the same as the "internal" rate of return on market value if there were no payouts or contributions during the period measured).

- B. Secondary measurement will be internal or dollar-weighted rate of return on market value. The internal rate of return on market value, measured from a beginning market value, is a total rate of return that gives full weight to the size and timing of cash flows over the period measured. (The internal rate of return on market value is the true rate of return of an asset pool).
- C. Performance will be calculated on both a time-weighted and dollar-weighted basis, on the five following portions of the Trust assets:
 - 1. Lockheed Martin Stock Portfolio
 - 2. Liquidity Portion of Balanced Portfolio
 - 3. General Portion of Balanced Portfolio
 - 4. Total Balanced Portfolio
 - 5. Total Trust Account
- D. Funds will be monitored over various time periods. Most significant will be performance over complete market cycles.
- E. Performance will be measured against similar funds as well as against various market indices.
- F. Due to the uncertainty of the timing and magnitude of initial cash flows to the Trust, measurement of performance against benchmarks will not commence until January 1, 1997.

IV. Restrictions

-
- A. Except as provided in the Trust, prospectus, or similar offering document of any collective, commingled or mutual fund approved by Lockheed Martin in advance as required by Section II.B.4, or unless otherwise approved by Lockheed Martin Corporation in advance in writing, there will be no investment in:
 - 1. Commodities or commodity-linked derivatives.
 - 2. Short Sales.

3. Real Estate, except Real Estate Investment Trusts listed on the New York Stock Exchange.
 4. Letter or restricted stock.
 5. Futures, options, forwards, or other derivative instruments such as swaps, swaptions, and debt instruments embedding any of the foregoing, but excluding US Treasury strips and GNMA, FNMA, and FHLMC passthroughs.
 6. Mortgage, pledge, loan or encumbrance of any asset, including securities lending.
 7. Equity or fixed income private placements, including Section 144(a) securities.
 8. Non-dollar fixed income securities, except for Yankee bonds and other sovereign fixed income securities denominated in U.S. dollars.
- B. Unless approved by Lockheed Martin Corporation in advance in writing, there will be no investment:
1. Of more than 6% of the book value of the Balanced Portfolio in any one issuer (this excludes U.S. Treasury or U.S. agency securities).
- C. Unless approved by Lockheed Martin Corporation in advance in writing, there will be no purchases or sales or carrying securities on margin or any other leverage.

V. Benchmarks

A. Performance Benchmark -- Lockheed Martin Stock Portfolio

1. Trust assets in the Lockheed Martin Stock Portfolio shall be assigned a benchmark equal to the return on Lockheed Martin common stock with dividends reinvested. There will be no separate benchmark for the cash component of this Portfolio.

B. Balanced Portfolio

1. Trust assets in the General Portion of the Balanced Portfolio shall be assigned a benchmark equal to the return of an asset pool invested 35% in the S&P 500 index, and 65% in the Lehman Brothers Aggregate index. This benchmark will be rebalanced annually at the beginning of each calendar year.

2. Trust assets in the Liquidity Portion of the Balanced Portfolio shall be assigned a benchmark equal to the return of an asset pool invested in the US Treasury Bill index.

VI. Communications

- A. Changes to this investment policy statement may be made at the discretion of Lockheed Martin Corporation. Any such changes shall be promptly transmitted to the Trustee and the Investment Manager.
- B. Meetings between the Trustee, the Investment Manager, and Lockheed Martin Corporation shall be held at least annually unless otherwise determined by Lockheed Martin. Other formal and/or informal meetings may be arranged when desirable or convenient.

Lockheed Martin Corporation
Board of Directors
September 28, 1995

Amendment of Former Lockheed and Martin Marietta Stock Option Plans

Lockheed Corporation 1992 Employee Stock Option Program
Lockheed Corporation 1982 Employee Stock Purchase Program
Lockheed Corporation 1986 Employee Stock Purchase Program
Martin Marietta Corporation 1984 Stock Option Plan for Key Employees

RESOLVED, That Section 11 of each of the Lockheed Corporation 1982 Employee Stock Purchase Program and the Lockheed Corporation 1986 Employee Stock Purchase Program be amended substantially in the form noted below:

RESOLVED FURTHER, That a new Section 6 (e) be added to the Martin Marietta Corporation 1984 Stock Option Plan for Key Employees substantially in the form noted below;

Tax Withholding. Any withholding obligation under applicable tax laws shall be paid in cash, or subject to the Committee's express authorization and the restrictions, conditions and procedures as the Committee may impose, any one or combination of (i) cash, (ii) the delivery of shares of Lockheed Martin Corporation common stock, (iii) a reduction in the amount of shares of Lockheed Martin Corporation common stock or other amounts otherwise issuable or payable pursuant to the exercise of options, or (iv) the delivery of a promissory note, or other obligation for the further payment in money, the terms and conditions of which shall be determined by the Committee. In the case of a payment by the means described in clause (ii) or (iii) above, the shares to be so delivered or offset shall be determined by reference to the closing price as reported on the composite tape of the New York Stock Exchange of the shares on the date as of which the payment or offset is made. Notwithstanding anything in this section to the contrary, no person shall be permitted to use the methods described in clause (iii) or (iv) if use of such method would fail to satisfy the applicable requirements of Rule 16b-3 under Section 16 of the Securities Exchange Act of 1934, including but not limited to the shareholder approval requirements of such rule.

RESOLVED FURTHER, That participants exercising options under the Lockheed Corporation 1992 Employee Stock Option Program, Lockheed Corporation 1982 Employee Stock Purchase Program and the Lockheed

Corporation 1986 Employee Stock Purchase Program and the Martin Marietta Corporation 1984 Stock Option Plan for Key Employees may, in accordance with procedures adopted by the Corporation, apply shares issued upon the exercise of options or previously acquired shares to satisfy tax withholding requirements;

RESOLVED FURTHER, That the proper officers of the Corporation be and each hereby is authorized to execute and deliver such documents , and to take all such further actions, as such officers shall determine in their sole discretion to be necessary or advisable to effect the intent of the foregoing resolution.

SUPPLEMENTAL BENEFIT PLAN
OF
LOCKHEED CORPORATION

(As Amended and Restated June 22, 1995)

SUPPLEMENTAL BENEFIT PLAN
OF
LOCKHEED CORPORATION

(As Amended and Restated March 15, 1995)

ARTICLE I

PURPOSE OF THE PLAN

This Plan is established to supplement the benefits of certain employees under the Lockheed Retirement Plan for Certain Salaried Employees to the extent that such benefits are reduced by the limitations on benefits imposed by Section 415 of the Internal Revenue Code. It is intended that this Plan shall be an Excess Benefit Plan as defined in Section 3(36) of the Employee Retirement Income Security Act of 1974.

ARTICLE II

DEFINITIONS

1. PLAN -- This Supplemental Benefit Plan.
2. BOARD OF DIRECTORS -- The Board of Directors of Lockheed Corporation.
3. CODE -- The Internal Revenue Code of 1986, as amended.
4. COMMITTEE -- The Management Development and Compensation Committee of the Board of Directors as from time to time appointed or constituted by the Board of Directors.
5. COMPANY -- Lockheed Corporation and its Subsidiaries.
6. PARTICIPANT -- Any employee participating in the Plan in accordance with its terms.
7. RETIREMENT PLAN -- The Lockheed Retirement Plan for Certain Salaried Employees.
8. SUPPLEMENTAL BENEFIT -- The monthly benefit payable in accordance with the Plan.

9. ACTUARIAL EQUIVALENT -- A benefit which has the equivalent value computed using the interest rate which would be used by the Pension Benefit Guaranty Corporation to determine the present value of an immediate lump sum distribution on termination of a pension plan, as in effect on January 1 of the year in which the Participant's termination of employment occurs, and the 1983 Group Annuity Mortality Table.

ARTICLE III

ELIGIBILITY FOR PARTICIPATION

Those employees of the Company who are members of the Retirement Plan and whose benefits thereunder are affected by the limitation on benefits imposed by Section 415 of the Code or who, prior to August 29, 1994, entered into a Termination Benefits Agreement with Lockheed Corporation, shall be eligible to participate in the Plan. No member of the Committee shall be eligible for participation in the Plan.

ARTICLE IV

PLAN BENEFITS

A. The Supplemental Benefit which each Participant shall be entitled to receive under this Plan shall be the difference between the actual benefits of such Participant under the Retirement Plan and the benefits that would have been payable under that Plan except for the limitations on benefits imposed by Code Section 415, as provided in Section 10.01 of the Retirement Plan plus, unless otherwise paid to the Participant prior to commencement of benefits under this Plan, any additional benefits to which a Participant becomes entitled pursuant to Section 6(a) of his or her Termination Benefits Agreement on account of the merger of Lockheed Corporation contemplated by the Agreement and Plan of Reorganization, dated as of August 29, 1994, by and among Lockheed Martin Corporation, Martin Marietta Corporation, and Lockheed Corporation.

B. Except as provided in Paragraphs C and D below, the benefits payable under this Plan shall be payable to the Participant or to any other person who is receiving or entitled to receive benefits with respect to the Participant under the Retirement Plan, and shall be paid in the same form, at the same times and for the same period as benefits are paid with respect to the Participant under the Retirement Plan.

C. In lieu of receipt of the annuity payments under Paragraph B above, a Participant may elect to receive in a single lump sum payment an amount equal to the Actuarial Equivalent of

his Supplemental Benefit. Effective October 1, 1993, a Participant also has the option to receive a partial annuity payment, in the same form as elected under the Lockheed Retirement Plan with the balance of the benefit amount paid to him in a lump sum payment. Any election must be made within the sixty (60) day period preceding retirement by following the procedure established by the administrator. Payment will be made to the Participant six (6) months following his retirement.

D. (1) A Person receiving an annuity benefit from this Plan at the time of a Change in Control shall be paid in a single lump sum within thirty (30) calendar days following such Change in Control, an amount equal to the Actuarial Equivalent of such annuity benefit. Within thirty (30) calendar days following a Change in Control a Participant who has not yet retired shall be paid in a single lump sum an amount equal to the Actuarial Equivalent of his or her Supplemental Benefit, calculated as if the Participant had retired on the date of the Change in Control.

(2) For purposes of this Plan, a Change in Control shall be deemed to have occurred if (i) any "person", as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), other than a trustee or other fiduciary holding securities under an employee benefit plan of Lockheed Martin Corporation ("Lockheed Martin") or any of its subsidiaries, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of Lockheed Martin representing 30% or more of the combined voting power of Lockheed Martin's then outstanding securities; or (ii) during any period of two consecutive years (not including any period prior to the adoption of this Paragraph D), individuals who at the beginning of such period constitute the Board of Directors of Lockheed Martin, and any new director (other than a director designated by a person who has entered into an agreement with Lockheed Martin to effect a transaction described in clause (i) or (iii) of this Paragraph) whose election by the Board of Directors of Lockheed Martin or nomination for election by Lockheed Martin's shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof; or (iii) the shareholders of Lockheed Martin approve a merger or consolidation of Lockheed Martin with any other corporation, other than a merger or consolidation which would result in the voting securities of Lockheed Martin outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting

securities of the surviving entity) at least 80% of the combined voting power of the voting securities of Lockheed Martin or such surviving entity outstanding immediately after such merger or consolidation or (iv) the shareholders of Lockheed Martin approve a plan of complete liquidation of Lockheed Martin or an agreement for the sale or disposition by Lockheed Martin of all or substantially all of Lockheed Martin's assets.

A Change in Control shall not, however, include any transaction which has been approved by individuals who at the beginning of any period of at least two consecutive years (not including any period prior to the adoption of this Paragraph D) constitute the Board of Directors of Lockheed Martin and any new director (other than a director designated by a person who has entered into an agreement with Lockheed Martin to effect a transaction described in clause (i) or (iii) of this Paragraph) whose election by the Board of Directors of Lockheed Martin or nomination for election by Lockheed Martin's shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved.

(3) This Paragraph D shall apply only to a Change in Control of Lockheed Martin and shall not cause lump sum payment of annuity benefits in any transaction involving Lockheed Martin's sale, liquidation, merger, or other disposition of any subsidiary.

(4) This Paragraph D may be canceled or modified at any time prior to a Change in Control. In the event of a Change in Control, this Paragraph D shall remain in force and effect, and shall not be subject to cancellation or modification for a period of five (5) years, and any provision defining a capitalized term used in Paragraph D shall, for purposes of Paragraph D, be subject to cancellation or modification during the five (5) year period.

ARTICLE V

TRUST

Although the Plan is an unfunded plan, the Company has established a trust (the "Trust") pursuant to a trust agreement dated December 22, 1994 by and between the Company and J. P. Morgan California to hold assets, subject to the claims of the Company's creditors in the event of its insolvency, to pay benefits under this Plan. The Company shall no later than nine

months following the close of its fiscal year make contributions to the Trust in an amount sufficient, when added to the then principal of the Trust and after consideration of benefits to be paid pursuant to other plans covered by the Trust, to equal the present value of benefits which have accrued under the Plan during the preceding fiscal year, as such amount is determined by an independent actuary.

ARTICLE VI

ADMINISTRATION

The Plan shall be administered under the direction of the Committee. The Committee shall have the right and discretion to construe the Plan, to interpret any provision thereof, to make rules and regulations relating to the Plan, and to determine any factual question arising in connection with the Plan's operation after such investigation or hearing as the Committee may deem appropriate. Any decision made by the Committee under the provisions of this Article shall be conclusive and binding on all parties concerned.

ARTICLE VII

AMENDMENT OR TERMINATION OF PLAN

Except as provided in Paragraph D(4) of Article IV, the Board of Directors shall have the right to amend or terminate the Plan at any time. In the event of Plan amendment or termination, a Participant's benefits under the Plan shall not be less than the Plan benefits to which the Participant would have been entitled if the Participant had retired immediately prior to such amendment or termination of the Plan.

ARTICLE VIII

EMPLOYMENT RIGHTS

Nothing in the Plan shall be deemed to give any person any right to remain in the employ of the Company or affect any right of the Company to terminate a person's employment.

ARTICLE IX

EFFECTIVE DATE

The Plan shall be effective with respect to the plan years of the Retirement Plan commencing on and after December 25, 1982.

SUPPLEMENTAL SAVINGS PLAN
OF
LOCKHEED CORPORATION

(As Amended and Restated December 6, 1995)

ARTICLE I

PURPOSE OF THE PLAN

This Plan is established to supplement the benefits of certain employees under the Lockheed Salaried Employees Savings Plan Plus ("Savings Plan") whose benefits are reduced by (1) the limitation on Annual Additions under Code Section 415 and (2) the compensation limit under Code Section 401(a)(17). It is intended that this Plan shall be an Excess Benefit Plan as defined in Section 3 (36) of the Employee Retirement Income Security Act of 1974.

The terms and definitions used in the Savings Plan are incorporated by reference in this Plan unless superseded by this Plan's terms.

ARTICLE II

DEFINITIONS

1. PLAN -- Supplemental Savings Plan of Lockheed Corporation
2. ANNUAL ADDITION -- The term defined in Section 5.02(c)(1) of the Savings Plan.
3. BOARD OF DIRECTORS -- The Board of Directors of Lockheed Corporation.
4. CODE -- The Internal Revenue Code of 1986, as amended from time to time.
5. COMMITTEE -- The Management Development and Compensation Committee of the Board of Directors appointed by the Board of Directors.

6. CORPORATION -- Lockheed Corporation and its Subsidiaries.

7. PARTICIPANT -- Any employee who meets the Article III eligibility requirements.

8. SAVINGS PLAN -- The Lockheed Salaried Employees Savings Plan Plus.

9. EXCESS SAVINGS AMOUNT -- The amount a Participant specifies to be credited to the Participant's Account in lieu of paying such amount to the Participant in cash, in accordance with the Participant's election to defer such payment.

ARTICLE III

ELIGIBILITY FOR PARTICIPATION

Employees of the Corporation who are Participants in the Savings Plan and (1) whose benefits in that Plan are affected by (a) the Annual Additions limitation of Code Section 415 or (b) the Code Section 401(a) (17) compensation limit, or (2) who, prior to August 29, 1994, entered into a Termination Benefits Agreement with Lockheed Corporation, may participate in the Plan. No member of the Committee shall be eligible to participate in the Plan.

ARTICLE IV

PLAN BENEFITS

Each Participant shall be entitled to receive a benefit under this Plan which is the difference between the Participant's benefit under the Savings Plan and the approximate benefits that would have been payable under that Plan except for (1) the limitations on Annual Additions to a Participant's Account under Code Section 415, as provided in Section 5.02 of the Savings Plan, and/or (2) the Elective Deferral limitation of Code Section 402(g), and/or the compensation limit under Code Section

401(a)(17). In addition, if a Participant becomes entitled to the benefits described in Section 6(c) of his or her Termination Benefits Agreement on account of the merger of Lockheed Corporation contemplated by the Agreement and Plan of Reorganization, dated as of August 29, 1994, by and among Lockheed Martin Corporation, Martin Marietta Corporation, and Lockheed Corporation, and such benefits have not otherwise been paid to the Participant prior to commencement of benefits under this Plan, such benefits shall be paid at the same time and in the same manner as the other benefits payable under this Plan.

ARTICLE V

EXCESS SAVINGS AMOUNT

1. An eligible employee may become a Participant by Filing With the Committee documents specifying the Excess Savings Amount to be deducted from his wages and credited to his Participant's Account. The Excess Savings Amount deducted and credited shall be equal to the difference between the percentage requested by the Participant on the election form in accordance with Section 3 of the Savings Plan and

- (a) the Participant's actual Elective Deferral Percentage under the Savings Plan as limited by the Annual Additions limit, or
- (b) the Participant's actual Elective Deferral Percentage under the Savings Plan as limited by the Code Section 402(g) Elective Deferral limit, or
- (c) the Code Section 401(a)(17) compensation limit.

2. Such amount shall be effective coincident with the effective date of the Participant's Elective Deferral under the Savings Plan, and shall be irrevocable for that Plan Year.

ARTICLE VI

PARTICIPANT'S ACCOUNT

A separate Participant's Account shall be maintained for each Participant which shall show in dollars (1) the Excess Savings Amount specified by the Participant and (2) the

corresponding Corporation Matching Contributions, and in terms of Units, (3) the portion of the Participant's Account in the Bond Fund, the Securities Fund, and/or the short term investment fund ("STIF Fund") (the "Funds"). The Units shall be valued in accordance with the procedures followed in the Savings Plan.

ARTICLE VII

CORPORATION MATCHING CONTRIBUTION

When the Participant's Excess Savings Amounts are credited to his Participant's Account, the Corporation will contribute for credit to the account an amount equal to sixty percent (60%) of such Excess Savings Amounts. The Corporation Matching Contribution, when added to the Corporation Matching Contribution made under the Savings Plan, shall not exceed four and eight tenths percent (4.8%) of the Participant's Weekly Rate of Compensation.

ARTICLE VIII

ALLOCATION SPECIFICATIONS

1. Upon becoming a Participant, the Participant shall elect to have the value of the amount equal to the sum of (1) the Participant's Excess Savings Amount and (2) the Corporation Matching Contributions credited to his Participant's Account allocated to the Funds by Filing With The Committee. The election shall specify the percent of the total allocation in twenty five percent (25%) increments following the procedures established under the Savings Plan. A Participant may change the investment specifications and have the value of all Units credited to his Participant's Account reallocated in accordance with the procedures established under the Savings Plan.

ARTICLE IX

PAYMENT OF BENEFITS

1. A Participant shall receive a cash payment in an amount equal to the dollar value of the Units in his Participant's Account coincident with or immediately following the date of Termination of Employment for any of the reasons set forth in Section 8.01 of the Savings Plan. Upon termination of employment for any other reason, a Participant shall receive a cash payment in an amount equal to the sum of the following:

(a) Amount of Payment

(1) The dollar value of the Units in his Participant's Account credited to the Weekly Excess Savings Amounts; and

(2) The vested portion of the dollar value of the Units in his Participant's Account which were credited to Corporation Matching Contributions. The vested portion of Corporation Matching Contributions shall be determined in accordance with the following:

Years of Service	Vested Percent
Less than 2 years	0%
2 years	25%
3 years	50%
4 years	75%
5 years or more	100%

(3) When a Participant Terminates Employment for reasons other than those set forth in Section 8.01 of the Savings Plan, the Participant shall forfeit all Units credited to the Participant's Account to which he is not entitled as a benefit under the provisions of this Article IX, and the Participant shall have no further rights in those Units.

(b) Payment Options

(1) When an eligible employee becomes a Participant, he shall File with the Committee an election for the method of payment of benefits, as provided in paragraph (b)(2) of this Article IX. The election shall be irrevocable, and is applicable to the entire amount of the Participant's Account. However, a Participant may petition the Committee at any time prior to one year before his retirement to request a change in the method of payment described in paragraph (b)(2) of this Article IX, which the Committee, at its sole discretion, may grant.

(2) A Participant may elect, in lieu of a cash payment, that the total number of Units in his Account be paid to

him in five (5), ten (10), fifteen (15), or twenty (20) equal annual installments beginning on the last day of the month following the month in which the Participant's employment has been terminated. The dollar amount of each payment shall be equal to the dollar value of the Units to be paid in the installment, determined on the Valuation Date immediately preceding the date payment is due. When a Participant dies before payments begin, the Participant's method of payment election shall cease and his beneficiary shall receive a lump sum payment. When a Participant dies on or after payments begin but before payment of the entire amount due him, the dollar value of the remaining balance of the Units in the Participant's Account shall be paid in a lump sum to the Participant's beneficiary. The dollar value of the lump sum payment shall be determined on the Valuation Date immediately following the Participant's date of death. Election of the method of payment must be made in writing by Filing With the Committee when the Participant begins participation in the Plan. The election shall be irrevocable, as provided in Article V.

(c) Notwithstanding anything in paragraph (a) or (b) of this Article IX (1) to the contrary, if immediately prior to retirement, the Participant was either (i) the Chairman and Chief Executive Officer of Lockheed Martin Corporation and immediately following his retirement as an employee, was the Chairman of the Board of Lockheed Martin Corporation; or (ii) the Executive Vice President of Lockheed Martin Corporation and immediately following his retirement as an employee, was a member of the Board of Directors of Lockheed Martin Corporation, the payment will be made to that Participant on January 1, 1998 or as soon as practicable thereafter.

(d) Immediate Payout Upon Change in Control

(1) Notwithstanding any other provision of the Plan, all amounts accumulated and unpaid in each Participant's Account, as determined in paragraph (a) of this Article IX, shall be paid in a single lump sum within fifteen (15) calendar days following a Change in Control. Paragraph (b) of this Article IX regarding Payment Options shall not apply to payments under this paragraph (c) and any elections made thereunder shall be void.

(2) For purposes of this Plan, a Change in Control of shall be deemed to have occurred if (i) any "person," as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), other than a trustee or other fiduciary holding securities under an employee benefit plan of Lockheed Martin Corporation ("Lockheed Martin") or any of its subsidiaries, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or

indirectly, of securities of Lockheed Martin representing thirty percent (30%) or more of the combined voting power of Lockheed Martin's then outstanding securities; or (ii) during any period of two (2) consecutive years (not including any period prior to the adoption of this paragraph (c)), individuals who at the beginning of such period constitute the Board of Directors of Lockheed Martin, and any new director (other than a director designated by a person who has entered into an agreement with Lockheed Martin to effect a transaction described in clause (i) or (iii) of this paragraph) whose election by the Board of Directors of Lockheed Martin or nomination for election by Lockheed Martin's shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof; or (iii) the shareholders of Lockheed Martin approve a merger or consolidation of Lockheed Martin with any other corporation, other than a merger or consolidation which would result in the voting securities of Lockheed Martin outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least eighty percent (80%) of the combined voting power of the voting securities of Lockheed Martin or such surviving entity outstanding immediately after such merger or consolidation or (iv) the shareholders of Lockheed Martin approve a plan of complete liquidation of Lockheed Martin or an agreement for the sale or disposition by Lockheed Martin of all or substantially all of Lockheed Martin's assets.

(3) A Change in Control shall not, however, include any transaction which has been approved by individuals who at the beginning of any period of at least two (2) consecutive years (not including any period prior to the adoption of this paragraph (c)) constitute the Board of Directors of Lockheed Martin, and any new director (other than a director designated by a person who has entered into an agreement with Lockheed Martin to effect a transaction described in clause (i) or (iii)) whose election by the Board of Directors of Lockheed Martin or nomination for election by Lockheed Martin's shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved.

(4) This paragraph (c) shall apply only to a Change in Control of Lockheed Martin and shall not cause immediate payout of any Participant's Account in any transaction involving Lockheed Martin's sale, liquidation, merger, or other disposition of any subsidiary.

(5) The Board of Directors may cancel or modify this paragraph (c) at any time prior to a Change in Control. In the event of a Change in Control, this paragraph (c) shall remain in force and effect, and shall not be subject to cancellation or modification for a period of five (5) years, and any other provision defining a capitalized term used in this paragraph (c) shall not, for purposes of this paragraph (c), be subject to cancellation or modification during the five year period.

ARTICLE X

TRUST

Although the Plan is an unfunded plan, the Corporation has established a trust (the "Trust") pursuant to a trust agreement dated December 22, 1994 by and between the Corporation and J. P. Morgan California to hold assets, subject to the claims of the Corporation's creditors in the event of its insolvency, to pay benefits under this Plan. The Corporation shall no later than nine months following the close of its fiscal year make contributions to the Trust in an amount sufficient, when added to the then principal of the Trust and after consideration of benefits to be paid pursuant to other plans covered by the Trust, to equal the present value of benefits which have accrued under the Plan during the preceding fiscal year.

ARTICLE XI

ADMINISTRATION

The Plan shall be administered by the Committee or in cases where amendments are necessary to implement changes not affecting the overall functioning of the Plan; and such changes will not, in the judgment of the Lockheed Corporate Salary Board, substantially alter the nature or expense of the affected plan, then the power to amend shall also be designated to the Corporate Salary Board under guidance from counsel. The Committee shall have the right to construe the Plan, to interpret any provision thereof, to make rules and regulations relating to the Plan, and to determine any factual question arising in connection with the Plan's operation after such investigation or hearing as the Committee may deem appropriate. Any decision made by the Committee under the provisions of this Article shall be conclusive and binding on all parties concerned.

ARTICLE XII

AMENDMENT OR TERMINATION OF THE PLAN

The Board of Directors and/or the Corporate Salary Board shall have the right to amend or terminate the Plan at any time. When Plan is amended or terminated, a Participant's plan benefits shall not be less than the Plan benefits to which the Participant would have been entitled if the Participant had retired immediately prior to the amendment or termination.

ARTICLE XIII

EMPLOYMENT RIGHTS

Nothing in the Plan shall be deemed to give any person any right to remain an employee of the Corporation or affect any right of the Corporation to terminate a person's employment.

ARTICLE XIV

EFFECTIVE DATE

The effective date of the Plan is January 1, 1984.

DEFERRED COMPENSATION PLAN

FOR DIRECTORS

OF
--
LOCKHEED CORPORATION

(As Amended effective September 30, 1996)

ARTICLE I

PURPOSE OF THE PLAN

The purpose of the Deferred Compensation Plan for Directors (the "Plan") is to provide additional benefits for Directors of Lockheed Corporation following termination of service as a Director. All deferrals under this Plan shall cease upon the combination of Lockheed Corporation and Martin Marietta Corporation contemplated by the Agreement and Plan of Reorganization, dated as of August 29, 1994 and as amended from time to time, by and among Lockheed Corporation, Martin Marietta Corporation and Lockheed Martin Corporation.

ARTICLE II

DEFINITIONS

Unless the context clearly indicates otherwise, the following words and phrases shall have the meanings hereinafter indicated:

1. ACCOUNT -- A Participant's Stock Retainer Account, Cash Account and/or Elective Stock Account. Accounts are unfunded obligations of the Company.
2. ANNUAL CASH RETAINER -- The annual retainer fee to which a Director is entitled for service on the Board of Directors and which is payable in cash.
3. ANNUAL STOCK RETAINER -- The annual fee of \$5,000 to which an outside Director is entitled for service on the Board of

Directors and which is credited to the Participant's Stock Retainer Account on October 1 of each year ending in an odd number and on November 15 in each year ending in an even number. The Annual Stock Retainer for a new Director shall be credited to his or her Stock Retainer Account on the first day of the month following the date such Director is first elected or otherwise begins service on the Board of Directors.

4. BOARD OF DIRECTORS -- The Board of Directors of Lockheed Corporation.
5. CASH ACCOUNT -- The bookkeeping account maintained for each Participant that is credited with (1) Deferred Cash Compensation and (2) interest imputed pursuant to Section 3(b) of Article VII.
6. COMMITTEE -- The Management Development and Compensation Committee of the Board of Directors as is, from time to time, appointed or constituted by the Board of Directors, or such other committee that the Board of Directors may from time to time appoint to administer this Plan.
7. COMPANY -- Lockheed Corporation and its successors.
8. CASH COMPENSATION -- The Annual Cash Retainer and the Meeting Fees to which an outside Director is entitled for service on the Board of Directors.
9. CREDITING DATE -- The first day in any month.
10. DEFERRED COMPENSATION -- The portion of Cash Compensation which a Participant elects to defer and the Participant's Annual Stock Retainer.
11. DISTRIBUTION SUBACCOUNTS -- Subaccounts of a Participant's Accounts which shall be established to separately account for Deferred Compensation, and interest or earnings thereon, which are subject to different payout period elections.
12. DIRECTOR -- A member of the Board of Directors.

13. ELECTIVE STOCK ACCOUNT -- The bookkeeping account maintained for each Participant that is credited with (1) the Cash Compensation which a Participant elected prior to the 1994 Plan Year to defer and invest in Stock and (2) earnings credited thereto pursuant to Section 4 of Article VII.
14. LOCKHEED MARTIN BOARD -- The Board of Directors of Lockheed Martin Corporation.
15. MEETING FEES -- The monetary amounts to which a Director is entitled for attending meetings of the Board of Directors, or a committee thereof.
16. PARTICIPANT -- Each Director who is credited with an Annual Stock Retainer and any Director who elects to defer Cash Compensation in accordance with the Plan.
17. PAYMENT ELIGIBILITY DATE -- With respect to Elective Stock Accounts and Cash Accounts, the date on which a Participant attains the age of 65 years, or ceases to be a Director, whichever is later. With respect to Stock Retainer Accounts, the date on which a Participant ceases to be a Director. For purposes of the definition of Payment Eligibility Date under this Plan, the date on which a Participant ceases to be a Director shall, for any Participant who may serve on the Lockheed Martin Board, be the date the Participant ceases to be a member of the Lockheed Martin Board.
18. PLAN -- This Deferred Compensation Plan for Directors, as amended from time to time.
19. PLAN YEAR -- The twelve (12) month period beginning on January 1 and ending on the next succeeding December 31.
20. SECRETARY -- The Secretary of the Company or his or her designee.
21. STOCK -- Common stock of the Company until exchanged for common stock of Lockheed Martin Corporation and, thereafter, common stock of Lockheed Martin Corporation.

22. STOCK ACQUISITION PERIOD -- In Plan Years ending in an even number, the Stock Acquisition Period shall be the period beginning December 1 and ending December 15, inclusive. In Plan Years ending in an odd number, the Stock Acquisition Period shall be the period beginning October 16 and ending October 31, inclusive.
23. STOCK RETAINER ACCOUNT -- The bookkeeping account maintained for each Participant that is credited with (1) the Participant's Annual Stock Retainer and (2) earnings credited thereto pursuant to Section 4 of Article VII.
24. TRUST -- The irrevocable grantor trust which is established to acquire and hold the shares of Stock allocated to each Participant's Elective Stock Account and/or Stock Retainer Account and under which the assets are subject to the claims of the Company's creditors.
25. TRUSTEE -- The Trustee or Trustees, whether original or successor, appointed under the Trust.

ARTICLE III

PARTICIPATION

A Director shall become a Participant in the Plan (i) automatically when the Director's Annual Stock Retainer is credited to his or her Stock Retainer Account pursuant to Article IV or (ii) by electing to defer all or a portion of Cash Compensation. An election under clause (ii) shall be made by filing with the Secretary a "Director's Deferral Election Form" which complies with the requirements of Articles V and VI.

ARTICLE IV

AUTOMATIC DEFERRAL OF ANNUAL STOCK RETAINER

Any Annual Stock Retainer to which a Director is entitled during the Plan Year shall not be immediately payable to such Director but shall be deferred automatically, without any action on the part of the Director, and credited to the Participant's Stock Retainer Account.

ARTICLE V

ELECTION TO DEFER CASH COMPENSATION

1. Election. On or before December 15 of each year, a Director may elect to

defer Cash Compensation for the ensuing Plan Year. Such election shall specify
 - a. The percentage of each payment of Annual Cash Retainer to be deferred, and/or
 - b. The percentage of each payment of Meeting Fees to be deferred.
2. Election by New Directors. A Director who is first elected during a Plan

Year may elect to defer Cash Compensation for the remainder of that Plan Year by filing such election within 30 days of becoming a Director. Such election shall be effective for all Cash Compensation for that Plan Year which is earned after the election is filed with the Secretary.
3. Effect of Annual Election. The annual election made by a Participant in

regard to Cash Compensation for any Plan Year shall be irrevocable with respect to such year. However, such election shall not be binding with respect to Cash Compensation attributable to any succeeding Plan Year. A separate election must be filed for each Plan Year.

ARTICLE VI

PAYOUT PERIOD ELECTIONS

1. Methods of Payout. Payments under the Plan shall be made in accordance with

the options elected by the Participant. The following options are available:
 - a. A single lump sum payment of the amounts credited through the first Crediting Date following the Participant's Payment Eligibility Date, payable as of such Crediting Date.

- b. Approximately equal annual installments over a period of either, 5, 10, 15 or 20 years of the amounts credited to a Participant's Account, commencing with the first Crediting Date following the Participant's Payment Eligibility Date.

2. Payout Period Election. Coincident with an election under Article V, a

Participant in the Plan shall irrevocably elect one of the above methods of payment with respect to all Deferred Compensation for the ensuing Plan Year. A Participant who does not elect to defer any Cash Compensation for the ensuing Plan Year shall nevertheless, on or before December 15 of each year, make an irrevocable election of one of the above methods of payment with respect to the Annual Stock Retainer for the ensuing Plan Year. A Director who is first elected during a Plan Year and who does not elect to defer any Cash Compensation for the remainder of that Plan Year shall nevertheless, within 30 days of becoming a Director, make an irrevocable election of one of the above methods of payment with respect to the Annual Stock Retainer for that Plan Year. If a Participant fails to elect a payment method with regard to the Annual Stock Retainer for any Plan Year, the Participant shall be deemed to have elected the single sum payment option for that Plan Year.

The payout period election made by a Participant for one Plan Year shall not be binding with respect to Deferred Compensation for any succeeding Plan Year. Thus, for example, a Participant may irrevocably elect a lump sum payment for Deferred Compensation for one Plan Year and a ten-year installment payment method for Deferred Compensation the succeeding Plan Year.

ARTICLE VII

PARTICIPANT ACCOUNTS

1. General. A Stock Retainer Account, Cash Account and Elective Stock Account

shall be maintained for each Participant. Each such Account shall consist of such Distribution Subaccounts as necessary to account for the amounts payable under the various distribution options elected by the Participant.

2. Stock Balance and Cash Balance Under the Elective Stock Account and Stock Retainer Account. Each Participant's Elective Stock Account and Stock Retainer

Account shall consist of a Stock Balance and a Cash Balance. The Cash Balance in each such Account shall reflect the amount of the Participant's Deferred Compensation which has been allocated to the Account, but which has not yet been exchanged for an allocation of shares of Stock. The Stock Balance in the Elective Stock Account and in the Stock Retainer Account shall reflect the number of shares of Stock which have been allocated to the Account pursuant to the provisions of this Plan.

3. Allocations to Cash Account. There shall be credited to each Participant's Cash Account as of each Crediting Date, the following amounts:

- a. The portion of Cash Compensation which the Participant has elected to defer and be allocated to the Participant's Cash Account and which has not previously been credited to either the Participant's Cash Account or Elective Stock Account.
- b. Imputed interest for the period since the previous Crediting Date, calculated on such previous Cash Account balance at the current rate of interest specified and published by the Secretary of the Treasury pursuant to Public Law 92-41, 85 Stat. 97.

4. Allocations to Elective Stock Account and Stock Retainer Account.

- a. Initial Allocation to Cash Balance in Elective Stock Account. There shall be credited to the Cash Balance in each Participant's Elective Stock Account as of each Crediting Date, the following amounts:

- 1) The amount of any dividend paid since the preceding Crediting Date with respect to one share of Stock multiplied by the number of shares of Stock which were allocated to the Participant's

Elective Stock Account on the date such dividend was paid; and

- 2) Any interest or other earnings on cash invested by the Trustee pursuant to paragraph (c) below and which has not previously been credited to the Participant's Elective Stock Account.

b. Initial Allocation to Cash Balance in Stock Retainer Account. There

shall be credited to the Cash Balance in each Participant's Stock Retainer Account as of each Crediting Date, the following amounts:

- 1) Any Annual Stock Retainer to which the Participant is entitled and which has not previously been credited to the Participant's Stock Retainer Account; and
- 2) The amount of any dividend paid since the preceding Crediting Date with respect to one share of Stock multiplied by the number of shares of Stock which were allocated to the Participant's Stock Retainer Account on the date such dividend was paid.
- 3) Any interest or other earnings on cash invested by the Trustee pursuant to paragraph (c) below and which has not previously been credited to the Participant's Stock Retainer Account.

c. Acquisition of Stock. Within ten business days following each

Crediting Date, the Company shall deliver to the Trustee cash equal to the Deferred Compensation credited to the Participant's Cash Balances under paragraph (b)(1) above. The Trustee shall invest such cash, along with any cash dividends received by the Trustee and credited to the Participant's Cash Balances under paragraphs (a)(1) and (b)(2) above, as provided in the Trust agreement. During the next Stock Acquisition Period the Trustee shall purchase, on the open market, the maximum number of whole shares of Stock that can be purchased with the

amount allocated to the Participant's Cash Balances. Commissions and other expenses of purchasing Stock shall be deemed to be part of the purchase price for such Stock.

d. Allocation of Stock. Upon the Trustee's purchase of Stock described -----
in paragraph (c) above, the Stock Balance in the Participant's Elective Stock Account and/or Stock Retainer Account, as appropriate, shall be credited with the number of shares of Stock so acquired by the Trustee, and the Participant's Cash Balance in the appropriate Account shall be debited by an amount equal to the purchase price paid by the Trustee for such shares of Stock. Notwithstanding the foregoing, the Trustee shall not purchase any stock for the Elective Stock Account or the Stock Retainer Account of any Participant after September 30, 1995. After September 30, 1995 cash dividends and other earnings on participant's cash balances shall be in other than stock, as provided in the Trust Agreement.

e. Stock Dividends and Stock Splits. Whenever the Stock is subject to a -----
split, stock dividend, reverse stock split, recapitalization, or like change, the number of shares of Stock allocated to each Participant's Elective Stock Account and/or Stock Retainer Account shall be adjusted accordingly.

5. Termination of the Trust. In the event the Trust is terminated at a time -----
when any amounts are allocated to a Participant's Elective Stock Account or Stock Retainer Account, then, notwithstanding any payment option elected by the Participant, (i) the Cash Balances in the Participant's Stock Accounts and (ii) the number of whole shares of Stock allocated to the Participant's Stock Accounts shall be distributed to the Participant as soon as practicable following the Termination Date. Fractional shares of Stock shall be paid in cash.

6. Voting; Tender Offers.

a. Voting. The Trustee shall independently vote the shares held under the Trust.

b. Tender Offers. In the event of any transaction which is evidenced by the filing of a Statement on Schedule 14D-1 with the Securities and Exchange Commission or in the event of any other similar transaction (a "Tender Offer"), then the Trustee shall seek confidential written instructions from each Participant as to whether the Stock credited to the Participant's Accounts should be tendered. If a Participant does not submit instructions, the Participant shall be deemed to have elected not to have such shares tendered. The Trustee shall tender or not tender the Stock in accordance with the Participant's elections. If a Participant directs that any shares allocated to his or her Elective Stock Account or Stock Retainer Account be tendered, then the Participant's Elective Stock Account or Stock Retainer Account, as appropriate, shall be debited by the number of shares tendered and an amount equal to the proceeds received in exchange for those shares shall be credited to the Participant's Cash Account.

ARTICLE VIII

DISTRIBUTIONS

1. Time and Amount of Distribution. Each Participant shall be entitled to receive a distribution of benefits under this Plan as soon as practicable following the Participant's Payment Eligibility Date. The distribution payable to a Participant shall be the amount of cash and the number of whole shares of Stock allocated to the Participant's Accounts as of the Participant's Payment Eligibility Date; provided, however, that if any portion of the distribution is made in installments, then amounts remaining credited to the Participant's Accounts shall continue to be credited with interest and/or dividend additions

until distributed. Fractional shares of Stock shall be paid in cash.

2. Form of Distribution. Benefits shall be distributed in accordance with the

Participant's elections pursuant to Article VI.

3. Discretionary Exceptions.

a. In the event that a Participant ceases to be a Director (or, if a member of the Lockheed Martin Board, ceases to be a member of that board) prior to age 65, the Committee may, in its sole discretion, determine that such Participant's Elective Stock Account and Cash Account be paid out in the manner elected by such Participant, but commencing at a date earlier than such Participant's Payment Eligibility Date, provided that if any such decision would subject the

Participant to liability under Section 16(b) of the Securities Exchange Act of 1934, as amended, such decision shall be subject to the consent of the Participant or his or her designated beneficiaries;

b. In the event that a Participant dies prior to the Participant's Payment Eligibility Date, the Committee has the discretion to disregard any payout period elections the Participant has made and to aggregate and pay over to such Participant's designated beneficiary the balance of such Participant's Accounts through the last Crediting Date preceding such payment; and

c. In the event that a Participant dies following the commencement of payout on an installment basis, the Committee may, in its sole discretion, aggregate and vary the number and amount of installments for the remaining payout, if any, to the designated beneficiary of such Participant.

4. To Whom Payments are to be Made. Each payment under the Plan shall be made

to the Participant, except that, in the event of the Participant's death, payments will thereafter be made to the beneficiary or beneficiaries whom the Participant has

designated on the "Lockheed Beneficiary Designation Form," Form 22-B, as filed with the Secretary. If no such beneficiary has been designated, or the designated beneficiary fails to survive the Participant, then such post-death payments shall be made in accordance with the law of the Participant's domicile at the date of death.

5. Special Payout Period. In the event that the Plan is amended, modified,

suspended or terminated, the Committee may, at its option, direct a special five-year payout of all amounts accumulated and unpaid in each Participant's Account hereunder, provided that it deems this to be in the best interests of the Company. In this event, all amounts accumulated and unpaid in each Participant's Account will continue to be credited with interest and/or dividends, as specified in Article VII, throughout the special payout period. If no such special payout is directed, each Participant's Account shall continue to be credited with interest and/or dividend additions until paid out in full under the provisions of the Plan.

6. Involuntary Termination of Director Status. Notwithstanding any other

provision of this Plan, in the event a Participant's status as a Director or as a member of the Lockheed Martin Board is involuntarily terminated other than by death, within 15 calendar days following such involuntary change in status all amounts accumulated and unpaid in such Participant's Cash Account shall be paid in a single lump sum and all shares of Stock in such Participant's Stock Accounts shall be distributed. Section 5 of this Article VIII regarding a special five year Payout Period shall not apply to payments under this Section 6.

7. Accelerated Payout. Notwithstanding any other provision of this Plan, a

Participant may at any time elect that all or any portion of the accumulated and unpaid amounts credited to his or her Cash Account be paid in a lump sum as soon as practicable following the filing of such election with the Secretary; provided, however, that only 90% of the amount otherwise payable to the Participant upon such accelerated payout shall be paid to the Participant. The remaining 10% of the amount otherwise payable shall be permanently forfeited and shall not be paid to, or in respect of, the Participant.

ARTICLE IX

ADMINISTRATION

1. Appointment and Removal of Committee. The Plan shall be administered by the

Committee. The Board of Directors shall have the power to remove any member of
the Committee at any time, with or without cause, and fill any vacancy in its
membership.

2. Powers and Duties of Committee. The Committee shall have such powers and

duties as are conferred on it by the Plan and the Board of Directors. The
Committee shall have the authority to take any and all actions that it deems
necessary or appropriate in the administration of the Plan. The Committee may
adopt such rules and procedures for the administration of the Plan as it deems
advisable to implement such rules and procedures. The Committee shall act at
meetings by affirmative vote of a majority of the members of the Committee. Any
action permitted to be taken at a meeting may be taken without a meeting if,
prior to such action, a written consent to the action is signed by all members
of the Committee and such written consent is filed with the minutes of the
proceedings of the Committee.

3. Construction and Interpretation. The Committee shall have the full

discretion to construe and interpret the terms and provisions of the Plan and
all determinations made by the Committee shall be final. It is the intent of
the Company that the Plan satisfy and be interpreted and administered in a
manner that in the case of Participants who administer other stock-based
incentive plans of the Company satisfies the applicable requirements for
disinterested administration of such other plans under applicable provisions of
SEC Rule 16b-3.

4. Reliance Upon Information. The Committee and the Board of Directors may

rely upon any information supplied to them by any officer of the Company, the
Company's legal counsel or by the Company's independent public accountants in
connection with the administration of the Plan, and shall not be liable for any
decision or action in reliance thereon.

5. Expenses. All expenses of the administration of the Plan shall be borne by

the Company, except to the extent commissions

and other expenses related to Stock acquisitions and dispositions are charged against Participant Accounts in accordance with other provisions of the Plan.

6. Annual Statement. Under procedures to be established by the Committee, a

Participant shall receive an annual statement with respect to such Participant's Accounts.

ARTICLE X

MISCELLANEOUS

1. Rights and Interests. No rights or interests under this Plan shall be

assignable, transferable or subject to encumbrance, pledge or charge of any nature, except that a Participant may designate a beneficiary to receive any benefits arising hereunder upon such Participant's death.

No Participant shall have any right or interest in the Plan or any benefits hereunder unless and until all of the terms, conditions and provisions of the Plan that affect the Participant shall have been complied with as herein specified. Additionally, the Participant shall complete such forms and furnish such information as the Committee may require in the administration of the Plan.

2. Withholding. There shall be deducted from each payment made under the Plan

all taxes which are required to be withheld by the Company or Trustee in respect to such payment. The Company and Trustee shall have the right to reduce any payment by the amount sufficient to provide the amount of said taxes.

3. Trust Related to Cash Accounts. Although the Plan is an unfunded plan, the

Company has established a trust (the "Cash Accounts Trust") pursuant to a trust agreement dated December 22, 1994 by and between the Company and J. P. Morgan California to hold assets, subject to the claims of the Company's creditors in the event of its insolvency, to pay benefits under the Cash Accounts under this Plan. The Company shall no later than nine months following the close of its fiscal year make contributions to the Cash Accounts Trust in an amount sufficient, when added to

the then principal of the Cash Accounts Trust and after consideration of benefits to be paid pursuant to other plans covered by the Cash Accounts Trust, to equal the present value of benefits which have accrued under the Cash Accounts during the preceding fiscal year.

4. Amendment, Modification, Suspension or Termination. The Committee may

amend, modify, suspend or terminate the Plan in whole or in part, except that no amendment, modification, suspension or termination shall reduce any amounts allocated previously to a Participant's Accounts, or to be credited in the future based on amounts previously credited to a Participant, subject to Section 7 of Article VIII, provided that any amendment to or change in the Plan adopted by the Committee, which will either significantly increase any benefits under the Plan or will substantially alter the general principles of the Plan, shall not become effective unless ratified by the Board of Directors.

5. Governing Law. The place of administration of the Plan shall be

conclusively deemed to be within the State of California; and the validity, construction, interpretation and effect of the Plan and all rights of any and all persons having or claiming any interest in such Plan shall be governed by the laws of the State of California.

ARTICLE XI

EFFECTIVE DATE

The Plan shall be applicable to and shall be effective as to Compensation for Plan Years commencing on and after January 1, 1989.

The first Annual Stock Retainer will be credited to Participant Accounts on October 1, 1993. Each Participant shall make a payout period election with respect to this Annual Stock Retainer on or before December 15, 1993; which payout event shall in no event be earlier than six months after the election.

LOCKHEED CORPORATION
RETIREMENT PLAN FOR DIRECTORS
EFFECTIVE JANUARY 1, 1987
AS AMENDED AS OF AUGUST 23, 1995

I. Purpose
-- -----

The purpose of this plan shall be to provide recognition and retirement compensation to eligible members of the Board of Directors ("Board") of Lockheed Corporation ("Company") to facilitate the Company's ability to attract, retain, and reward members of its Board.

II. Eligibility
--- -----

Eligibility in this plan shall be limited to members of the Board who are not employees of the Company who have at least five years of total service on the Board as a director, and who resign or retire from the Board, or if such director has also served on the Board of Lockheed Martin Corporation (the "Lockheed Martin Board"), from the Lockheed Martin Board, in good standing. Notwithstanding the foregoing, members of the Board on March 14, 1995 with less than five years of service shall be eligible to receive benefits under this plan.

III. Amount of Benefit

Each eligible director shall be entitled to an annual retirement benefit which shall be equal to the annual retainer fee for directors as in effect at the time of the eligible director's resignation, retirement or other cessation of service as a member of the Board. For purposes of this calculation the annual retainer fee shall include any annual amount automatically deposited in a trust for the purpose of purchasing the Corporation's stock in accordance with the Deferred Compensation Plan for Directors of Lockheed Corporation. This benefit shall be paid as provided in Article IV. No additional amount shall be paid under this Plan for service on any of the committees of the

Board or for service on the Lockheed Martin Board, nor shall interest be paid on these amounts.

IV. Commencement and Duration of Benefits

A. Monthly Payments.

Unless a lump sum payment is elected pursuant to paragraph B, benefit payments will begin in the January following the date on which an eligible director leaves the Board or the date on which an eligible director leaves the Lockheed Martin Board (for purposes of this Plan, the later of such dates shall be the date the eligible director "Retires" or the date of the eligible director's "Retirement"). Benefits will be paid each succeeding year, in January, and will be paid for a period equal to the number of years that the eligible director served as an outside director of the Company, provided such director, or spouse thereof, survives for such period. Fractional years of service will be rounded up to the next higher whole year. In no event shall the payment period exceed twenty (20) years. Upon the death of the eligible director, any remaining retirement benefits under this plan will be paid to his or her spouse according to the same payment schedule as set forth above. If there is no spouse living at the time of death of the eligible director, no further payments will be made.

B. Lump Sum Payment Option.

In lieu of receipt of annual payments under paragraph A above, an eligible director may irrevocably elect to receive in a single lump sum payment an amount which is the actuarial equivalent of the annual benefits described in paragraph A. The actuarial equivalent shall be computed using the interest rate which is one percent (1%) above the rate which would be used by the Pension Benefit Guaranty Corporation to determine the present value of an immediate lump sum distribution on termination of a pension plan, as in effect on January 1 of the year in which monthly payments would otherwise begin under this Plan, and the Lockheed Mortality Tables. The election must be made within the sixty (60) day period preceding the director's Retirement by filing a written election with the Company's Secretary. Payment will be made to the eligible director six (6) months following

the date annual payments would otherwise begin pursuant to paragraph A.

If a director who elects a lump sum payment should die after Retirement but before the lump sum payment date, the lump sum benefit will be paid on the lump sum payment date to the director's spouse. If the spouse is not living on the lump sum payment date, no payment will be made.

C. Death While a Board Member.

If the eligible director should die while still a member of the Board or the Lockheed Martin Board, the spouse will receive 100% of the benefit to which the director would have been entitled had the director resigned on the date he or she died. Annual payments will commence to the spouse as of the date on which the eligible director would have become entitled to receive payments. In lieu of receiving annual payments, the surviving spouse may irrevocably elect within sixty (60) days of the director's death to receive an actuarially equivalent lump sum payment, calculated in accordance with paragraph B, payable six (6) months after the date annual payments to the spouse would otherwise begin. If the spouse is not living at the time benefits become payable, no payment will be made.

D. Involuntary Termination of Director Status.

If an eligible director's status as a Member of the Board or the Lockheed Martin Board is involuntarily terminated other than by death within thirty (30) calendar days following such involuntary change in status there shall be paid to such director an actuarially equivalent lump sum payment, calculated in accordance with paragraph B, of the Director's retirement benefit.

E. Directors Retired Prior to August 23, 1995.

Directors who have retired prior to August 23, 1995 and who are currently receiving monthly benefits will continue to receive monthly benefits through December, 1995. Annual payments to such former directors will begin in January, 1996.

Directors who have retired prior to August 23, 1995 and who are in the six month waiting period described in paragraph B above will receive their previously elected lump sum benefit as scheduled.

Directors who have retired prior to August 23, 1995 but are not yet receiving benefits because they have not attained age 65 may, within the last 60 days of 1995, make an election under paragraph B to receive a lump sum payment in July, 1996. In the absence of such an election, annual payments to such former directors will begin in January 1996.

V. Administration
-- -----

The Salary Board of the Company, or the Vice President of Human Resources, if authorized to act on its behalf, shall have full and final authority to interpret this plan to make determinations which they believe advisable for the administration of the plan, to approve ministerial changes or amendments to the plan, to interpret plan provisions, and to approve changes as may from time to time be required by law or regulation. All decisions and determinations by the Salary Board shall be final and binding upon all parties.

If any person entitled to payments under this plan is, in the opinion of the Salary Board or its designee, incapacitated and unable to use such payments in his or her own best interest, the Salary Board or its designee may direct that payments (or any portion) be made to that person's legal guardian or conservator, or that person's spouse, as an alternative to the payment to the person unable to use the payments. The Salary Board or its designee shall have no obligation to supervise the use of such payments, and court-appointed guardianship or conservatorship may be required.

This Plan shall be governed by the laws of the State of Delaware.

VI. TRUST
--- -----

Although the Plan is an unfunded plan, the Company has established a trust (the "Trust") pursuant to a trust agreement

dated December 22, 1994 by and between the Company and J. P. Morgan California to hold assets, subject to the claims of the Company's creditors in the event of its insolvency, to pay benefits under this Plan. The Company shall no later than nine months following the close of its fiscal year make contributions to the Trust in an amount sufficient, when added to the then principal of the Trust and after consideration of benefits to be paid pursuant to other plans covered by the Trust, to equal the present value of benefits which have accrued under the Plan during the preceding fiscal year, as such amount is determined by an independent actuary.

VII. AMENDMENT OR TERMINATION OF PLAN

The Board shall have the right to amend or terminate this Plan at any time. In the event of Plan amendment or termination, the Plan benefit payable on account of a retired or deceased director shall not be impaired, and the Plan benefit of other directors shall not be less than the benefit to which each such director would have been entitled if he or she had retired immediately prior to such amendment or termination of the Plan.

THIRD AMENDMENT TO THE
LOCKHEED CORPORATION DIRECTORS'
DEFERRED COMPENSATION PLAN TRUST AGREEMENT

SEPTEMBER 30, 1995

Lockheed Corporation, a Delaware corporation, and First Interstate Bank of California, successor to First Interstate Bank, Ltd. (the "Trustee"), adopt the following amendment to the Lockheed Corporation Directors' Deferred Compensation Plan Trust Agreement effective September 30, 1995:

Section 5.1 is amended by adding the following new paragraph at the end thereof:

"Notwithstanding anything herein to the contrary, the Trustee shall not purchase any Stock on or after September 30, 1995. On and after September 30, 1995 all earnings on Trust assets, including cash dividends on Stock, shall be invested by the Trustee in units or shares of mutual funds invested only in direct obligations of the United States of America or obligations unconditionally and fully guaranteed as to principal and interest by the United States of America. The Committee may from time to time authorize the Trustee to invest Trust assets in other types of investments, but it may not at any time authorize the Trustee to purchase Stock."

AMENDMENT NO. 1
TO
TRUST AGREEMENT DATED DECEMBER 22, 1994
BETWEEN
LOCKHEED CORPORATION
AND
J.P. MORGAN CALIFORNIA, AS TRUSTEE

SEPTEMBER 30, 1995

WHEREAS, Lockheed Corporation ("Company") and J.P. Morgan California ("Trustee") have entered into a Trust Agreement dated December 22, 1994 ("Trust Agreement") and now desire to change certain terms and conditions of the Trust Agreement; and

WHEREAS, Section 12 of the Trust Agreement provides that the Trust Agreement may be amended by written action of the Company and the Trustee;

NOW, THEREFORE, effective as of September 30, 1995, Section 2 of the Trust Agreement is hereby amended by adding the following at the end thereof:

"(e) If a Participant elects pursuant to the terms of a Plan to release the Company in whole or in part from its liability to provide benefits to the Participant under that Plan (the "First Plan") in exchange for the Company's agreement to provide benefits to the Participant under a plan that is not listed in Appendix A (the "Second Plan"), the Company may direct the Trustee to pay an amount equal to the value of the reduction in the Participant's benefits under the First Plan to an irrevocable trust established by the Company in connection with the Second Plan. Similarly, if a Participant elects pursuant to the terms of a Plan to have the Company's liability to the Participant under that Plan discharged through an assumption of that liability by another person, the Company may direct the Trustee to pay an amount equal to the value of the Participant's benefits under the Plan to such other person (or that person's designee) in connection with such assumption of liability."

DEFERRED MANAGEMENT INCENTIVE

COMPENSATION PLAN

OF

LOCKHEED CORPORATION

AND ITS SUBSIDIARIES

(Adopted September 30, 1979)
(As Amended and Restated March 15, 1995)

ARTICLE I

PURPOSE OF THE PLAN

The purpose of the Deferred Management Incentive Compensation Plan (the "Deferral Plan") is to provide certain key management employees with additional benefits upon retirement under a Lockheed Corporation Retirement Plan. The Deferral Plan amends Section 7 of Article IV of the Lockheed Management Incentive Compensation Plan (the "MICP") to permit employee Participants of the MICP an annual election to defer receipt of Incentive Compensation granted under the MICP. Except as expressly provided hereinafter, the provisions of the MICP shall be construed entirely independent of the Deferral Plan.

The Deferral Plan applies solely to MICP awards and expressly does not apply to any special awards which may be made under any other Lockheed incentive plans except and to the extent specifically provided under the terms of such other incentive plans.

ARTICLE II

DEFINITIONS

Unless the context clearly indicates otherwise, the following words and phrases shall have the meanings hereinafter indicated:

1. DEFERRAL PLAN -- This Deferred Management Incentive Compensation Plan, adopted by the Board of Directors of Lockheed Corporation on September 30, 1979, as amended from time to time.

2. MICP -- The Management Incentive Compensation Plan of Lockheed Corporation and its subsidiaries, as amended on February 5, 1979, and from time to time thereafter.

3. COMPANY -- Lockheed Corporation and its subsidiaries.

4. BOARD OF DIRECTORS -- The Board of Directors of Lockheed Corporation.

5. COMMITTEE -- The Management Development and Compensation Committee of the Board of Directors as is, from time to time, appointed or constituted by the Board of Directors.

6. EMPLOYEE -- Any person who is employed by the Company and is paid a salary, as distinguished from an hourly wage. The term shall be deemed to include any person who was employed by the Company during all or any portion of the year, with respect to which an appropriation is made to the MICP by the Board of Directors, but shall not include any employee who, during any portion of such year, was represented by a collective bargaining unit.

7. PARTICIPANT -- Any employee who is selected to participate in the MICP and who satisfies the conditions for eligibility contained in Article III of the Deferral Plan. The term shall be deemed to include former employees who have retired under a Company Retirement Plan.

8. INCENTIVE COMPENSATION -- The MICP amount granted to an employee in a Grant Year.

9. DEFERRED COMPENSATION -- The amount of Incentive Compensation which a Participant in the Deferral Plan defers for an Award Year.

10. AWARD YEAR -- The Company fiscal year with respect to which the Participant is awarded Incentive Compensation.

11. GRANT YEAR -- The Company fiscal year, subsequent to an Award Year, during which the Participant is actually granted Incentive Compensation.

12. FISCAL YEAR -- The fiscal year of the Company.

13. CREDITING DATES -- The dates on which interest is credited under the Deferral Plan on the accumulated amount or amounts in each Participant's "account." The crediting dates are January 15th and July 15th of each calendar year.

14. ACCOUNT -- An "account" is merely a bookkeeping record of the principal sums of the Participant's Incentive Compensation, which have been deferred and credited, and the interest accretions thereon. An "account" is an unfunded liability of the Company.

15. DISABILITY -- A Participant shall be deemed to be permanently disabled when, on the basis of medical evidence satisfactory to the Committee, the Committee finds that he is wholly and continuously disabled for a consecutive period of six or more months.

ARTICLE III

PARTICIPATION

1. Eligibility. An employee who is selected to

participate in the MICP may elect to defer all or a portion of his Incentive Compensation whenever it equals or exceeds the sum of \$5,000, or such other amount as may be determined, from time to time, by the Committee. Except as provided immediately below, such employee shall become a Participant in the Deferral Plan with respect to Incentive Compensation for an Award Year by electing to defer all or a portion of such compensation in accordance with the deferral election requirements on Form 23-B (the "Lockheed Deferral Election Form").

2. An employee who makes a deferral election but does not effectively defer Incentive Compensation of at least \$5,000 for

an Award Year shall not be eligible to participate in the Deferral Plan.

3. In no event shall a member of the Committee be eligible to participate in the Deferral Plan.

ARTICLE IV

ELECTION OF DEFERRED AMOUNT

1. Election. On or before November 15th of the Award Year, an

employee who is selected to participate in the MICP may elect to defer Incentive Compensation for such Year in accordance with the following alternatives:

(a) A specific dollar amount of Incentive Compensation not less than \$5,000;

(b) A percentage of Incentive Compensation or \$5,000 whichever is larger; or

(c) The excess of Incentive Compensation over a stated dollar amount.

In each instance, if the \$5,000 minimum deferral requirement is not satisfied, no amount will be deferred.

2. Effect of Annual Election. The annual election made by a

Participant for an Award Year shall be irrevocable with respect to such Year. However, such election shall not be binding on him/her with respect to deferral elections to be made for any succeeding Award Year. Thus, for example, the Participant may irrevocably elect a specific dollar amount to be deferred in one Award Year and a percentage or \$5,000, whichever is larger, in the succeeding Award Year.

3. Period of Deferral. Deferred Compensation shall not become

payable to a Participant prior to his or her retirement under a Company Retirement Plan or termination of employment except as provided in Section 4 or Section 5 of Article V."

ARTICLE V

PAYOUT PERIOD ELECTIONS, EXCEPTIONS AND RULES

1. Methods of Payout. Payments under the Deferral Plan shall be made in accordance with the following options:

OPTION A. A SINGLE lump sum payment of the amounts credited through the first Crediting Date following the Participant's retirement or termination of employment with the Company, payable as of such Crediting Date.

OPTION B. FIVE approximately equal annual installments of the amounts credited to a Participant through the first Crediting Date following his/her retirement or termination of employment with the Company, commencing as of such Crediting Date.

OPTION C. TEN approximately equal annual installments of the amounts credited to a Participant through the first Crediting Date following his/her retirement or termination of employment with the Company, commencing as of such Crediting Date.

OPTION D. FIFTEEN approximately equal annual installments of the amounts credited to a Participant through the first Crediting Date following his/her retirement or termination of employment with the Company, commencing as of such Crediting Date.

OPTION E. TWENTY approximately equal annual installments of the amounts credited to a Participant through the first Crediting Date following his/her retirement or termination of employment with the Company, commencing as of such Crediting Date.

2. Payout Period Election. On or before November 15th of the Award Year, an employee who is selected to participate in the MICP and who is a Participant in the Deferral Plan shall irrevocably elect one of the five methods of payment with respect

to all Deferred Compensation for such Award Year. However, the payout period election made by a Participant in one Award Year shall not be binding on him/her with respect to Incentive Compensation for any succeeding Award Year. Thus, for example, a Participant may irrevocably elect a lump sum payment for Deferred Compensation in one Award Year and a ten-year installment payment method for his/her Deferred Compensation the succeeding Award Year.

3. Special Circumstance Exceptions. There are several exceptions to

the payout option rules which may be availed of upon written request by a Participant retired under a Company Retirement Plan or, if not then living, his/her beneficiary:

(a) Death While an Active Employee. In the event that a

Participant dies while an active employee, the Committee has the discretion to disregard any payout period elections the Participant has made and to aggregate and pay over to his/her designated beneficiary either in the year of death or in the first year following death, the total amount deferred for all Award Years plus accumulated interest credited through the first Crediting Date following death.

(b) Death, Disability or Financial Hardship During Retirement.

In the event that a Participant, retired under a Company Retirement Plan, is permanently disabled or dies, or upon proof of his/her financial hardship, the Committee may, in its sole discretion, aggregate and vary the number of installments in which any such Deferred Compensation will be paid to such Participant or his/her designated beneficiary, as well as the amount to be paid in all or any such installments, provided such modification is made solely as necessary to meet such hardship.

4. Immediate Payout Upon Change in Control.

(a) Notwithstanding any other provision of the Deferral Plan, all amounts accumulated and unpaid in each Participant's "account" shall be paid in a single lump sum within 15 calendar days following a Change in Control. Section 7(a) of Article VI regarding a Special Payout Period

of up to five years shall not apply to payments under this Section 4.

(b) For purposes of this Deferral Plan, a Change in Control shall be deemed to have occurred if (i) any "person," as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), other than a trustee or other fiduciary holding securities under an employee benefit plan of Lockheed Martin Corporation ("Lockheed Martin") or any of its subsidiaries, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of Lockheed Martin representing 30% or more of the combined voting power of Lockheed Martin's then outstanding securities; or (ii) during any period of two consecutive years (not including any period prior to the adoption of this Section 4), individuals who at the beginning of such period constitute the Board of Directors of Lockheed Martin, and any new director (other than a director designated by a person who has entered into an agreement with Lockheed Martin to effect a transaction described in clause (i) or (iii) of this Section) whose election by the Board of Directors of Lockheed Martin or nomination for election by Lockheed Martin's shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof; or (iii) the shareholders of Lockheed Martin approve a merger or consolidation of Lockheed Martin with any other corporation, other than a merger or consolidation which would result in the voting securities of Lockheed Martin outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least 80% of the combined voting power of the voting securities of Lockheed Martin or such surviving entity outstanding immediately after such merger or consolidation or (iv) the shareholders of Lockheed Martin approve a plan of complete liquidation of Lockheed Martin or an agreement for the sale or disposition

by Lockheed Martin of all or substantially all of Lockheed Martin's assets.

A Change in Control shall not, however, include any transaction which has been approved by individuals who at the beginning of any period of at least two consecutive years (not including any period prior to the adoption of this Section 4) constitute the Board of Directors of Lockheed Martin and any new director (other than a director designated by a person who has entered into an agreement with Lockheed Martin to effect a transaction described in clause (i) or (iii) of this Section) whose election by the Board of Directors of Lockheed Martin or nomination for election by Lockheed Martin's shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved.

(c) This Section 4 shall apply only to a Change in Control of Lockheed Martin and shall not cause immediate payout of Deferred Compensation in any transaction involving Lockheed Martin's sale, liquidation, merger, or other disposition of any subsidiary.

(d) The Committee may cancel or modify this Section 4 at any time prior to a Change in Control. In the event of a Change in Control, this Section 4 shall remain in force and effect, and shall not be subject to cancellation or modification for a period of five years, and any other provision defining a capital term used in Section 4 shall not, for purposes of Section 4, be subject to cancellation or modification during the five year period.

5. Accelerated Payout. Notwithstanding any other provision of the

Deferral Plan, a Participant may at any time make a written election that all or any portion of the accumulated and unpaid amounts credited to his or her "account" under the Deferral Plan be paid in a lump sum as soon as practicable following the filing of such election; provided, however, that only 90% of the amount otherwise payable to the Participant upon such accelerated payout shall be paid to the Participant. The remaining 10% of the

amount otherwise payable shall be permanently forfeited and shall not be paid to, or in respect of, the Participant.

ARTICLE VI

CREDITS AND FORFEITURES

1. Credits. There are two basic credits or additions which will be

added to a Participant's "account": First, the amount of Incentive Compensation which the Participant has elected to defer for each Award Year; and Second, the amount of any interest accretions or additions which have accrued on such Deferred Compensation. Accordingly, all Deferred Compensation credited and unpaid prior to such Crediting Date, shall be credited and added to each Participant's "account" balance as of January 15th and July 15th of each calendar year in accordance with the following formula:

Each Participant shall have credited and added to his/her Deferred Compensation "account" an amount which shall be calculated by multiplying such balance by one-half of the interest rate determined as is set forth in Cost Accounting Standard 415 Deferred Compensation, as the discount rate for computing the present value of the future benefits at the time the cost is assignable. Such rate is currently specified as that rate determined by the Secretary of the Treasury (semi-annually) pursuant to PL 92-41, 85 Stat. 97. The published interest rate applicable to the period January 1 through June 30 will be used in determining the interest to be accrued on the employee account balance at January 15, and the published interest rate applicable to the period July 1 through December 31 will be applied to the employee account balance at July 15. Compounding of interest will be on an annual basis.

2. Forfeiture. There shall be no forfeiture of any rights, interests

or benefits accrued under the Deferral Plan except as hereinafter provided or as provided in Article V, Section 5. In the event that a Participant either (i) terminates his/her employment with the Company to engage in other employment prior to retirement, or (ii) has taken or permitted some action

or omission resulting in damage or competitive injury to the Company, then, unless such action or omission shall have been taken or permitted in good faith without reasonable cause to believe that it was improper or illegal or harmful, then a majority of the Committee may, in its discretion, terminate all future crediting of interest on any principal amount of amounts which the Participant has accumulated in his "account" either from the date of termination of his/her employment with the Company prior to retirement or from the date on which the Committee determines that his/her action or omission resulted in damage or competitive injury to the Company.

3. Safe-Haven Forfeiture Rule. In no event, however, shall any

cessation of future interest accretions be permitted, for any reason, after the date of the Participant's retirement under a Company retirement plan. This provision is subject to Sections 6 and 7 of Article VII and Section 4 of Article V.

4. Governmental Appointments. In the discretion of the Committee,

and provided that it does not contravene any applicable federal or state law, the Participant may suspend or terminate his/her employment with the Company to accept an appointment to a governmental post, for a period not to exceed four years from the date of his/her suspension or termination, without forfeiture of any future interest accretions under this Plan.

ARTICLE VII

MISCELLANEOUS

1. Plan Shall not Constitute Employment Contract. Neither the

adoption of the Deferral Plan nor its operation shall affect in any way the right of the Company to dismiss or discharge a Participant at any time, nor shall it give an employee a right to participate in the Company's MICP.

2. Rights and Interests. No rights or interests under this Deferral

Plan shall be assignable, transferable or subject to encumbrance, pledge or charge of any nature, except that a

Participant may designate a beneficiary to receive any benefits arising hereunder upon his/her death.

No Participant, or any person claiming through him/her, shall have any right or interest in the Deferral Plan or any benefits hereunder unless and until all of the terms, conditions and provisions of the Deferral Plan that affect the Participant or such other person claiming through him/her shall have been complied with as herein specified. Additionally, the Participant shall complete such forms and furnish such information as the Committee may require in the administration of the Deferral Plan.

3. To Whom Payments are to be Made. Each payment under the Plan shall be

made to the Participant, provided he/she is living on the date of payment. In the event of the Participant's death, payments will thereafter be made to the beneficiary or beneficiaries whom the Participant has designated on his/her Lockheed Form 22-B (the "Lockheed Beneficiary Designation Form") to receive his/her Company basic group life insurance benefits, and in the same proportions. If no such beneficiary has been designated, or the designated beneficiary fails to survive the Participant, then such post-death payments shall be made in accordance with the law of the Participant's domicile at the date of his/her death.

This provision does not affect the number of payments or the amount of each payment, but only affects the determination of whom such payments are to be made to.

4. Withholding. There shall be deducted from each cash payment

actually made under the Deferral Plan all taxes which are required to be withheld by the Company in respect to such payment. The Company shall have the right to reduce any cash payment by the amount of cash sufficient to provide the amount of said taxes.

5. Trust. Although the Plan is an unfunded plan, the Company has

established a trust (the "Trust") pursuant to a trust agreement dated December 22, 1994 by and between the Company and J. P. Morgan California to hold assets, subject to the claims of the Company's creditors in the event of its insolvency, to pay benefits under this Plan. The Company shall no later than nine

months following the close of its fiscal year make contributions to the Trust in an amount sufficient, when added to the then principal of the Trust and after consideration of benefits to be paid pursuant to other plans covered by the Trust, to equal the present value of benefits which have accrued under the Plan during the preceding fiscal year.

6. Amendment, Modification, Suspension or Termination. The

Committee may amend, modify, suspend or terminate the Deferral Plan in whole or in part, except that no amendment, modification, suspension or termination shall reduce any Deferred Compensation, pension benefits and interest previously credited to a Participant prior to the date of such amendment, modification, suspension or termination, or to be credited in the future, subject to Section 7 of this Article VII and Sections 4 and 5 of Article V, based on amounts previously credited to a Participant, provided that any amendment to or change in the Deferral Plan adopted by the Committee, which will either significantly increase any benefits under the Deferral Plan or will substantially alter the general principles of the Deferral Plan, shall not become effective unless ratified by a majority vote of the full Committee.

7. Special Payouts.

(a) In the event that the Deferral Plan is amended, modified, suspended or terminated, the Committee may, at its option, direct an immediate special lump sum payout or an immediate special payout over any period of time not in excess of five years, ("Special Payout Period") provided that it deems this to be in the best interests of the Company.

(b) In the event of a lump sum payout, each Participant's "account" shall be credited with interest additions from the most recent Crediting Date to the first day of the month in which the payment occurs. In the event a Special Payout Period is used, all amounts accumulated and unpaid in each Participant's "account" will continue to draw interest, as specified in Section 1 of Article VI, throughout the Special Payout Period.

(c) If no special payout is directed, each Participant's "account" shall continue to be credited with interest additions until paid out in full under the provisions of the Deferral Plan.

8. Governing Law. The place of administration of the Deferral Plan ----- shall be conclusively deemed to be within the State of California; and the validity, construction, interpretation and effect of the Deferral Plan and all rights of any and all persons having or claiming any interest in such Deferral Plan shall be governed by the laws of the State of California.

ARTICLE VIII

ADMINISTRATION

1. Appointment and Removal of Committee. The Deferral Plan shall be ----- administered by the Committee. The Committee shall consist of three or more Directors, none of whom shall be Participants in the Deferral Plan. The Board of Directors shall have the power to remove any member of the Committee at any time, with or without cause, and fill any vacancy in its membership.

2. Powers and Duties of Committee. The Committee shall have such ----- powers and duties as are conferred on it by the Deferral Plan and the Board of Directors. The Committee shall have the authority to take any and all actions that it deems necessary or appropriate in the administration of the Deferral Plan. The Committee may adopt such rules and procedures for the administration of the Deferral Plan as it deems advisable to implement such rules and procedures. The Committee shall act at meetings by affirmative vote of a majority of the members of the Committee. Any action permitted to be taken at a meeting may be taken without a meeting if, prior to such action, a written consent to the action is signed by all members of the Committee and such written consent is filed with the minutes of the proceedings of the Committee.

3. Construction and Interpretation. The Committee shall have the

sole responsibility for the construction and interpretation of the terms
and provisions of the Deferral Plan and all determinations made by the
Committee shall be final.

4. Reliance Upon Information. The Committee and the Board of

Directors may rely upon any information supplied to them by any officer of
the Company, the Company's legal counsel or by the Company's independent
public accountants in connection with the administration of the Deferral
Plan, and shall not be liable for any decision or action in reliance
thereon.

5. Expenses. All expenses of the administration of the Deferral

Plan shall be borne by the Company.

6. Annual Statement. Under procedures to be established by the

Committee, a Participant shall receive an annual statement with respect to
his/her Deferred Compensation.

ARTICLE IX

EFFECTIVE DATE

The Deferral Plan shall be applicable to and shall be effective as to
awards of Incentive Compensation made for the Company Fiscal Year ending
December 30, 1979, and subsequent Fiscal Years unless specifically provided
otherwise herein. This Deferral Plan shall be submitted for ratification
and approval at the next Board of Directors' meeting to be held on
September 30, 1979, and shall not become effective unless affirmatively
approved by a majority of the Committee.

ADDENDUM 1 TO
DEFERRED MANAGEMENT INCENTIVE COMPENSATION PLAN
OF LOCKHEED CORPORATION AND ITS SUBSIDIARIES

Amendments to the Deferral Plan, as set forth in this Addendum 1, are applicable only to those Participants identified below:

Executive-Level Employees Attaining Age 65 During 1988.

1. Section 3 of Article IV is amended by adding at the end thereof: ", except as set forth in Section 4 of Article V with respect to the Participants who meet the definition of "Executive-Level Employees" as defined in Lockheed Corporation Human Resources Policy Statement Number 20 and who attain age 65 during calendar year 1988."
2. Section 4 of Article V is added to read as follows:
 4. Special Payout. Notwithstanding the payout period elections made -----
by Participants who are Executive-Level Employees and who attain age 65 during 1988, the payment which would otherwise be made to such Participants on the first Crediting Date following retirement or termination of employment with the Company shall be made to such Participants prior to January 1, 1989; provided, however, that interest shall only be credited on the accumulated amounts in each of such Participant's account to the date of payment.

ADDENDUM 2 TO
DEFERRED MANAGEMENT INCENTIVE COMPENSATION PLAN
OF LOCKHEED CORPORATION AND ITS SUBSIDIARIES

Amendments to the Deferral Plan, as set forth in this Addendum 2, are applicable only to those Participants identified below:

Executive-Level Employees Attaining Age 65 During 1990.

1. Section 3 of Article IV is amended by adding at the end thereof: ", except as set forth in Section 4 of Article V with respect to Participants who meet the definition of "Executive-Level Employees" as defined in Lockheed Corporation Human Resources Policy Statement Number 20 and who attain age 65 during calendar year 1990."
2. Section 4 of Article V is added to read as follows:
 4. Special Payout. Notwithstanding the payout period elections made by -----
Participants who are Executive-Level Employees and who attain age 65 during 1990, the payment which would otherwise be made to such Participants on the first Crediting Date following retirement or termination of employment with the Company shall be made to such Participants prior to January 1, 1991; provided, however, that interest shall only be credited on the accumulated amounts in each of such Participant's account to the date of payment.

LOCKHEED MARTIN CORPORATION

DEFERRED MANAGEMENT INCENTIVE

COMPENSATION PLAN

(Adopted July 27, 1995)

I
-

PURPOSES OF THE PLAN

The purposes of the Lockheed Martin Corporation Deferred Management Incentive Compensation Plan (the "Deferral Plan") are to provide certain key management employees of Lockheed Martin Corporation and its subsidiaries (the "Company") the opportunity to defer receipt of Incentive Compensation awards under the Lockheed Martin Corporation Management Incentive Compensation Plan (the "MICP") and to encourage key employees to maintain a financial interest in the Company's performance. Except as expressly provided hereinafter, the provisions of this Deferral Plan and the MICP shall be construed and applied independently of each other.

The Deferral Plan applies solely to MICP awards and expressly does not apply to any special awards which may be made under any of the Company's other incentive plans, except and to the extent specifically provided under the terms of such other incentive plans and the relevant awards.

II
--

DEFINITIONS

Unless the context indicates otherwise, the following words and phrases shall have the meanings hereinafter indicated:

1. ACCOUNT -- The bookkeeping account maintained by the Company for each Participant which is credited with the Participant's Deferred Compensation and earnings (or losses) attributable to the investment options selected by the Participant, and which is debited to reflect distributions and forfeitures; the portions of a Participant's Account allocated to different investment options will be accounted for separately.

2. ACCOUNT BALANCE -- The total amount credited to a Participant's Account at any point in time, including the portions of the Account allocated to each investment option.

3. AWARD YEAR -- The calendar year with respect to which an Eligible Employee is awarded Incentive Compensation.

4. BENEFICIARY -- The person or persons (including a trust or trusts) validly designated by a Participant, on the form provided by the Company, to receive distributions of the Participant's Account Balance, if any, upon the Participant's death. In the absence of a valid designation, or if the designated Beneficiary has predeceased the Participant, the Beneficiary shall be the person or persons entitled by will or the laws of descent and distribution to receive the amounts otherwise payable to the Participant under this Deferral Plan; a Participant may amend his or her Beneficiary designation at any time before the Participant's death.

5. BOARD -- The Board of Directors of Lockheed Martin Corporation.

6. COMMITTEE -- The committee described in Section 1 of Article VIII.

7. COMPANY -- Lockheed Martin Corporation and its subsidiaries.

8. COMPANY STOCK INVESTMENT OPTION -- The investment option under which the amount credited to a Participant's Account will be based on the market value and investment return of the Company's Common Stock.

9. DEFERRAL AGREEMENT -- The written agreement executed by an Eligible Employee on the form provided by the Company under which the Eligible Employee elects to defer Incentive Compensation for an Award Year.

10. DEFERRAL PLAN -- The Lockheed Martin Corporation Deferred Management Incentive Compensation Plan, adopted by the Board on July 27, 1995.

11. DEFERRED COMPENSATION -- The amount of Incentive Compensation credited to a Participant's Account under the Deferral Plan for an Award Year.

12. ELIGIBLE EMPLOYEE -- An employee of the Company who is a participant in the MICP and who has satisfied such additional requirements for participation in this Deferral Plan as the Committee may from time to time establish. In the exercise of its authority under this provision, the Committee shall limit participation in the Plan to employees whom the Committee believes to be a select group of management or highly compensated employees within the meaning of Title I of the Employee Retirement Income Security Act of 1974, as amended.

13. EXCHANGE ACT -- The Securities Exchange Act of 1934.

14. INCENTIVE COMPENSATION -- The MICP amount granted to an employee for an Award Year.

15. INTEREST OPTION -- The investment option under which earnings will be credited to a Participant's Account based on the interest rate applicable under Cost Accounting Standard 415, Deferred Compensation.

16. MICP -- The Lockheed Martin Corporation Management Incentive Compensation Plan.

17. PARTICIPANT -- An Eligible Employee for whom Incentive Compensation has been deferred for one or more years under this Deferral Plan; the term shall include a former employee whose Deferred Compensation has not been fully distributed.

18. SECTION 16 PERSON -- A Participant who at the relevant time is subject to the reporting and short-swing liability provisions of Section 16 of the Securities Exchange Act of 1934.

19. TRADING DAY -- A day upon which transactions with respect to Company Common Stock are reported in the consolidated transaction reporting system.

III

ELECTION OF DEFERRED AMOUNT

-3-

1. Timing of Deferral Elections. An Eligible Employee may elect to

defer Incentive Compensation for an Award Year by executing and delivering to the Company a Deferral Agreement no later than October 15 of the Award Year or such other date established by the Committee for an Award Year that is not later than October 31 of that Award Year, provided that any election by a Section 16 Person shall be subject to the provisions of Section 4 of Article IV. An employee who first qualifies as an Eligible Employee after September 15 of an Award Year may elect to defer Incentive Compensation for that Award Year by entering into a Deferral Agreement up to thirty (30) days after the date on which such employee first becomes a participant in the MICP. An Eligible Employee's Deferral Agreement shall be irrevocable when delivered to the Company. Each Deferral Agreement shall apply only to amounts deferred in that Award Year and a separate Deferral Agreement must be completed for each Award Year for which an Eligible Employee defers Incentive Compensation.

2. Amount of Deferral Elections. An Eligible Employee's deferral

election may be stated as:

(a) a dollar amount which is at least \$5,000 and is an even multiple of \$1,000,

(b) the greater of \$5,000 or a designated percentage of the Eligible Employee's Incentive Compensation (adjusted to the next highest multiple of \$1,000),

(c) the excess of the Eligible Employee's Incentive Compensation over a dollar amount specified by the Eligible Employee (which must be an even multiple of \$1,000), or

(d) all of the Eligible Employee's Incentive Compensation.

An Eligible Employee's deferral election shall be effective only if the Participant is awarded at least \$10,000 of Incentive Compensation for that Award Year, and, in the case of a deferral election under paragraph (c) of this Section 2, only if the resulting excess amount is at least \$5,000.

3. Effect of Taxes on Deferred Compensation. The amount that would otherwise be deferred and credited to an Eligible Employee's Account will be reduced by the amount of any tax that the Company is required to withhold with respect to the Deferred Compensation. The reduction for taxes shall be made proportionately out of amounts otherwise allocable to the Interest Option and the Company Stock Investment Option.

IV
--

CREDITING OF ACCOUNTS

1. Crediting of Deferred Compensation. Incentive Compensation that has been deferred hereunder shall be credited to a Participant's Account as of the day on which the Incentive Compensation would have been paid to the Participant if no Deferral Agreement had been made.

2. Crediting of Earnings. Earnings shall be credited to a Participant's Account based on the investment option or options to which the Account has been allocated, beginning with the day as of which Deferred Compensation (or any reallocation under Section 4, 5, or 6 of Article IV) is credited to the Participant's Account. Any amount distributed from a Participant's Account shall be credited with earnings through the last day of the month preceding the month in which a distribution is made. The earnings credited under each of the investment options shall be determined as follows:

(a) Interest Option: The portion of a Participant's Account

allocated to the Interest Option shall be credited with interest, compounded monthly, at a rate equivalent to the then published rate for computing the present value of future benefits at the time cost is assignable under Cost Accounting Standard 415, Deferred Compensation, as determined by the Secretary of the Treasury on a semi-annual basis pursuant to Pub. L. 92-41, 85 Stat. 97.

(b) Company Stock Investment Option: The portion of a

Participant's Account allocated to the Company Stock Investment Option shall be credited as if such amount had been invested in the Company's Common Stock at the published closing price of the Company's Common Stock on the last Trading Day preceding the day as of which Deferred Compensation (or any reallocation under Section 4, 5, or 6 of Article IV) is credited to the Participant's Account; this portion of the Participant's Account Balance shall reflect any subsequent appreciation or depreciation in the market value of the Company's Common Stock based on the closing price of the stock on the New York Stock Exchange on the last Trading Day of each month and shall reflect dividends on the Company's Common Stock as if such dividends had been reinvested in the Company's Common Stock.

3. Selection of Investment Options. Except as otherwise provided in

this Deferral Plan, a Participant's investment selections shall be made as part of his or her Deferral Agreement for an Award Year and shall be irrevocable with respect to amounts deferred for that Award Year, and no subsequent reallocations shall be made. At the time of entering into a Deferral Agreement for any subsequent Award Year, a Participant shall select the investment options for the Deferred Compensation to be credited to the Participant's Account for that Award Year. A Participant's allocations between investment options shall be subject to such minimum allocations as the Committee may establish.

4. Special Rules for Section 16 Persons. Notwithstanding the

foregoing, an election by a Section 16 Person to have Deferred Compensation allocated to the Company Stock Investment Option shall be given effect only if irrevocably made at least six months prior to the effective date of the allocation. If a Section 16 Person's Deferral Agreement for an Award Year is entered into less than six months prior to the date that Deferred Compensation is credited for that Award Year, and if he or she has elected to have any portion of the Deferred Compensation for that Award Year allocated to the Company Stock Investment Option, that portion shall initially be allocated to the Interest Option and shall be reallocated and credited to the Company Stock Investment Option as of the first day of the seventh month following the month in which the Deferral Agreement

was made. An Eligible Employee who first becomes a Section 16 Person after his or her Deferral Agreement has been entered into for an Award Year shall be subject to the requirements of this Section 4, except that such an Eligible Employee shall be permitted, within ten business days after becoming a Section 16 Person, to make irrevocable modified investment elections for that Award Year; any allocations to the Company Stock Investment Option on behalf of such a Section 16 Person shall be deferred until the first day of the seventh month following the month in which the Eligible Employee's modified election is made (or, if later, the first day of the seventh month following the month in which the election period expires without a modified election having been made).

5. Reallocations to Company Stock Investment Option. Each Eligible

Employee for whom an account is maintained under the Deferred Management Incentive Compensation Plan of Lockheed Corporation and its Subsidiaries (the "Lockheed Plan") will be given a one-time opportunity during calendar year 1996 to make an irrevocable election to have all or a portion of that account balance credited to the Eligible Employee's Account under this Deferral Plan and reallocated to the Company Stock Investment Option. That reallocation shall be credited to the Participant's Account under this Deferral Plan as of the first day of the month following the last month in which such elections are permitted, but in the case of a Section 16 Person not earlier than the first day of the seventh month after the month in which the election is delivered to the Company. If such a reallocation is made, the Eligible Employee's right to receive benefits under the Lockheed Plan will be reduced accordingly, and the Company will be released from liability under the Lockheed Plan for the amount reallocated. Although the terms of this Deferral Plan shall generally apply to any amount so reallocated, the Eligible Employee's irrevocable payment elections under the Lockheed Plan will continue to apply to the reallocated amount.

6. Reallocations to Interest Option. If benefit payments to a

Participant or Beneficiary are to be paid or commenced to be paid over a period that extends more than six months after the date of the Participant's termination of employment with the Company or death, the Participant or Beneficiary, as applicable, may elect irrevocably at any time after the Participant's termination of employment or death and before the commencement of benefit payments to have the portion of the Participant's Account that is allocated to the Company

Stock Investment Option reallocated to the Interest Option. A reallocation under this Section 5 shall take effect as of the first day of the month following the month in which an executed reallocation election is delivered to the Company, but in the case of a Section 16 Person not earlier than the first day of the seventh month following the month in which the reallocation election is delivered to the Company.

V
-

PAYMENT OF BENEFITS

1. General. The Company's liability to pay benefits to a Participant

or Beneficiary under this Deferral Plan shall be measured by and shall in no event exceed the Participant's Account Balance. Except as otherwise provided in this Deferral Plan, a Participant's Account Balance shall be paid to him in accordance with the Participant's elections under Sections 2 and 3 of this Article, and such elections shall be continuing and irrevocable. All benefit payments shall be made in cash and, except as otherwise provided, shall reduce allocations to the Interest Option and the Company Stock Investment Option in the same proportions that the Participant's Account Balance is allocated between those investment options at the end of the month preceding the date of distribution. Notwithstanding the foregoing, no amount shall be distributed to a Section 16 Person under this Deferral Plan unless the amount was allocated to the Participant's Account at least six months prior to the date of distribution or no portion of the amount was allocated to the Company Stock Investment Option.

2. Election for Commencement of Payment. At the time a Participant

first completes a Deferral Agreement, he or she shall elect from among the following options governing the date on which the payment of benefits shall commence:

- (A) Payment to begin on or about the January 15th or July 15th next following the date of the Participant's termination of employment with the Company for any reason.
- (B) Payment to begin on or about January 15th of the year next following the year in which the Participant terminates employment with the Company for any reason.

- (C) Payment to begin on or about the January 15th or July 15th next following the date on which the Participant has both terminated employment with the Company for any reason and attained the age designated by the Participant in the Deferral Agreement.

3. Election for Form of Payment. At the time a Participant first

completes a Deferral Agreement, he or she shall elect the form of payment of his or her Account Balance from among the following options:

- (A) A lump sum.
- (B) Annual payments for a period of years designated by the Participant which shall not exceed fifteen (15). The amount of each annual payment shall be determined by dividing the Participant's Account Balance at the end of the month prior to such payment by the number of years remaining in the designated installment period. The installment period may be shortened, in the sole discretion of the Committee, if the Committee at any time determines that the amount of the annual payments that would be made to the Participant during the designated installment period would be too small to justify the maintenance of the Participant's Account and the processing of payments.

4. Prospective Change of Payment Elections. At the time of entering

into a Deferral Agreement for an Award Year, a Participant may modify his payment elections under Sections 2 and 3 with respect to the portion of his or her Account allocable to the amounts to be deferred for that Award Year and subsequent Award Years. If a Participant has different payment elections in effect, the Company shall maintain sub-accounts for the Participant to determine the amounts subject to each payment election; no modification of payment elections will be accepted if it would require the Company to maintain more than five (5) sub-accounts within the Participant's Account in order to make payments in accordance with the Participant's elections.

5. Acceleration upon Early Termination. Notwithstanding a

Participant's payment elections under Sections 2 and 3, if the Participant terminates employment with the Company other than by reason of layoff, death or disability and before the Participant is eligible to commence receiving retirement benefits under a pension plan maintained by the Company (or before the Participant has attained age 55 if the Participant does not participate in such a pension plan), the Participant's Account Balance shall be distributed to him or her in a lump sum on or about the January 15th or July 15th next following the date of the Participant's termination of employment with the Company.

6. Death Benefits. Upon the death of a Participant before a complete

distribution of his or her Account Balance, the Account Balance will be paid to the Participant's Beneficiary in accordance with the payment elections applicable to the Participant. If a Participant dies while actively employed or otherwise before the payment of benefits has commenced, payments to the Beneficiary shall commence on the date payments to the Participant would have commenced, taking account of the Participant's termination of employment (by death or before) and, if applicable, by postponing commencement until after the date the Participant would have attained the commencement age specified by the Participant. Whether the Participant dies before or after the commencement of distributions, payments to the Beneficiary shall be made for the period or remaining period elected by the Participant.

7. Early Distributions in Special Circumstances. Notwithstanding a

Participant's payment elections under Sections 2 and 3 of this Article V, a Participant or Beneficiary may request an earlier distribution in the following limited circumstances:

(a) Hardship Distributions. Subject to the last sentence of this

Section 7(a) with respect to Section 16 Persons, the Committee shall have the power and discretion at any time to approve a payment to a Participant if the Committee determines that the Participant is suffering from a serious financial emergency caused by circumstances beyond the Participant's control which would cause a hardship to the Participant unless such payment were made. Any such hardship payment will be in a lump sum and will

not exceed the lesser of (i) the amount necessary to satisfy the financial emergency (taking account of the income tax liability associated with the distribution), or (ii) the Participant's Account Balance. In the event that a Section 16 Person seeks a hardship withdrawal under this Section 7(a), the distribution will be made first out of the portion of the Participant's Account, if any, allocated to the Interest Option; if the hardship distribution cannot be satisfied in full out of amounts allocated to the Interest Option, no distribution will be made from the portion of the Participant's Account allocated to the Company Stock Investment Option until the seventh month following the month in which the Participant's application under this Section 7(a) was made, which application shall be irrevocable when made.

(b) Withdrawal with Forfeiture. A Participant may elect at any

time to withdraw ninety percent (90%) of the amount credited to the Participant's Account. If such a withdrawal is made, the remaining ten percent (10%) of the Participant's Account shall be permanently forfeited, and the Participant will be prohibited from deferring any amount under the Deferral Plan for the Award Year in which the withdrawal is received (or the first Award Year in which any portion of the withdrawal is received). In the event that a Section 16 Person seeks a withdrawal under this Section 7(b), any portion of the Section 16 Person's Account allocated to the Company Stock Investment Option will not be subject to distribution or forfeiture until the seventh month following the month in which the Participant's election under this Section 7(b) was made, which election shall be irrevocable when made; any portion of the Section 16 Person's Account allocated to the Interest Option will be subject to immediate distribution and forfeiture; the ten percent forfeiture shall be separately applied to each such portion of the Section 16 Person's Account at the time of distribution.

(c) Death or Disability. In the event that a Participant dies or

becomes permanently disabled before the Participant's entire Account Balance has been distributed, the Committee, in its sole discretion, may modify the timing of distributions from the

Participant's Account, including the commencement date and number of distributions, if it concludes that such modification is necessary to relieve the financial burdens of the Participant or Beneficiary.

8. Acceleration upon Change in Control.

(a) Notwithstanding any other provision of the Deferral Plan, the Account Balance of each Participant shall be distributed in a single lump sum within fifteen (15) calendar days following a "Change in Control."

(b) For purposes of this Deferral Plan, a Change in Control shall include and be deemed to occur upon the following events:

(1) A tender offer or exchange offer is consummated for the ownership of securities of the Company representing 25% or more of the combined voting power of the Company's then outstanding voting securities entitled to vote in the election of directors of the Company.

(2) The Company is merged, combined, consolidated, recapitalized or otherwise reorganized with one or more other entities that are not Subsidiaries and, as a result of the merger, combination, consolidation, recapitalization or other reorganization, less than 75% of the outstanding voting securities of the surviving or resulting corporation shall immediately after the event be owned in the aggregate by the stockholders of the Company (directly or indirectly), determined on the basis of record ownership as of the date of determination of holders entitled to vote on the action (or in the absence of a vote, the day immediately prior to the event).

(3) Any person (as this term is used in Sections 3(a)(9) and 13(d)(3) of the Exchange Act, but excluding any person described in and satisfying the conditions of Rule 13d-1(b)(1) thereunder), becomes the beneficial owner (as

defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 25% or more of the combined voting power of the Company's then outstanding securities entitled to vote in the election of directors of the Company.

(4) At any time within any period of two years after a tender offer, merger, combination, consolidation, recapitalization, or other reorganization or a contested election, or any combination of these events, the "Incumbent Directors" shall cease to constitute at least a majority of the authorized number of members of the Board. For purposes hereof, "Incumbent Directors" shall mean the persons who were members of the Board immediately before the first of these events and the persons who were elected or nominated as their successors or pursuant to increases in the size of the Board by a vote of at least three-fourths of the Board members who were then Board members (or successors or additional members so elected or nominated).

(5) The stockholders of the Company approve a plan of liquidation and dissolution or the sale or transfer of substantially all of the Company's business and/or assets as an entirety to an entity that is not a Subsidiary.

(c) Notwithstanding the provisions of Section 8(a), if a distribution in accordance with the provisions of Section 8(a) would result in a nonexempt short-swing transaction under Section 16(b) of the Exchange Act with respect to any Section 16 Person, then the date of distribution to such Section 16 Person shall be delayed until the earliest date upon which the distribution either would not result in a nonexempt short-swing transaction or would otherwise not result in liability under Section 16(b) of the Exchange Act.

(d) This Section 8 shall apply only to a Change in Control of Lockheed Martin Corporation and shall not cause immediate payout of Deferred Compensation in any

transaction involving the Company's sale, liquidation, merger, or other disposition of any subsidiary.

(e) The Committee may cancel or modify this Section 8 at any time prior to a Change in Control. In the event of a Change in Control, this Section 8 shall remain in force and effect, and shall not be subject to cancellation or modification for a period of five years, and any defined term used in Section 8 shall not, for purposes of Section 8, be subject to cancellation or modification during the five year period.

9. Deductibility of Payments. In the event that the payment of

benefits in accordance with the Participant's elections under Sections 2 and 3 would prevent the Company from claiming an income tax deduction with respect to any portion of the benefits paid, the Committee shall have the right to modify the timing of distributions from the Participant's Account as necessary to maximize the Company's tax deductions. In the exercise of its discretion to adopt a modified distribution schedule, the Committee shall undertake to have distributions made at such times and in such amounts as most closely approximate the Participant's elections, consistent with the objective of maximum deductibility for the Company. The Committee shall have no authority to reduce a Participant's Account Balance or to pay aggregate benefits less than the Participant's Account Balance in the event that all or a portion thereof would not be deductible by the Company.

10. Change of Law. Notwithstanding anything to the contrary herein,

if the Committee determines in good faith, based on consultation with counsel, that the federal income tax treatment or legal status of the Plan has or may be adversely affected by a change in the Internal Revenue Code, Title I of the Employee Retirement Income Security Act of 1974, or other applicable law or by an administrative or judicial construction thereof, the Committee may direct that the Accounts of affected Participants or of all Participants be distributed as soon as practicable after such determination is made, to the extent deemed necessary or advisable by the Committee to cure or mitigate the consequences, or possible consequences of, such change in law or interpretation thereof.

11. Tax Withholding. To the extent required by law, the Company

shall withhold from benefit payments hereunder, or with respect to any Incentive Compensation deferred hereunder, any Federal, state, or local income or payroll taxes required to be withheld and shall furnish the recipient and the applicable government agency or agencies with such reports, statements, or information as may be legally required.

VI

--

EXTENT OF PARTICIPANTS' RIGHTS

1. Unfunded Status of Plan. This Deferral Plan constitutes a mere

contractual promise by the Company to make payments in the future, and each Participant's rights shall be those of a general, unsecured creditor of the Company. No Participant shall have any beneficial interest in any specific assets that the Company may hold or set aside in connection with this Deferral Plan. Notwithstanding the foregoing, to assist the Company in meeting its obligations under this Deferral Plan, the Company may set aside assets in a trust described in Revenue Procedure 92-64, 1964-2 C.B. 44, and the Company may direct that its obligations under this Deferral Plan be satisfied by payments out of such trust. The assets of any such trust will remain subject to the claims of the general creditors of the Company. It is the Company's intention that the Plan be unfunded for Federal income tax purposes and for purposes of Title I of the Employee Retirement Income Security Act of 1974.

2. Nonalienability of Benefits. A Participant's rights under this

Deferral Plan shall not be assignable or transferable and any purported transfer, assignment, pledge or other encumbrance or attachment of any payments or benefits under this Deferral Plan, or any interest therein shall not be permitted or recognized, other than the designation of, or passage of payment rights to, a Beneficiary.

VII

AMENDMENT OR TERMINATION

1. Amendment. The Board may amend, modify, suspend or discontinue

this Deferral Plan at any time subject to any shareholder approval that may be required under applicable law, provided, however, that no such amendment shall have the effect of reducing a Participant's Account Balance or postponing the time when a Participant is entitled to receive a distribution of his Account Balance. Further, no amendment may alter the formula for crediting interest to Participants' Accounts with respect to amounts for which deferral elections have previously been made, unless the amended formula is not less favorable to Participants than that previously in effect, or unless each affected Participant consents to such change.

2. Termination. The Board reserves the right to terminate this Plan

at any time and to pay all Participants their Account Balances in a lump sum immediately following such termination or at such time thereafter as the Board may determine; provided, however, that if a distribution in accordance with the provisions of this Section 2 would otherwise result in a nonexempt short-swing transaction under Section 16(b) of the Exchange Act, the date of distribution with respect to any Section 16 Person shall be delayed until the earliest date upon which the distribution either would not result in a nonexempt short-swing transaction or would otherwise not result in liability under Section 16(b) of the Exchange Act.

VIII

ADMINISTRATION

1. The Committee. This Deferral Plan shall be administered by the

Compensation Committee of the Board or such other committee of the Board as may be designated by the Board and constituted so as to permit this Deferral Plan to comply with the disinterested administration requirements of Rule 16b-3 of the Exchange Act. The members of the Committee shall be designated by the Board. A majority of the members of the Committee (but not fewer than two) shall constitute a quorum. The vote of a majority of a quorum or the unanimous written consent of the Committee shall constitute action by the Committee. The Committee shall have full authority to interpret

the Plan, and interpretations of the Plan by the Committee shall be final and binding on all parties.

2. Delegation and Reliance. The Committee may delegate to the

officers or employees of the Company the authority to execute and deliver those instruments and documents, to do all acts and things, and to take all other steps deemed necessary, advisable or convenient for the effective administration of this Deferral Plan in accordance with its terms and purpose, except that the Committee may not delegate any authority the delegation of which would cause this Deferral Plan to fail to satisfy the applicable requirements of Rule 16b-3. In making any determination or in taking or not taking any action under this Deferral Plan, the Committee may obtain and rely upon the advice of experts, including professional advisors to the Company. No member of the Committee or officer of the Company who is a Participant hereunder may participate in any decision specifically relating to his or her individual rights or benefits under the Deferral Plan.

3. Exculpation and Indemnity. Neither the Company nor any member of

the Board or of the Committee, nor any other person participating in any determination of any question under this Deferral Plan, or in the interpretation, administration or application thereof, shall have any liability to any party for any action taken or not taken in good faith under this Deferral Plan or for the failure of the Deferral Plan or any Participant's rights under the Deferral Plan to achieve intended tax consequences, to qualify for exemption or relief under Section 16 of the Exchange Act and the rules thereunder, or to comply with any other law, compliance with which is not required on the part of the Company.

4. Facility of Payment. If a minor, person declared incompetent, or

person incapable of handling the disposition of his or her property is entitled to receive a benefit, make an application, or make an election hereunder, the Committee may direct that such benefits be paid to, or such application or election be made by, the guardian, legal representative, or person having the care and custody of such minor, incompetent, or incapable person. Any payment made, application allowed, or election implemented in accordance with this Section shall completely discharge the Company and the Committee from all liability with respect thereto.

5. Proof of Claims. The Committee may require proof of the death,

disability, incompetency, minority, or incapacity of any Participant or
Beneficiary and of the right of a person to receive any benefit or make any
application or election.

6. Claim Procedures. The procedures when a claim under this Plan is

denied by the Committee are as follows:

(A) The Committee shall:

(i) notify the claimant within a reasonable time of such
denial, setting forth the specific reasons therefor;
and

(ii) afford the claimant a reasonable opportunity for a
review of the decision.

(B) The notice of such denial shall set forth, in addition to
the specific reasons for the denial, the following:

(i) identification of pertinent provisions of this Plan;

(ii) such additional information as may be relevant to the
denial of the claim; and

(iii) an explanation of the claims review procedure and
advice that the claimant may request an opportunity to
submit a statement of issues and comments.

(C) Within sixty days following advice of denial of a claim,
upon request made by the claimant, the Committee shall take
appropriate steps to review its decision in light of any
further information or comments submitted by the claimant.
The Committee may hold a hearing at which the claimant may
present the basis of any claim for review.

(D) The Committee shall render a decision within a reasonable
time (not to exceed 120 days)

after the claimant's request for review and shall advise the claimant in writing of its decision, specifying the reasons and identifying the appropriate provisions of the Plan.

IX
--

GENERAL AND MISCELLANEOUS PROVISIONS

1. Neither this Deferral Plan nor a Participant's Deferral Agreement, either singly or collectively, shall in any way obligate the Company to continue the employment of a Participant with the Company, nor does either this Deferral Plan or a Deferral Agreement limit the right of the Company at any time and for any reason to terminate the Participant's employment. In no event shall this Plan or a Deferral Agreement, either singly or collectively, by their terms or implications constitute an employment contract of any nature whatsoever between the Company and a Participant. In no event shall this Plan or a Plan Agreement, either singly or collectively, by their terms or implications in any way obligate the Company to award Incentive Compensation to any Eligible Employee for any Award Year, whether or not the Eligible Employee is a Participant in the Deferral Plan for that Award Year, nor in any other way limit the right of the Company to change an Eligible Employee's compensation or other benefits.

2. Incentive Compensation deferred under this Deferral Plan shall not be treated as compensation for purposes of calculating the amount of a Participant's benefits or contributions under any pension, retirement, or other plan maintained by the Company, except as provided in such other plan.

3. Any written notice to the Company referred to herein shall be made by mailing or delivering such notice to the Company at 6801 Rockledge Drive, Bethesda, Maryland 20817, to the attention of the Vice President, Human Resources. Any written notice to a Participant shall be made by delivery to the Participant in person, through electronic transmission, or by mailing such notice to the Participant at his or her place of residence or business address.

4. In the event it should become impossible for the Company or the Committee to perform any act required by this Plan, the Company or the Committee may perform such other act as it in good faith determines will most nearly carry out the intent and the purpose of this Deferral Plan.

5. By electing to become a Participant hereunder, each Eligible Employee shall be deemed conclusively to have accepted and consented to all of the terms of this Deferral Plan and all actions or decisions made by the Company, the Board, or Committee with regard to the Deferral Plan.

6. The provisions of this Deferral Plan and the Deferral Agreements hereunder shall be binding upon and inure to the benefit of the Company, its successors, and its assigns, and to the Participants and their heirs, executors, administrators, and legal representatives.

7. A copy of this Deferral Plan shall be available for inspection by Participants or other persons entitled to benefits under the Plan at reasonable times at the offices of the Company.

8. The validity of this Deferral Plan or any of its provisions shall be construed, administered, and governed in all respects under and by the laws of the State of Maryland, except as to matters of Federal law. If any provisions of this instrument shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof shall continue to be fully effective.

9. This Deferral Plan and its operation, including but not limited to, the mechanics of deferral elections, the issuance of securities, if any, or the payment of cash hereunder is subject to compliance with all applicable federal and state laws, rules and regulations (including but not limited to state and federal insider trading, registration, reporting and other securities laws) and such other approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Company, be necessary or advisable in connection therewith.

10. It is the intent of the Company that this Deferral Plan satisfy and be interpreted in a manner, that, in the case of Participants who are or may be Section 16 Persons, satisfies any

applicable requirements of Rule 16b-3 of the Exchange Act or other exemptive rules under Section 16 of the Exchange Act and will not subject Section 16 Persons to short-swing profit liability thereunder. If any provision of this Deferral Plan would otherwise frustrate or conflict with the intent expressed in this Section 10, that provision to the extent possible shall be interpreted and deemed amended so as to avoid such conflict. To the extent of any remaining irreconcilable conflict with this intent, the provision shall be deemed disregarded. Similarly, any action or election by a Section 16 Person with respect to the Deferral Plan to the extent possible shall be interpreted and deemed amended so as to avoid liability under Section 16 or, if this is not possible, to the extent necessary to avoid liability under Section 16, shall be deemed ineffective. Notwithstanding anything to the contrary in this Deferral Plan, the provisions of this Deferral Plan may at any time be bifurcated by the Board or the Committee in any manner so that certain provisions of this Deferral Plan are applicable solely to Section 16 Persons. Notwithstanding any other provision of this Deferral Plan to the contrary, if a distribution which would otherwise occur is prohibited or proposed to be delayed because of the provisions of Section 16 of the Exchange Act or the provisions of the Deferral Plan designed to ensure compliance with Section 16, the Section 16 Person involved may affirmatively elect in writing to have the distribution occur in any event; provided that the Section 16 Person shall concurrently enter into arrangements satisfactory to the Committee in its sole discretion for the satisfaction of any and all liabilities, costs and expenses arising from this election.

11. Notwithstanding any other provision of this Deferral Plan, each Eligible Employee who is a Section 16 Person and has entered into a Deferral Agreement prior to the initial distribution of a prospectus relating to this Deferral Plan shall be entitled, during a ten-business-day period following the initial distribution of that prospectus, to make an irrevocable election to (i) receive a distribution of all or any portion of his or her Account Balance attributable to Deferred Compensation for the 1995 Award Year during the seventh month following the month of the election, or (ii) reallocate all or any part of his or her Account Balance attributable to Deferred Compensation for the 1995 Award Year to a different investment option as of the end of the sixth month following the month of the election.

12. At no time shall the aggregate Account Balances of all Participants to the extent allocated to the Company Stock Investment Option exceed an amount equal to the then fair market value of 5,000,000 shares of the Company's Common Stock, nor shall the cumulative amount of Incentive Compensation deferred under this Deferral Plan by all Eligible Employees for all Award Years exceed \$250,000,000.

X
-

EFFECTIVE DATE AND SHAREHOLDER APPROVAL

This Deferral Plan was adopted by the Board on July 27, 1995 and became effective upon adoption to awards of Incentive Compensation for the Company's fiscal year ending December 31, 1995 and subsequent fiscal years; provided, however, that with respect to Section 16 Persons, the availability of the Company Stock Investment Option is conditioned upon the approval of this Deferral Plan by the stockholders of Lockheed Martin Corporation. In the event that this Deferral Plan is not approved by the stockholders, then Section 16 Persons shall not be entitled to have Deferred Compensation allocated to the Company Stock Investment Option; any prior elections by Section 16 Persons to have allocations made to the Company Stock Investment Option shall retroactively be deemed ineffective, and the Account Balances of those Section 16 Persons shall be restated as if all of their Deferred Compensation had been allocated to the Interest Option at all times.

LOCKHEED MARTIN CORPORATION
COMPUTATION OF EARNINGS PER COMMON SHARE

	Year ended December 1995	1994	31, 1993
	-----	-----	-----
	(In millions, except per share data)		
ASSUMING NO DILUTION:			
Average number of common shares outstanding	189.3	187.0	196.6
	=====	=====	=====
Earnings before cumulative effect of change in accounting	\$ 682	\$1,055	\$ 829
Less: Preferred stock dividends	(60)	(60)	(45)
	-----	-----	-----
Earnings before cumulative effect of change in accounting applicable to common stock	622	995	784
Cumulative effect of change in accounting	-	(37)	-
	-----	-----	-----
Net earnings applicable to common stock	\$ 622	\$ 958	\$ 784
	=====	=====	=====
Earnings per common share:			
Before cumulative effect of change in accounting	\$ 3.28	\$ 5.32	\$ 3.99
Cumulative effect of change in accounting	-	(.20)	-
	-----	-----	-----
	\$ 3.28	\$ 5.12	\$ 3.99
	=====	=====	=====

EXHIBIT 11 - CONTINUED

LOCKHEED MARTIN CORPORATION

COMPUTATION OF EARNINGS PER COMMON SHARE

	Year ended December 31,		
	1995	1994	1993
	-----	-----	-----
	(In millions, except per share data)		
ASSUMING FULL DILUTION:			
Average number of common shares outstanding	189.3	187.0	196.6
Dilutive stock options-based on the treasury stock method using the year-end market prices, if higher than average market price	5.0	2.4	2.8
Assumed conversion of the Convertible Series A Preferred Stock	28.9	28.9	21.7
	-----	-----	-----
	223.2	218.3	221.1
	=====	=====	=====
Earnings before cumulative effect of change in accounting	\$ 682	\$1,055	\$ 829
Cumulative effect of change in accounting	-	(37)	-
	-----	-----	-----
Net earnings	\$ 682	\$1,018	\$ 829
	=====	=====	=====
Earnings per common share:			
Before cumulative effect of change in accounting	\$ 3.05	\$ 4.83	\$ 3.75
Cumulative effect of change in accounting	-	(.17)	-
	-----	-----	-----
	\$ 3.05	\$ 4.66	\$ 3.75
	=====	=====	=====

LOCKHEED MARTIN CORPORATION
 COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
 FOR THE YEAR ENDED DECEMBER 31, 1995
 (IN MILLIONS OF DOLLARS, EXCEPT RATIO)

EARNINGS:	
Net earnings	\$ 682
Taxes on income	407
Interest expense	288
Amortization of debt premium and discount, net	(1)
Portion of rents representative of an interest factor	53
Earnings of less than 50% owned associated companies	(4)

Adjusted earnings before taxes and fixed charges	\$1,425
	=====
FIXED CHARGES:	
Interest expense	\$ 288
Amortization of debt premium and discount, net	(1)
Portion of rents representative of an interest factor	53
Capitalized interest	3

Total fixed charges	\$ 343
	=====
RATIO OF EARNINGS TO FIXED CHARGES	4.2
	=====

The above ratio computation reflects the impact of merger related and consolidation expenses recorded during 1995.

Mission Success

Our Commitment to achieve superior performance and total customer satisfaction
in every goal we set and every task we undertake

[Photo Appears Here]

 Financial Highlights

In millions, except per share data	1995	1994
Net sales	\$22,853	\$22,906
Earnings before cumulative effect of change in accounting	682(a)	1,055(b)
Net earnings	682(a)	1,018(b)(c)
Earnings per common share, assuming full dilution	3.05(a)	4.66(b)(c)
Cash dividends per common share	1.34	1.14
Total assets	17,648	18,049
Debt:		
Current maturities	722	285
Long-term	3,010	3,594
Shareholders' equity	6,433	6,086
Negotiated backlog	41,125	42,232

See notes 1,2,4, and 10 to the Consolidated Financial Statements.

- (a) Earnings for 1995 include the effects of pretax charges totaling \$690 million for merger related and consolidation expenses. These charges reduced net earnings by \$436 million, or \$1.96 per common share.
- (b) Earnings for 1994 include the favorable effects of two significant nonrecurring transactions: a \$118 million pretax gain from an initial public offering of a portion of the common stock of a subsidiary and the receipt of a \$50 million acquisition termination fee. These nonrecurring transactions increased net earnings by \$70 million, or \$.32 per common share, and \$30 million, or \$.14 per common share, respectively.
- (c) Effective January 1, 1994, the Corporation changed the method of accounting for its ESOP. This change resulted in a cumulative effect adjustment which reduced net earnings for 1994 by \$37 million, or \$.17 per common share.

Contents

To Our Shareholders	2
Vision Statement	7
Operating Companies	8
Operating Highlights	
Aeronautics Sector	14
Electronics Sector	20
Energy & Environment Sector	26
Information & Technology Services Sector	31
Space & Strategic Missiles Sector	37
Financial Information	43
Corporate Directory	78
General Information	80

Dear Fellow Shareholders

A key measure of Lockheed Martin's mission success during 1995 was our record for meeting major program milestones and commitments.

[PHOTO APPEARS HERE]

By any measure, 1995 was an extraordinarily successful year. The ambitious merger of Lockheed and Martin Marietta, which we embarked upon just one year ago, has surpassed expectations on almost every front: We met or exceeded all financial targets, achieved nearly 100 percent mission success, captured vital new business and made tangible progress toward realizing significant cost savings. In addition, we have expanded our opportunities by recently entering into a strategic agreement to acquire Loral's defense electronics and systems integration businesses. This outstanding record is attributable to Lockheed Martin's 160,000 men and women whose commitment, performance and willingness to lead and to change have set a new standard.

Financial Results

In 1995, Lockheed Martin's financial strength further improved; both cash flow and income were better than expectations. Net earnings were \$1.12 billion (excluding \$436 million in merger related and consolidation charges), an increase of 17 percent over 1994 earnings (adjusted for non-operating items). On the same basis, 1995 fully diluted earnings per share were \$5.01, or 14.6 percent better than the previous year.

Significantly, Lockheed Martin's ongoing emphasis on strong cash management paid off with \$882 million in free cash flow during 1995, which we applied in several ways to enhance shareholder value, including paying dividends, reducing debt, internal growth, acquisitions and repurchasing 2.3 million shares of common stock.

In our first year of operation, sales were steady at \$22.85 billion versus \$22.90 billion for 1994. We ended the year with a healthy backlog of \$41 billion.

This strong overall financial performance was clearly reflected in the investment community's confidence in Lockheed Martin stock, which increased in value by more than 78 percent during 1995. The total shareholder return for 1995, including dividend reinvestment, topped 81 percent, well above market averages.

Mission Success

"Mission Success" expresses Lockheed Martin's commitment to achieve superior performance and total customer satisfaction in every goal we set and every task we undertake. A key measure of Lockheed Martin's mission success during 1995 was our record for meeting major program milestones and commitments. Just in terms of strategic and tactical missile firings, space vehicle launches, satellites delivered on orbit, aircraft first flights, and Space Shuttle missions -- which totaled 215 during the year -- the men and women of Lockheed Martin achieved an extraordinary 96 percent success rate. This outstanding performance was reflected in excellent customer award fee ratings.

In our first year of operation, we also dealt with a few disappointments. The first test flight of our new small launch vehicle was unsuccessful, and we lost some competitions. We gained valuable insights for the future from these experiences and redoubled our commitment to achieve 100 percent mission success as we go forward.

Competitive Performance

In 1995, Lockheed Martin turned in an impressive record of new business awards. Our win rate was over 60 percent of the number of major competitive bids pursued and just under 60 percent of the dollar value bid. This is a record which far surpasses industry averages. Capturing vital new business across the spectrum of our products and services, for both government and commercial customers worldwide, demonstrates Lockheed Martin's broad technological capabilities and competitive strengths. Significantly, several major new business awards resulted from synergies and system solutions realized from our merger.

The Operating Highlights portion of our report details Lockheed Martin's numerous specific business achievements throughout the year. From a broad strategic viewpoint, we:

- .. Positioned our launch vehicle, satellite and space vehicle ground operations businesses to provide customers with total system solutions, unmatched by our competitors.
- .. Reinforced our position in U.S. military aircraft and continued to expand internationally.
- .. Substantially strengthened our position in growing information systems businesses, both government and commercial, with advanced technology products and services.
- .. Improved our competitive position in defense electronics businesses and created market demand for next generation systems.
- .. Maintained our role as the Department of Energy's single largest services provider, while gaining greater presence in the environmental remediation area.
- .. Enhanced our international business base, which accounts for more than 15 percent of total sales, through synergies, strong in-country presence and relationships with international partners.

Consolidation

On June 26, just three months after our merger and on our original schedule, we announced a corporate-wide consolidation plan, which carries out Lockheed Martin's commitment to maximize efficiencies, improve global competitiveness, expand long-term employment prospects and enhance shareholder value. By year end, we had met all key decision dates; all consolidation

[PHOTO APPEARS HERE]

Daniel M. Tellep
Chairman

Norman R. Augustine
President and
Chief Executive Officer

activities are on or ahead of schedule; and we had made substantive progress toward realizing the significant cost savings anticipated. In the first five years of the plan, we expect to realize net savings of about \$5 billion; when fully implemented, by 1999, we expect to achieve annual savings of \$1.8 billion. By increasing economies of scale, capitalizing on corporate-wide synergies and leveraging our added financial strength, consolidation will benefit shareholders, customers and employees.

Management Succession

Toward the end of Lockheed Martin's first year of operation, we also implemented the succession plan we set in place in the August 1994 agreement to merge. As part of this transition, Dan Tellep retired as chief executive officer effective January 1, 1996 and will continue throughout 1996 as chairman of the board. Norm Augustine, previously president, is now president and chief executive officer and will also serve as vice chairman of the board of directors. Vance Coffman was elected to the new position of executive vice president and chief operating officer, effective January 1, 1996. Vance was formerly president of the Corporation's Space & Strategic Missiles Sector and is succeeded in that position by Mel Brashears, previously executive vice president of Lockheed Martin Missiles & Space. This orderly transition helps to ensure the continued smooth evolution of our merger and strong management continuity in pursuing our strategic goals.

Other key management changes during 1995 were the retirements of Lockheed Martin executive vice presidents, A. Thomas Young and Vincent N. Marafino, following long and distinguished careers during which they made valuable contributions to our heritage Martin Marietta and Lockheed companies, respectively. Vince will continue as a member of the Lockheed Martin board of directors.

Strategic Combination with Loral

In January 1996, Lockheed Martin and Loral announced a strategic combination to solidify our industry leadership position for the 21st century. When the transaction is complete, Lockheed Martin's annual sales will approach \$30 billion with a total backlog in excess of \$50 billion, and we expect to generate between \$1.5 billion and \$2.0 billion in free cash annually. The Loral transaction is the "set piece" for our business portfolio, effectively balancing Lockheed Martin's prodigious strengths in major platform systems with additional capabilities in electronics, information systems and systems integration.

Under key terms of the agreement, Loral's defense electronics and systems integration businesses are integrated with those of Lockheed Martin, which also holds a 20 percent equity position in the newly formed Loral Space & Communications, expected to become one of the two or three leaders in the fast-growing space communications industry. A major benefit in the agreement is continued participation of Loral's senior management in our new enterprise. Loral chairman and chief executive officer, Bernard Schwartz, will serve as a vice chairman of the Lockheed Martin board of directors, along with Norm Augustine. Loral president and chief

operating officer, Frank Lanza, will join Lockheed Martin's board of directors and serve as an executive vice president and co-chief operating officer with Vance Coffman. Frank also will serve as acting president of the new Tactical Systems Sector, initially comprising the Loral businesses. This strong executive team will help to ensure a smooth transition and should further enhance our ability to deliver shareholder value in 1996 and beyond.

Looking Ahead

Lockheed Martin's plan for maximizing shareholder value includes ongoing cost reductions, continuing margin expansion, strong positive cash flow and opportunistic portfolio shaping. Major focus will be placed on debt reduction. In 1995, we also announced broadly based executive stock ownership guidelines, under which senior managers are expected over time to invest various multiples of their compensation in Lockheed Martin stock. We believe this plan will further incentivize management to continue pursuing shareholder value growth.

In carrying out the Lockheed Martin merger, we successfully integrated several different cultures and today are operating as one fully integrated company. A notable accomplishment is that, in less than a year, we have blended two strong ethics programs into one which is among the strongest in any industry. We also launched a comprehensive compliance program tailored to the various operating environments of all our businesses. Lockheed Martin's success, as always, will depend on our continued adherence to the highest standards of ethical conduct at every level, which is our uncompromising pledge to our colleagues, customers, shareholders, suppliers and the public.

Lockheed Martin is opening a new chapter in the future of our industry. Success in our extremely competitive, diverse global business depends on the intelligence, intensity and integrity with which we pursue our goals. We take on this enormous challenge with enthusiasm and a sense of stewardship for the future of our many heritage companies and the men and women who are committed daily to mission success.

We also thank all of our shareholders for your continued support.

February 9, 1996

/s/ Daniel M. Tellep

Daniel M. Tellep
Chairman

/s/ Norman R. Augustine

Norman R. Augustine
President and Chief Executive Officer

[PHOTO APPEARS HERE]

Vision Statement

Our vision is for Lockheed Martin to be recognized as the world's premier systems engineering and technology enterprise. Our mission is to build on our aerospace heritage to meet the needs of our customers with high-quality products and services. And, in so doing, produce superior returns for our shareholders and foster growth and achievement for our employees.

Sector Operating Companies

Aeronautics . Lockheed Martin . Lockheed Martin
 [PHOTO APPEARS HERE] Skunk Works Palmdale, California Aeronautics International
 Ontario, California

James A. Blackwell, Jr. . Lockheed Martin . Lockheed Martin
 President and Chief Operating Officer Aircraft Center Logistics Management
 Greenville, South Carolina Arlington, Texas

Electronics . Lockheed Martin . Lockheed Martin
 [PHOTO APPEARS HERE] Armament Systems Control Systems
 Burlington, Vermont; Binghamton, New York;
 Milan, Tennessee Fort Wayne, Indiana

Thomas A. Corcoran . Lockheed Martin . Lockheed Martin
 President and Chief Operating Officer Communications Systems Defense Systems
 Camden, New Jersey Pittsfield, Massachusetts

Energy & Environment . Lockheed Martin . Lockheed Martin
 [PHOTO APPEARS HERE] Energy Systems Idaho Technologies
 Oak Ridge, Tennessee Idaho Falls, Idaho

Albert Narath . Lockheed Martin . Sandia Corporation
 President and Chief Operating Officer Energy Research Corp. A Lockheed Martin Company
 Oak Ridge, Tennessee Albuquerque, New Mexico

. Innovative Ventures Corp.
 Oak Ridge, Tennessee

Information & Technology . Lockheed Martin IMS . Lockheed Martin
 Services Teaneck, New Jersey Space Operations
 Titusville, Florida

[PHOTO APPEARS HERE] . Lockheed Martin . Lockheed Martin
 Management & Data Systems Enterprise Information
 Valley Forge, Pennsylvania; Systems
 Reston, Virginia Orlando, Florida

Peter B. Teets . Lockheed Martin . Lockheed Martin
 President and Chief Operating Officer Manned Space Systems Information Systems
 Michoud, Louisiana Orlando, Florida

Space & Strategic . Lockheed Martin . Lockheed Martin
 Missiles Missiles & Space Astronautics
 Sunnyvale, California Denver, Colorado

[PHOTO APPEARS HERE]

Vance D. Coffman*

*As of January 1, 1996, Vance Coffman assumed the new post of executive vice president and chief operating officer. Melvin Brashears succeeded Mr. Coffman as president and chief operating officer of the Space & Strategic Missiles Sector.

.. Lockheed Martin Aeronautical Systems Marietta, Georgia	. Lockheed Martin Aero & Naval Systems Baltimore, Maryland		
.. Lockheed Martin Tactical Aircraft Systems Fort Worth, Texas			

.. Lockheed Martin Electronics & Missiles Orlando and Ocala, Florida; Troy, Alabama	. Lockheed Martin Ocean, Radar & Sensor Systems Syracuse and Utica, New York	. Lockheed Martin Advanced Technology Laboratories Camden, New Jersey	
.. Lockheed Martin Government Electronic Systems Moorestown, New Jersey	. Sanders Nashua, New Hampshire	. Lockheed Martin Canada Kanata, Ontario, Canada	. AV Technology, LLC Chesterfield, Michigan

.. Lockheed Martin Environmental Systems & Technologies Houston, Texas	. Lockheed Martin Utility Services Bethesda, Maryland	. Lockheed Martin Specialty Components Largo, Florida	
.. Lockheed Martin Nevada Technologies, Inc. Las Vegas, Nevada	. Technology Ventures Corp. Albuquerque, New Mexico		

Lockheed Martin Services Group	Lockheed Martin Commercial Systems Group	. Formtek A Lockheed Martin Company Pittsburgh, Pennsylvania; Palo Alto, California	. Lockheed Martin Integrated Business Solutions Orlando, Florida
.. KAPL A Lockheed Martin Company Niskayuna and West Milton, New York; Windsor, Connecticut	. Access Graphics A Lockheed Martin Company Boulder, Colorado	. Lockheed Martin Commercial Electronics Hudson, New Hampshire	. Real 3D Orlando, Florida
.. Lockheed Martin Services Cherry Hill, New Jersey; Houston, Texas	. CalComp A Lockheed Martin Company Anaheim, California	. MountainGate A Lockheed Martin Company Reno, Nevada	

.. Lockheed Martin Astro Space Commercial Sunnyvale, California	. Lockheed Martin Technical Operations Sunnyvale, California		

Subsidiaries and Other Investments

.. Martin Marietta Materials, Inc.
.. Airport Group International, Inc.
.. Space Imaging, Inc.
.. Lockheed Martin Finance Corp.
.. M4 Environmental, L.P.
.. Oak Ridge, Tennessee

[PHOTO APPEARS HERE]

From the depths of the Earth's oceans to the far reaches of space Lockheed Martin products and services set the standard for industry leadership in aircraft, energy and environmental remediation, missiles, electronics, information systems, spacecraft and launch vehicles. Every day, our talented and dedicated employees utilize innovative technologies and redefine what is possible.

[PHOTO APPEARS HERE]

[PHOTO APPEARS HERE]

[PHOTO APPEARS HERE]

Aeronautics Sector

The F-22 is designed to dominate the air combat arena by integrating stealth, supercruise and advanced avionics.

[PHOTO APPEARS HERE]

In 1995, Lockheed Martin Aeronautics Sector successfully pursued a strategy that sets the stage for continued profitability and enhanced competitiveness. Aeronautics enters 1996 as a major force ready to grow its core lines of military aircraft business as well as expand into related domestic and international markets.

In an environment of declining defense budgets worldwide, the Aeronautics Sector retains a leading competitive position in the military aircraft market due to the breadth of its businesses, the capabilities of its products and the success of its lean manufacturing initiatives. In addition, the Aeronautics Sector has a strong international sales base with effective in-country presence in key areas.

The U.S. Air Force F-22 is a high priority tactical aircraft program. It completed a highly successful Critical Design Review in 1995. The F-22 team began fabrication and assembly, and the first flight of the Engineering and Manufacturing Development aircraft is expected in mid-1997. The F-22 is slated to replace the aging F-15 in the air superiority role in the 21st century and bring precision ground attack capability to the battlefield.

The F-22 is designed to dominate the air combat arena by integrating stealth, supercruise and advanced avionics. It will operate freely in the increasingly lethal surface-to-air and air-to-air missile environment, even when outnumbered. The F-22 is the key to theater air defense strategy; it allows allied forces to attack enemy ballistic and cruise missiles on the launcher or during boost phase. The aircraft's impressive ground attack capabilities are designed to provide a new level of versatility to future Joint Force Commanders. Production of 442 aircraft is expected to begin in 1998.

Lockheed Martin is pursuing a range of tactical aircraft program opportunities that include additional F-16 sales to international customers as well as the U.S. Air Force, a series of F-16 derivatives, and development of concepts for the future Joint Advanced Strike Technology (JAST) aircraft.

International sales of the F-16 fighter are a major factor in the Aeronautics Sector's financial strength. At year end, Tactical Aircraft Systems delivered the 3,500th F-16 and had a firm backlog of 414 F-16 orders worth about \$6 billion, including aircraft to be produced for Taiwan, Turkey, South Korea, Greece and Singapore. Japan's FS-X, an F-16 derivative, successfully completed its

[PHOTO APPEARS HERE]

The F-22 is the next generation air superiority fighter. The F-22 cockpit mockup, here, illustrates the sophistication of this 21st century aircraft.

[PHOTO APPEARS HERE]

Making its debut on October 18, 1995, the C-130J is attracting the attention of U.S. and international military transport customers. The United Kingdom and Australia have selected the J as their next generation airlifter.

[PHOTO APPEARS HERE]

first flight in October. Tactical Aircraft Systems is assisting the prime contractor, Mitsubishi Heavy Industries, in development and production of the FS-X aircraft. The Japanese government is expected to announce full production of the FS-X in 1996.

Today's F-16 aircraft is the product of seven major upgrades, and the U.S. Air Force is planning additional F-16 capability improvements as part of its Fighter Configuration Plan. Congress took the first step toward meeting the force sustainment need by including funds for six F-16s in the 1996 defense budget. Lockheed Martin also proposed the F-16 program as a pilot plant project for acquisition reform during 1995, estimating an additional 15 percent cost savings for future F-16s by applying commercial practices to contracting and production. Implementation could begin in 1996, pending government direction.

Lockheed Martin is competing to develop concepts for the next major fighter program, JAST, a common, affordable joint strike fighter for the U.S. Air Force, Navy, Marines and British Royal Navy. Lockheed Martin Tactical Aircraft Systems is coordinating the Corporation's overall JAST effort, which applies technical expertise from companies throughout the Aeronautics Sector.

In 1995, the Aeronautics Sector conducted propulsion and wind tunnel tests with a large-scale model representing the short-takeoff and vertical-landing version of its JAST aircraft concept. Lockheed Martin Skunk Works built the model, accomplishing this phase of the competition on schedule and within budget. In 1996, the government is scheduled to select two contractors to build JAST demonstrator aircraft, with first flights expected before 1999.

In the military transport market, interest in the C-130J Hercules program is increasing among international and U.S. government customers. The United Kingdom and Australia have selected the C-130J as their next generation airlifter, and numerous international air forces have requested pricing data on airlift, tanker and airborne early warning variants of this versatile aircraft. To date, Lockheed Martin has delivered more than 2,100 C-130s, and 64 countries fly the C-130 Hercules aircraft for troop and equipment transport, humanitarian aid missions and disaster relief.

The advanced C-130J utilizes fully integrated digital avionics and dual mission computers; head-up displays for both pilots; a new, highly efficient propulsion system; and all-composite, six-bladed propellers. The U.S. Air Force executed a commercial-type Royal contract for its initial buy of C-130Js. In concert with Defense Department acquisition reform goals, the C-130J program was designated a commercial off-the-shelf item and is a regulatory pilot program.

In 1995, we delivered eight P-3 aircraft to the Republic of Korea Navy, the 14th nation to select the P-3 for its maritime patrol requirements. We submitted a P-3 Orion-2000 proposal to the United Kingdom's Replacement Maritime Patrol program. The United Kingdom anticipates replacing its aging fleet of Nimrod aircraft with up to 25 new maritime patrol airplanes. Lockheed Martin is offering a modernized version of the P-3, incorporating new engines, a glass cockpit and an advanced mission avionics system. In an example of the new Corporation's synergy, the Aeronautics and Electronics Sectors are jointly studying development of an advanced, low-cost airborne early warning and control suite that could be used on either the C-130 or the P-3 as an adjunct to AWACS for the international market.

Lockheed Martin Skunk Works, a national asset since its inception during World War II, is a world leader in advanced aircraft design and low-observable technology. In 1995, the Skunk Works refurbished two SR-71A Blackbird reconnaissance aircraft for the U.S. Air Force and unveiled DarkStar, a low-observable, unpiloted air vehicle developed jointly with Boeing. DarkStar is designed to provide near real-time, continuous, all-weather, wide-area surveillance in support of tactical battlefield commanders.

The Skunk Works' technology leadership also extends to space. NASA selected Lockheed Martin as one of three competitors for Phase I of the X-33 program, a subscale version of a single-stage-to-orbit reusable launch vehicle. NASA is expected to make a downselect this year and launch the first prototype in 1999.

As part of our corporate-wide consolidation plan, we restructured Lockheed Martin Aircraft Services as a division within the Skunk Works. In 1995, Aircraft Services delivered 18 heavily-modified special mission C-130s to the Air Force and other customers. Modification work began on A-4M Skyhawk fighters for Argentina, and Lockheed Argentina began operating the former government modification facility at Cordoba. Lockheed Martin Aircraft Center, in Greenville, South Carolina, will continue to pursue modification, maintenance and contractor logistics support programs. The newly created Aeronautics International is developing a strategy to market and manage offshore modification and maintenance companies, as well as selected joint ventures.

In 1995, Lockheed Martin was at the forefront of the depot privatization initiative. Led by Lockheed Martin Logistics Management, a 34-member team was formed to examine the business potential of privatization. Initial efforts have focused on the Air Logistics Centers at Kelly Air Force Base in San Antonio and McClellan Air Force Base in Sacramento. Lockheed Martin's efforts are expected to position the Corporation to win new business opportunities as the Air Force institutes pilot programs for these depots.

Aeronautics Sector's Aero & Naval Systems production of General Electric CF6 thrust reversers remained strong in 1995 with production deliveries exceeding plans. The CF6 overhaul and repair business doubled in 1995 and is expected to grow in 1996 due to nacelle work for U.S. Air Force KC-10 aircraft and four new airline customers. The improved quality and efficiency of composite thrust reversers produced for Pratt & Whitney 4168 engines has resulted in an excellent flight service record.

Aero & Naval's MK-41 Vertical Launching System continues to exceed production schedules and meet mission success goals, including 13 combat firings in support of NATO peacekeeping. The Turkish Navy has become the first customer to buy the new shortened tactical version of the MK-41, opening a new market for smaller classes of ships around the world.

The Aeronautics Sector is implementing a thorough, long-range strategy to remain the leader in its lines of business, as well as to grow in a declining industry. Continued emphasis on technological innovation, international sales and a lean, effective organization is expected to yield continued success in the marketplace and contribute to shareholder value well into the next century.

- - - - -
Electronics Sector
- - - - -

The Electronics Sector's growth strategy focuses on preserving its traditional business base, while expanding its global defense electronics and related commercial businesses.

[PHOTO APPEARS HERE]

Lockheed Martin Electronics Sector moved aggressively in 1995 to capture several new contracts amid intensifying competition in the global defense electronics marketplace. A strong win rate and outstanding program performance reflected Electronics' dedication to be a growing market-driven, global business. The organization made strides toward its vision of an enterprise in which "the whole is greater than the sum of its parts" by leveraging across its business units its strengths in terms of market position, ability to reduce costs, employee skills and best practices.

Indicative of effective Lockheed Martin synergy is the U.S. Army's selection of Lockheed Martin for the project definition/validation phase of the multi-billion dollar Corps SAM/MEADS air defense program. The Lockheed Martin team, led by Electronics & Missiles, includes six Lockheed Martin companies and laboratory operations. An international program to provide ground forces with an effective defense against tactical ballistic and cruise missiles and other threats, the Corps SAM/MEADS team also includes three European partners.

Another example of synergy benefits is the contract award to Lockheed Martin Control Systems for the avionics systems' central computer on the C-17 Globemaster III aircraft. Sanders is a major subcontractor to Control Systems, providing the central processing unit.

Other major competitive wins in 1995 added to Electronics' portfolio of business. Electronics & Missiles, on a team led by Westland Helicopter of Yeovil, England, is to provide fire control, missile, night vision and targeting systems for 67 Apache helicopters for the British Army. The potential business from this program is estimated at more than \$1 billion. Thirty Apaches ordered by the Netherlands will be equipped with Target Acquisition Designation Sight/Pilot Night Vision Sensor (TADS/PNVS) systems which allow pilots to fly at low altitudes in total darkness or under poor weather conditions. The Royal Netherlands Air Force also placed orders for Hellfire II antiarmor missiles, produced jointly by Lockheed Martin and Rockwell International.

The Netherlands TADS/PNVS units will be the first configured for possible integration with the Longbow millimeter wave radar fire control and missile systems. The Sector's commitment to mission success was aptly demonstrated by successful test flights of both Hellfire and its upgraded derivative, Longbow. Low-rate initial production of Longbow antiarmor missiles is expected to start in 1996.

Sanders solidified its position among industry leaders in electronics countermeasures systems with several key wins, including its selection to produce the Advanced Threat Infrared Countermeasures system, the next-generation laser-based system to protect aircraft from heat-seeking missiles and provide a common missile warning system for U.S. Army, Navy and Air Force aircraft. The long-term potential of these programs is more than \$1 billion.

Additionally, Sanders was selected to produce the Integrated Defensive Electronic Countermeasures (IDECM) radio frequency subsystem that is to provide increased survivability against advanced missile threats for U.S. Navy and Air Force aircraft. The production program for IDECM could total more than \$1 billion.

Lockheed Martin Government Electronic Systems is a leader in developing multifunction, phased-array radars for the U.S. Navy, the Electronics Sector's single largest customer. In 1995, the Navy selected Government Electronic Systems to continue upgrades to the capabilities and performance of its AEGIS combat system. These efforts, which include modification to the phased-array radar, are part of a contract valued at \$577 million through the end of the decade, and may lead to similar improvements to AEGIS equipped ships of the Japanese Maritime Self Defense Force. In addition, Government Electronic Systems received contracts in 1995 worth more than \$400 million for AEGIS equipment, production and life cycle support.

In another important Navy program, Lockheed Martin Ocean, Radar & Sensor Systems produced on cost and delivered on schedule in 1995 the first BSY-2 combat system for the Seawolf submarine. The Navy has characterized initial performance of the system as outstanding.

The Electronics Sector continued to demonstrate its competitiveness in international defense and commercial electronics business segments with other significant achievements. The Taiwan Air Force selected Sanders to build computer-based mission planning systems for that country's F-16 fighters. Ocean, Radar & Sensor Systems will provide long-range radar systems to the Romanian government for that nation's airspace management system and, in a major advance into an adjacent market, was selected to provide a marine traffic management system for Ras Tanura, a large Saudi Arabian port on the Arabian Gulf. Other traffic management wins included strategically significant contracts for the Straits of Gibraltar and in Singapore.

In other major developments, Lockheed Martin Ordnance Systems won a contract to produce the HYDRA-70 rocket system for the U.S. Army. The most widely used helicopter weapon in the world today, the HYDRA-70 is a multi-purpose rocket system used by all branches of the U.S. military. Also, the U.S. Marine Corps executed a contract with Lockheed Martin Armament Systems to produce 17 Light Armored Vehicle - Air Defense (LAV-AD) systems. The LAV-AD system, which protects Marine forces against air attack, utilizes a Blazer air defense turret on a light armored vehicle chassis. The Blazer turret is equipped with a 25mm Gatling gun and a pair of Stinger missile launchers.

The U.S. Air Force selected Electronics & Missiles to develop and demonstrate the Wind-Corrected Munitions Dispenser, positioning Lockheed Martin to compete for a contract potentially worth several billion dollars. The Wind-Corrected Munitions Dispenser is designed to provide all-weather autonomous guidance for air-to-ground tactical munitions

[PHOTO APPEARS HERE]

Integrated Defense Electronic Countermeasures (IDECM) system consists of a variety of components that together improve the survivability of aircraft. The Fiber Optic Towed Decoy, here, is used to confuse enemy missiles.

dispensers for fighter and bomber aircraft. The U.S. Navy chose the Low Altitude Navigation & Targeting Infrared for Night system (LANTIRN) for the F-14 Tomcat as part of the service's Precision Strike Program. Electronics & Missiles also won its third contract under the Joint Advanced Strike Technology (JAST) program, a U.S. Navy/Air Force initiative to develop advanced technologies for a family of fighter aircraft in the next century.

Lockheed Martin Defense Systems won a contract to perform transmission design work for the Crusader program, the U.S. Army's advanced field artillery system. Lockheed Martin Communications Systems won new business in the electronic key management systems area and was chosen to develop the next-generation digital secure terminal equipment (STE), which is designed to provide secure digital communications capability to military and civil government agencies into the next century. Lockheed Martin Canada leads a team that won the Canadian Army Electronic Warfare Control & Analysis Centre, the first in the Army's series of tactical information management programs.

Electronics invested in three new operations to strengthen and expand business opportunities. Lockheed Martin acquired from GE Aircraft Engines its engine controls manufacturing and service business in Fort Wayne, Indiana. Combining the Fort Wayne operation with Lockheed Martin Control Systems in Binghamton, New York, creates a world-class organization specializing in design, development, production and service of advanced electronic engine controls, as well as a wide range of controls for other aircraft and industrial applications. Defense Systems formed AV Technology, LLC, which will supply turret systems and light armored combat vehicles to the global defense marketplace. Lockheed Martin has taken an 80 percent interest in the new company. Ocean, Radar & Sensor Systems continued to diversify beyond traditional product offerings with the purchase of ERAAM, a French firm specializing in the design and development of state-of-the-art safety and traffic management systems.

In 1995, Electronics also initiated consolidation plans to reduce costs and strengthen competitiveness. Those actions, which will eliminate 2.1 million square feet of excess capacity and reduce employment by roughly nine percent, are expected to be completed in 1996. Electronics also is leading a corporate-wide effort to leverage the combined volume of procurement requirements of heritage Lockheed and Martin Marietta, an initiative that is expected to generate more than \$50 million in annual savings on the purchase of direct commodities. These plans fulfill the Electronics Sector's commitment to customers to aggressively leverage the strengths of the new Lockheed Martin to lower costs and improve efficiency.

[PHOTO APPEARS HERE]

The AEGIS shipboard combat system is capable of simultaneously engaging threats from the air, the surface and under the sea. Developed for the U.S. Navy, AEGIS also is deployed by the Japanese Maritime Self Defense Force.

[PHOTO APPEARS HERE]

Energy & Environment Sector

An important achievement in 1995 was winning the performance-based contract to provide support services for the Department of Energy's Nevada Test Site.

[PHOTO APPEARS HERE]

One of Lockheed Martin's early decisions in 1995 was to establish a fifth sector - - Energy & Environment - - to strengthen its role in managing and operating Department of Energy facilities. Establishment of the new sector also signals the Corporation's intent, directly and through ventures with other corporations, to gain a large presence in the domestic and international environmental remediation business.

The Energy & Environment Sector's overall strategy is to apply its technology skills to manage Department of Energy facilities and leverage that experience to create new business opportunities. For example, the Energy & Environment Sector is positioned to pursue Department of Energy privatization initiatives that, in turn, lead to other privatization and military base environmental remediation opportunities in the United States and abroad.

An important achievement in 1995 was winning the performance-based contract to provide support services for the Department of Energy's Nevada Test Site. Lockheed Martin, as an integrated subcontractor to Bechtel National, Inc., will manage the testing, counterproliferation and technology base of the Nevada Test Site, beginning in 1996. We established a new operating unit in the Energy & Environment Sector, Lockheed Martin Nevada Technologies, Inc., for the effort.

Lockheed Martin Energy Systems signed a two-year extension to manage and operate the Department of Energy's Oak Ridge facilities and the environmental management programs at the Portsmouth, Ohio, and Paducah, Kentucky, facilities. This extension continues our management of these facilities through March 31, 1998, with an estimated Department of Energy budget of \$3.5 billion. In December, the Department of Energy and Lockheed Martin agreed to operate the Oak Ridge National Laboratory, a major national science center, under a separate contract, which will be performed by a new operating unit in the Energy & Environment Sector, Lockheed Martin Energy Research Corporation.

[PHOTO APPEARS HERE]

Sandia National Laboratories, managed by Lockheed Martin for the Department of Energy, is at the forefront of robotic vehicle design. Robots, like the Ratler, may explore the moon and planets.

[PHOTO APPEARS HERE]

In 1995, the Department of Energy approved the resumption of nuclear materials receipt, storage and shipment operations at Oak Ridge's Y-12 plant. This was the culmination of a comprehensive review and revamping of operations and procedures by the government and Lockheed Martin over the past year. The assessment involved critical surveys of every aspect of operations in the program as the nation's nuclear materials stewardship transitions from the Cold War.

Lockheed Martin's Energy & Environment Sector also manages the Idaho National Engineering Laboratory and Sandia National Laboratories, both of which are in the forefront of military and civil research, as well as technology development for possible transfer to the private sector.

In 1995, Sandia offered a revolutionary automobile airbag design -- the result of a business-government partnership that permits Department of Energy laboratories to commercialize certain technologies. Currently, the Idaho National Engineering Laboratory is working on a neutron cancer treatment program. Lockheed Martin Specialty Components is the management and operating contractor for the Department of Energy's Pinellas Plant. For more than 40 years, the plant's Energy Department mission was to manufacture components for nuclear weapons. The defense production mission was successfully completed, and the mission now is environmental management and restoration of the facility.

Concurrently, Specialty Components is using the facility, technology, equipment and personnel, once used solely for defense activities, to develop a commercial business.

Specialty Components' service centers, developed around core technologies, offer extensive laboratory and technical consulting to local businesses. Technology transfer funding and other grant programs provided by the Department of Energy have enabled many local, small businesses to take advantage of the plant's resources for product design and/or manufacturing.

As the single largest provider of services to the Department of Energy, Lockheed Martin is focused on maintaining high quality operations, providing rapid response when corrective actions are needed and carrying out the laboratories' challenging missions.

This year, the Energy & Environment Sector is expected to implement the "system of laboratories" concept among the three national laboratories operated by Lockheed Martin. The concept is designed to enhance the interchange of information and skills among sites and across

The Rimfire high voltage switch, shown left, controls more than 5 million volts for the Particle Beam Fusion Accelerator (PBFA) II at Sandia National Laboratories. PBFA is made up of 36 modules, each producing a powerful pulse of energy. Rimfire switches synchronize those pulses to within 10 billionths of a second.

programs. Our strategy is to implement the best management practices across all Lockheed Martin-managed facilities to reduce operating costs and improve their efficiency. We are examining ways to improve such functions as procurement, finance, training and construction, and will submit recommendations to the Secretary of Energy this year. We also are confident that this approach will yield significant new business opportunities in the public and private sectors.

Last year, Lockheed Martin Utility Services was awarded a three-year extension, through September 30, 1998, with an option for an additional two years under its existing contract, to maintain the Portsmouth and Paducah uranium enrichment facilities for the U.S. Enrichment Corporation. Under the extension, Lockheed Martin and the U.S. Enrichment Corporation will manage an operating budget in excess of \$1 billion.

Lockheed Martin and Molten Metal Technology, Inc. have entered into agreements intended to strengthen their environmental services business. Under these agreements, which are subject to certain conditions, including regulatory approvals, Lockheed Martin Environmental Systems & Technologies will sell its Retech environmental division to M4 Environmental L.P., a limited partnership jointly-owned by Lockheed Martin and Molten Metal Technology. Retech designs and manufactures plasma furnaces for the metallurgical and remediation markets. M4 Environmental was created in 1994 to supply Molten Metal Technology's waste recycling technology to Department of Defense and Department of Energy customers.

This year, the Energy & Environment Sector is expected to implement the "system of laboratories" concept among the three national laboratories operated by Lockheed Martin.

Information & Technology Services Sector

Lockheed Martin is penetrating the federal civil market, supporting a number of government agencies as they update their information systems.

[PHOTO APPEARS HERE]

Lockheed Martin Information & Technology Services Sector provides systems design, development, integration and operations for federal, state and municipal governments, as well as information systems and products to commercial customers. In 1995, the Information & Technology Services Sector continued an outstanding competitive win rate by providing cost-effective flexible, full-service solutions for complex customer problems.

The Lockheed Martin IMS experience in providing solutions to state and municipal government agencies served the Corporation well in 1995. Lockheed Martin, supporting Citibank, won contracts in eleven states in the emerging Electronic Benefit Transfer business. Under these contracts, state and federal benefits, including food stamps, Aid to Families with Dependent Children and other assistance programs will be converted from traditional paper based systems to a debit card system, enhancing benefit distribution and reducing fraud.

IMS is implementing Child Support Enforcement Systems in several states, including California, Pennsylvania and Massachusetts. These systems facilitate implementation of court orders, greatly increasing collection of child support payments. In 1995, IMS won additional programs in Florida and Hawaii.

An industry leader in transportation systems and services, IMS is positioned to capture new business as the majority of U.S. toll roads convert to electronic toll collection by the year 2000. In addition, in 1995 IMS began providing a weigh station bypass service in California called PrePass. Through PrePass, truck operators save time and money by having their credentials verified and weight checked electronically, without having to stop at weigh stations.

Lockheed Martin Services Group is penetrating the federal civil market, supporting a number of government agencies as they update their information systems. The Services Group is currently under contract to modernize the information systems of the Social Security Administration (SSA). Development of a paperless processing pilot at the SSA Great Lakes Processing Center was deemed so exemplary that the President's National Performance Review Committee selected the SSA/Lockheed Martin team to receive a Hammer Award for leadership in reinventing government.

[PHOTO APPEARS HERE]

Lockheed Martin Information Systems is developing an Automated Fingerprint Identification Segment (AFIS) for the FBI that will provide 24-hour turn-around on requests that now take months to process.

[PHOTO APPEARS HERE]

Motorists using the Verrazano-Narrows Bridge in New York City can save time and avoid lines by using the E-ZPass electronic toll collection service provided by Lockheed Martin IMS.

The Services Group also operates information systems for the Environmental Protection Agency, including the National Environmental Supercomputing Center, where advanced scientific visualization techniques are used to model the movement of pollutants through the air and water and to assess the effectiveness of possible control mechanisms. Services Group during 1995 enjoyed competitive wins with the U.S. Department of Treasury, the General Services Administration and the U.S. Patent and Trademark Office. During 1995, Lockheed Martin Information Systems was under contract with the FBI to demonstrate key elements of the future Automated Fingerprint Identification Segment (AFIS). When operational, AFIS will be able to match, within minutes, a high priority set of ten fingerprints against a data base of 400 million fingerprints -- a significant improvement over today's search process.

Lockheed Martin Information Systems enhanced its position in the simulation and training business during 1995 by winning the U.S. Army's Advanced Distributed Simulation Technology II program and a simulation and training support contract for the U.S. Air Force 58th Special Operations Wing. These simulation products are designed to assist our armed forces in improving weapons systems, analyzing resource allocations, and training and evaluating personnel in realistic simulated combat environments.

Building on its heritage in military simulation systems, Information Systems launched a commercial product line of three dimensional computer graphics. This state-of-the-art Real 3D(TM) product line includes arcade graphics boards developed for Sega Enterprises, graphics engines for commercial training and chip sets for the personal computer market, and real time software applications.

The Information & Technology Services Sector is on the cutting edge of rapidly evolving distributed client-server computing. Numerous customers have contracted with the Sector to help re-engineer their business processes and introduce this advanced technology. Lockheed Martin Management & Data Systems (M&DS) has developed a system that entails nearly three million lines of code and a 300 gigabyte operational database to support 80 worldwide user sites.

Enterprise Information Systems employs client-server technology to develop Lockheed Martin internal information systems, providing efficiencies to the operating companies and honing the skills of our development cadres for external applications. MountainGate designs, develops and sells commercially a wide variety of modern, cost-effective information storage subsystems that can be integral components of such information systems. Formtek develops and sells commercially enterprise software that permits integration of existing applications and databases into modern enterprise systems. Access Graphics sells and supports UNIX-based computing solutions from corporations such as Sun Microsystems and Silicon Graphics.

Highlighting a successful year in providing commercial information technology products and services, Lockheed Martin Integrated Business Solutions solidified its role as the technology partner of choice for outsourcing by signing a contract with Melville Corporation, a leading retail conglomerate including such well-known chains as Thom McAn, Foot Action and Kay Bee Toys. Integrated Business Solutions will consolidate and modernize Melville's existing information systems operations to provide better service at lower costs.

Photo Right:

NASA has selected United Space Alliance, a joint venture between Lockheed Martin and Rockwell International, to negotiate a sole-source contract that will consolidate the Space Shuttle Program under a single prime contractor.

[PHOTO APPEARS HERE]

CalComp, a Lockheed Martin company, had a successful year in 1995 focusing on Graphics Arts applications, including color inkjet printing and a 4 x 5-inch input tablet, and restructured its global distribution channels. Lockheed Martin Commercial Electronics continued its outstanding record of high quality electronic manufacturing services for its diverse set of customers in the computer and telecommunications industries.

Underlying the Sector's growth businesses is a solid core of NASA programs. The Corporation's effort to achieve 100 percent mission success has been a key to sustaining our role with this important customer. In 1995, that commitment to mission success was demonstrated by seven successful Space Shuttle launches, including two historic linkups with the Russian Mir space station. Lockheed Martin Space Operations performs all ground processing operations from Shuttle landing through launch, as well as solid rocket booster retrieval and launch facility maintenance.

NASA has announced its intention to negotiate on a sole-source basis a contract for its Space Flight Operations with the United Space Alliance (USA), a joint venture between Lockheed Martin and Rockwell International. USA was formed to provide NASA and its Space Shuttle program reduced costs through streamlined operations while maintaining dedication to safety and mission success.

Lockheed Martin Manned Space Systems continues to develop the Super Light Weight Tank (SLWT) for the Space Shuttle's scheduled December 1997 launch. Employing a new Lockheed Martin-developed aluminum-lithium alloy, which is both lighter and significantly stronger than the aluminum currently in use, SLWT will increase the Shuttle's payload capacity by 34 percent for the orbit needed to support the International Space Station program.

In addition, Services Group provides a wide range of support to NASA, including development, integration and operation of life sciences experiments at Johnson Space Center and Ames Research Center, satellite control at Goddard Space Flight Center and research and technology support at Langley Research Center.

Products and services provided to the Department of Defense are broad and diverse. In 1995, the Sector also won the U.S. Army Global Command and Control System contract to integrate three existing systems and link the Army with the Joint Staff; won the U.S. Air Force Network Support Program for tracking military satellites; contracted for continued production of the U.S. Navy's Consolidated Automated Support System for avionics test equipment; and signed an extension to our contract supporting the U.S. Navy nuclear-powered fleet at the Knolls Atomic Power Laboratory.

These important awards augment a substantial business portfolio providing for design, development, training, operation and maintenance of complex information systems for the Defense Department. As modernization and privatization continue, Defense Department sales are expected to be stable.

Space & Strategic Missiles Sector

Our commitment to mission success was demonstrated in 1995 with the successful launches of four national security payloads aboard Titan IV vehicles, 12 Atlas launches and seven Lockheed Martin-built satellites placed into orbit.

[PHOTO APPEARS HERE]

The Space & Strategic Missiles Sector took actions last year that should position Lockheed Martin to remain the world's space systems leader well into the 21st century. To this end, in 1995, Lockheed Martin announced a strategic investment in its family of launch vehicles, expanded its presence in the telecommunications services market, and consolidated its commercial satellite production.

A key element of the Corporation's \$300 million Launch Vehicle Leadership strategy is to develop a re-engined single-stage Atlas booster with a single-engine cryogenic Centaur upper stage. The new Atlas IIAR is designed for greater reliability and cost effectiveness due principally to simplifying and reducing the number of propulsion systems. The first Atlas IIAR should be launched in late 1998.

The Atlas IIAR is the building block of Lockheed Martin's plan for common hardware. The use of common boosters, Centaur upper stages, common adapters, avionics and engines simplifies manufacturing and reduces launch costs. The Atlas IIAR also effectively positions Lockheed Martin to compete for the U.S. Air Force's Evolved Expendable Launch Vehicle (EELV). In 1995, Lockheed Martin Astronautics was one of four companies selected to develop EELV designs. Another element of our launch vehicle strategy is an improved Titan IV/B with a Solid Rocket Motor Upgrade that is expected to increase the Titan's lift capability significantly.

As part of Lockheed Martin's strategy to serve the broadest range of launch vehicle customers, we formed ILS International Launch Services in 1995 -- a joint venture with Russia's Khrunichev State Research and Production Space Center and RSC Energia -- to market the Atlas and Proton rockets to commercial customers worldwide. The combined capabilities of Titan, Atlas, Proton and Lockheed Martin Launch Vehicle will offer customers services across the orbit and payload spectrum, making Lockheed Martin a powerful competitor in the global launch services business. In 1995, the Corporation progressed on its strategy to realize near-term cost savings by consolidating launch vehicle production and operations in Denver.

Lockheed Martin's continued commitment to mission success was well demonstrated in 1995 with the successful launches of four national security payloads aboard Titan IV vehicles, 12 successful Atlas launches and seven Lockheed Martin-built satellites successfully placed into orbit.

[PHOTO APPEARS HERE]

[PHOTO APPEARS HERE]

Lockheed Martin is a premier designer and producer of environmental monitoring satellites such as TIROS, here. Today, TIROS weather satellites meet the data requirements of 140 nations.

The Space & Strategic Missiles Sector in 1995 laid the groundwork for a global telecommunications business with plans to build, launch and operate a satellite system, called Astrolink.(TM) This project reflects the Corporation's commitment to the commercial space business and should expand our role in the growing telecommunications services industry. Lockheed Martin expects to proceed with the project after obtaining regulatory approval, strategic alliance commitments and external investment.

Lockheed Martin's Astro Space Commercial will build on a rich heritage of commercial satellite design and production. A new world-class facility in Sunnyvale, California, should accelerate production cycle times and reduce costs. Our initial commercial goals call for making the new factory operational in early 1997 and capable of meeting an 18-month delivery cycle, with capacity for producing eight satellites annually. We expect productivity improvements eventually will increase the annual throughput to 16 spacecraft.

Indicative of Lockheed Martin's commitment to provide customers with total system solutions is the Asia Cellular Satellite System (ACeS). With this key win in 1995, Lockheed Martin will provide a full turnkey operation -- the first regional wireless mobile system of its kind -- with two A2100 spacecraft, the Corporation's most advanced global communications satellite. In addition, under the \$650 million contract, Lockheed Martin is to provide full ground architecture, as well as overall systems engineering and integration, and launch services.

When complete in 1998, ACeS will offer voice, facsimile and pager services to hand-held mobile and fixed telephone users in Southeast Asia. ACeS is an important international win for Lockheed Martin in a burgeoning communications industry. The ACeS consortium includes PT. Pasifik Satelit Nusantara of Indonesia, Philippine Long Distance Telephone Company and Jasmine International PLC of Thailand.

Another major international win in 1995 was the ChinaStar-1 satellite program for China Orient Telecomm Satellite Co. Ltd. of Beijing. ChinaStar-1 will be an A2100 spacecraft to provide service in Ku and C frequency bands for voice, data and television services to the People's Republic of China.

In 1995, the U.S. Air Force selected Lockheed Martin Missiles & Space to build the fifth and sixth Milstar satellites, an award valued at \$1.3 billion. Milstar, a cornerstone of America's defense preparedness, provides rapid, secure, multi-service military communications to tactical and strategic users anywhere in the world. Milstar, which functions as a secure switchboard in space, provides U.S. military forces with capabilities not available through current satellites, including immunity to jamming and interception.

In addition, Lockheed Martin is now producing second generation satellites for the Global Positioning System (GPS), which provides highly accurate position location to military and civilian users worldwide. The first of 21 satellites for the GPS IIR program is scheduled for delivery in 1996.

NASA last year chose Lockheed Martin Astronautics to provide the lander and orbiting spacecraft for the Mars Surveyor Program, which will study the martian atmosphere and soil as well as search for water on the red planet. Late in the year, NASA also selected Astronautics to build the Stardust spacecraft for its Discovery Program. Stardust will collect interstellar material and dust from a comet and return them to Earth for laboratory studies. In addition, we remain a principal subcontractor on the International Space Station with work valued at \$1.3 billion.

Lockheed Martin Technical Operations continued its record of mission success in engineering and technical services for the Department of Defense, NASA and other government and private sector customers, and has consistently received award fees in the "excellent" category. Among the 50 orbiting satellites controlled from Lockheed Martin Technical Operations is Hubble Space Telescope, which is providing some of the most startling images of the universe, including stellar formation. Missiles & Space also provides NASA with a wide range of Hubble-related service and support functions, including preparation and execution of servicing missions, as well as telescope operations support at Goddard Space Flight Center.

Another dynamic element of Space & Strategic Missiles Sector's business is ballistic missile development and production. In 1995, 14 Trident fleet ballistic missiles were successfully launched as part of the Navy's 1995 operational test flight program. Missiles & Space has produced six generations of submarine-launched strategic missiles for the U.S. Navy's Fleet Ballistic Missile program.

The Sector also completed four demonstration/validation flights of the Theater High Altitude Area Defense (THAAD), the first weapon system designed specifically to defend against theater ballistic missiles. As prime contractor for THAAD, Lockheed Martin is working under a four-year, \$745 million contract awarded in 1992 by the U.S. Army.

The complementary capabilities inherent in the Lockheed Martin merger are evident in the products and services of the Space & Strategic Missiles Sector, which is solidifying its position as a leader in satellite construction and launch services. As demands for high-speed global communications and remote sensing rise, Lockheed Martin is well poised to grow its commercial and international space business.

The complementary capabilities inherent in the Lockheed Martin merger are evident in the products and services of the Space & Strategic Missiles Sector.

[PHOTO APPEARS HERE]

The second Titan IV launch of a Department of Defense Milstar satellite on November 7 demonstrates the unique synergy of capabilities inherent in Lockheed Martin, which built the launch vehicle, its Centaur upper stage and the satellite, and integrated the stack before launch.

Financial Information

- 44 Management's Discussion and
Analysis of Financial Condition
and Results of Operations
- 57 The Corporation's Responsibility
for Financial Reporting
- 57 Report of Ernst & Young LLP,
Independent Auditors
- 58 Consolidated Statement
of Earnings
- 59 Consolidated Statement
of Cash Flows
- 60 Consolidated Balance Sheet
- 61 Consolidated Statement
of Stockholders' Equity
- 62 Notes to Consolidated
Financial Statements
- 77 Six Year Summary

On March 15, 1995, following the approval of the stockholders of each corporation, Lockheed Corporation (Lockheed) and Martin Marietta Corporation (Martin Marietta) consummated a transaction (the Business Combination) pursuant to which Lockheed and Martin Marietta became wholly-owned subsidiaries of a newly created holding corporation, Lockheed Martin Corporation (Lockheed Martin or the Corporation). The Business Combination qualified for the pooling of interests method of accounting (see Note 2). Subsequent to the Business Combination, Lockheed, Martin Marietta and certain other subsidiaries were merged with and into the Corporation. The discussion which follows reflects the combined financial condition and results of operations of Lockheed Martin, and should be read in conjunction with the audited consolidated financial statements included herein.

Recent Developments

On January 7, 1996, the Corporation entered into an Agreement and Plan of Merger (the Merger Agreement) with Loral Corporation (Loral) for a series of interrelated transactions with a total estimated value of approximately \$9.4 billion. Loral is a leading supplier of advanced electronic systems, components and services to U.S. and foreign governments for defense and non-defense purposes. Under the terms of the Merger Agreement, the Corporation intends to acquire the defense electronics and systems integration businesses and certain other businesses of Loral for approximately \$9.1 billion, including \$2.1 billion of assumed debt. Of the total, approximately \$7 billion will be paid directly to Loral shareholders by the Corporation through a tender offer for all outstanding shares of Loral common stock for \$38.00 per share in cash. Following the consummation of the tender offer, Loral will distribute, for each share of Loral common stock previously held, one share of common stock of a newly-formed company, Loral Space & Communications, Ltd. (Loral Space), which will own substantially all of the space and satellite telecommunications interests of Loral. Finally, the Corporation will invest \$344 million in Loral Space for the acquisition of shares of preferred stock that are convertible into 20 percent of Loral Space's common stock on a fully diluted basis. The Corporation's offer is contingent, among other things, on the tendering of two-thirds of Loral's outstanding shares and on regulatory approvals, and is expected to close in the first half of 1996. If the business combination with Loral is consummated, the purchase method of accounting will be used to record the transactions, resulting in a combined entity with anticipated annual net sales of approximately \$30 billion. As more fully described in the Capital Structure and Resources section below, management intends to arrange through a syndicate of banks two credit facilities totalling \$10 billion which would be available to finance the transactions. If the business combination with Loral is consummated, these credit facilities would replace the \$1.5 billion revolving credit facility in effect at December 31, 1995.

Business Acquisitions

Effective May 1, 1994, the Corporation purchased the Space Systems Division of General Dynamics Corporation (GD Space Systems) for approximately \$160 million in cash, expanding the Corporation's presence in the intermediate-lift space launch vehicle market with the Atlas series of launch vehicles. On April 2, 1993, the Corporation consummated a transaction with General Electric Company (GE) valued at approximately \$3 billion to combine the aerospace and certain other businesses of GE (collectively, the GE Aerospace businesses) with the businesses of the Corporation in the form of affiliated corporations. Effective February 28, 1993, the Corporation acquired the tactical military aircraft business of General Dynamics for approximately \$1.5 billion in cash, plus the assumption of certain liabilities related to the business. All of the acquisitions discussed above were recorded under the purchase method of accounting, with operating results from each acquisition included with those of the Corporation beginning on the respective closing dates.

Results of Operations

The Corporation's operating cycle is long-term and involves various types of production contracts and varying production delivery schedules. Accordingly, results of a particular year, or year-to-year comparisons of recorded sales and profits, may not be indicative of future operating results. The following comparative analysis should be viewed in this context.

The Corporation's consolidated net sales for 1995 were \$22.9 billion. Net sales for the year remained relatively unchanged as compared to 1994 net sales, which in turn were two percent over the \$22.4 billion reported for 1993. Sales increases for 1995 in the Space & Strategic Missiles segment and the Information & Technology Services segment were largely offset by sales declines in the Aeronautics segment and the Electronics segment. Sales for 1994 increased over 1993 levels at Aeronautics and at Information & Technology Services, while sales at Electronics remained relatively flat and sales at Space & Strategic Missiles decreased in that year. Although the U.S. Government remained the Corporation's largest customer, the percentage of net sales decreased to 69 percent in 1995 from 72 percent in 1994 and 78 percent in 1993. Sales to foreign governments, including sales made through the U.S. Government, as a percentage of net sales were 13 percent in 1995, 15 percent in 1994 and 12 percent in 1993, while commercial sales in those same periods were 18 percent, 13 percent and 10 percent, respectively.

The Corporation's operating profit (earnings before interest and taxes) decreased in 1995 to \$1.4 billion from \$2.0 billion in 1994. On June 26, 1995, the Corporation announced a corporate-wide consolidation plan which, once fully implemented, is expected to yield annual savings of approximately \$1.8 billion. Under the consolidation plan, the Corporation will close 12 facilities and laboratories as well as 26 duplicative field offices in the U.S. and abroad, eliminating up to approximately 12,000 positions and 7.7 million square feet of unneeded capacity over the next five years. The total cost to implement the plan, which will be largely completed over the next two years, is approximately \$1.7 billion. Operating profit in 1995 included the effects of pretax charges totaling \$690 million

Net Sales
In millions

[GRAPH APPEARS HERE]

representing the portion of the consolidation plan and merger related expenses not expected to be recovered under future pricing of U.S. Government contracts. Operating profit in 1994 included the effect of two significant nonrecurring transactions: a \$118 million pretax gain from the February 1994 initial public offering (IPO) of approximately 8.8 million shares, or 19 percent, of Martin Marietta Materials, Inc. (Materials) common stock; and the receipt of a \$50 million termination fee pursuant to the agreement for the proposed acquisition of Grumman Corporation. Excluding the effects of these nonrecurring events for each year, operating profit for 1995 would have been approximately 14 percent greater than the 1994 amount. Earnings growth excluding these items resulted from improvements in the Space & Strategic Missiles, Information & Technology Services and Aeronautics segments, more than offsetting declines at the Electronics segment. The operating profit in 1994 of \$2.0 billion was 25 percent higher than the \$1.6 billion recorded in 1993, or 14 percent higher after excluding the effects of the 1994 nonrecurring transactions.

Net earnings for 1995 were \$682 million, or \$3.05 per common share assuming full dilution. Both amounts represent decreases from the reported 1994 net earnings of \$1.0 billion and earnings per common share assuming full dilution of \$4.66. However, the 1995 reported amounts include the after-tax effects of the merger related and consolidation charges identified above of \$436 million, or \$1.96 per common share assuming full dilution. The 1994 reported net earnings include the favorable after-tax effects of the Materials IPO (\$70 million, or \$.32 per share), the Grumman termination fee (\$30 million, or \$.14 per share) and a charge due to the adoption of a change in accounting for the ESOP under the American Institute of Certified Public Accountants Statement of Position No. 93-6 (\$37 million, or \$.17 per share). Excluding the effects of these nonrecurring items, net earnings for 1995 would have been approximately \$1.1 billion, or \$5.01 per common share assuming full dilution, an increase of 17 percent and 15 percent, respectively, from the adjusted 1994 net earnings of \$955 million, or \$4.37 per common share assuming full dilution. The 1994 net earnings and earnings per common share assuming full dilution, after adjusting for the non-recurring items, were 15 percent and 17 percent greater, respectively, than the corresponding 1993 reported amounts.

The Corporation's debt to capitalization ratio was reduced from 39 percent at December 31, 1994 to 37 percent at December 31, 1995, with total debt decreasing from \$3.9 billion to \$3.7 billion and stockholders' equity increasing from \$6.1 billion to \$6.4 billion. However, if the business combination with Loral is consummated, the Corporation's debt to capitalization ratio is expected to increase to approximately 67 percent. The Corporation paid common dividends of \$254 million in 1995, or \$1.34 per common share. The Corporation's backlog of undelivered orders was approximately \$41 billion at the end of 1995.

Industry Considerations

The Corporation's primary lines of business are in high technology systems for aerospace and defense, serving both government and commercial customers. In recent years, domestic and

Net Earnings
In millions

[GRAPH APPEARS HERE]

- (a) Excluding the effects of the Materials IPO, the acquisition termination fee, and the change in ESOP accounting, 1994 net earnings would have been \$955 million.
- (b) Excluding the merger related and consolidation charges, 1995 net earnings would have been \$1,118 million.

Earnings per Common Share, Assuming Full Dilution
In dollars

[GRAPH APPEARS HERE]

- (a) Excluding the effects of the Materials IPO, the acquisition termination fee, and the change in ESOP accounting, 1994 earnings per share would have been \$4.37.
- (b) Excluding the merger related and consolidation charges, 1995 earnings per share would have been \$5.01.

worldwide political and economic developments have strongly affected these markets, requiring significant adaptation by market participants.

The Federal defense budgets for research, development, test and evaluation and procurement have been reduced dramatically (after adjusting for inflation) over the last decade. These reductions have caused participants in the aerospace/defense industry to consolidate in order to maintain critical mass and production economies. The Corporation has actively participated in this consolidation activity. The Corporation's recent acquisitions described above are examples of actions that have been taken to blend successful operations and broaden the business portfolio, create opportunities for increased efficiency and cost competitiveness, improve access to new markets and reduce exposure to further defense budget program reductions. In prior years, the Corporation acquired both the tactical military aircraft and space systems businesses of General Dynamics, as well as the GE Aerospace businesses. Additionally, the Corporation has undertaken major cost reduction efforts throughout its operating units, continuously monitoring and adjusting employment levels consistent with changing business requirements.

In light of the anticipated continuation of the recent consolidations in the aerospace/defense industry, executive management and the Board of Directors periodically review the Corporation's strategic plans related to joint ventures and business combinations with companies engaged in similar or related businesses, as well as potential internal investments. During 1995, these efforts resulted in, among other actions, the establishment of a joint venture with Rockwell International to negotiate a contract with NASA for space shuttle operations, and the purchase of the aircraft controls business of GE. As noted previously, in early 1996, the Corporation announced it had entered into a merger agreement with Loral for a business combination which, if consummated, will create synergy by bringing together the technologies and resources of two successful defense electronics companies.

In December 1995, President Clinton signed the fiscal year 1996 defense appropriations bill. This legislation is significant in that it marked the first increase in defense budget appropriations in several years. Many analysts and political observers expect that the fiscal 1996 budget represents the beginning of a period of flat to modestly growing defense spending. Management believes that its strategic actions will place the Corporation in an advantageous position in the industry once the defense budget climate starts to improve.

To date, the Corporation's major programs generally have been well supported during the budget decline, but uncertainty exists over the size and scope of future defense and space budgets and their impact on specific programs. Some of the Corporation's programs have been delayed, curtailed or terminated, and future spending reductions and funding limitations could further impact these programs or have similar effects on other existing or emerging programs.

As a U.S. Government contractor, the Corporation's government contracts and operations are subject to government oversight. The government may investigate and make inquiries of the Corporation's business practices and conduct audits of contract performance and cost accounting. These investigations may lead to claims against the Corporation. Under U.S. Government

procurement regulations and practices, an indictment of a government contractor could result in that contractor being fined and/or suspended for a period of time from eligibility for bidding on, or for award of, new government contracts; a conviction could result in debarment for a specified term from government contracts. Although the outcome of such investigations and inquiries cannot be predicted, in the opinion of management there are no claims, audits or investigations pending against the Corporation that are likely to have a material adverse effect on either the Corporation's business or its consolidated financial position or results of operations.

The Corporation remains exposed to other inherent risks associated with U.S. Government contracting. These risks include technological uncertainties and obsolescence, changes in government policies and dependence on annual Congressional appropriation and allotment of funds. Certain of the Corporation's contracts contain mission success incentive provisions that could significantly impact the future profitability of these programs. The provisions enable the Corporation to earn fees for successful performance, but also significantly reduce fee availability in the event of unsuccessful missions. The Corporation's commercial launch vehicle business contains market, pricing and other associated risks.

Progress has been made in expanding the Corporation's presence in related commercial and nondefense markets, most notably in space related activities, energy and environmental services, information management and integration, and communications. The Corporation also participates in the construction aggregates and specialty chemical businesses through its 81% ownership in Materials. These lines of business share many of the risks associated with the Corporation's primary businesses, as well as others unique to the commercial marketplace, although they are not dependent on defense budgets.

Discussion of Business Segments

The Corporation's operations are divided into five reportable business segments: Space & Strategic Missiles; Aeronautics; Information & Technology Services; Electronics; and Energy, Materials and Other. The following table displays net sales for the Lockheed Martin business segments for each of the three years in the period ended December 31, 1995 and directly corresponds to the segment information presented in Note 15 to the consolidated financial statements.

(In millions)	1995	1994	1993
Net Sales			
Space & Strategic Missiles	\$ 7,521	\$ 6,719	\$ 7,293
Aeronautics	6,617	7,091	6,601
Information & Technology Services	4,528	4,271	3,712
Electronics	3,294	4,055	4,092
Energy, Materials and Other	893	770	699
	\$22,853	\$22,906	\$22,397

Lockheed Martin Corporation

Operating profit by industry segment for each of the three years in the period ended December 31, 1995 is also presented in Note 15 to the consolidated financial statements. The following table displays the pretax impact of the nonrecurring items as reflected in operating profit for both 1995 and 1994 as identified to each segment.

(In millions)	1995	1994

Nonrecurring Items		
Space & Strategic Missiles	\$(263)	\$ --
Aeronautics	(138)	--
Information & Technology Services	(24)	--
Electronics	(93)	--
Energy, Materials and Other	(172)	168

	\$(690)	\$ 168
=====		

The 1995 total in the above table reflects the merger related and consolidation expenses discussed previously, while the 1994 total consists of the \$118 million Materials IPO gain and the receipt of the \$50 million acquisition termination fee from the proposed Grumman acquisition discussed previously.

The following table depicts operating profit excluding nonrecurring items for each of the three years in the period ended December 31, 1995. The subsequent discussion of significant operating results of each business segment excludes the impact of the nonrecurring items. This discussion should also be read in conjunction with the industry segment information contained in Note 15 to the consolidated financial statements.

(In millions)	1995	1994	1993

Operating Profit, Excluding			
Nonrecurring Items			
Space & Strategic Missiles	\$ 694	\$ 476	\$ 507
Aeronautics	532	511	479
Information & Technology Services	293	228	145
Electronics	354	456	331
Energy, Materials and Other	194	140	122

	\$2,067	\$1,811	\$1,584
=====			

Space & Strategic Missiles

Net sales of the Space & Strategic Missiles segment increased by 12 percent in 1995 compared to 1994 after decreasing by eight percent in 1994 compared to 1993. The increase in 1995 can be attributed primarily to the inclusion for the full year of the former GD Space Systems, which the Corporation acquired on May 1, 1994. The operations of this acquired unit consist primarily of the Atlas launch services program, which recorded twelve successful Atlas II and Atlas E launches in

1995 versus four launches in the eight months of 1994 when the program results were included in the Corporation's results of operations. The 1995 net sales were also favorably impacted by an increase in activity in various classified programs throughout the segment.

The decrease in net sales between 1994 and 1993 was principally the result of a 21 percent sales decline in the Air Force Titan IV program due to the stretch-out of the program and the impact of certain 1993 nonrecurring launch pad and engineering activities. This segment also experienced lower activity in 1994 on various classified programs, lower revenues due to the terminations of the Follow-on Early Warning System program and the Advanced Solid Rocket Motor program, and decreased production contract requirements for the Trident II fleet ballistic missile program. These decreases were partially offset by the aforementioned addition of the former GD Space Systems.

Operating profit for the segment increased by 46 percent in 1995 compared to 1994 after decreasing by six percent in 1994 compared to 1993. The 1995 increase was attributable to the inclusion of the Atlas launch services program for the full year, the receipt of a favorable settlement resulting from the prior termination of the Advanced Solid Rocket Motor program and the inclusion in 1994 of charges related to certain fixed-price programs, including a charge of \$22 million related to the cancellation and final settlement on the Mobile Satellite Antenna subcontract and charges totaling \$43 million related to a military air command, control and communication program for a foreign government. The decrease in operating profit for 1994 compared to 1993 principally reflects the sales decreases and the charges described above, offset partially by improved performance related to the Milstar communications satellite program and fleet ballistic missiles contracts recorded in 1994.

Aeronautics

Net sales of the Aeronautics segment decreased by seven percent in 1995 compared to 1994 due to fewer deliveries of F-16 fighter aircraft and C-130 airlift aircraft. These decreases were partially offset by the delivery of eight P-3 maritime patrol aircraft to the Republic of Korea in 1995, compared to no deliveries in 1994. Net sales for 1994 increased by more than seven percent compared to 1993, reflecting the inclusion of a full year's operation of the former tactical military aircraft business of General Dynamics, which was purchased effective February 28, 1993. In addition, the segment recorded in 1994 additional C-130 deliveries and F-22 development revenues which were partially offset by decreases in certain contract field support programs.

Operating profit increased by four percent in 1995 compared to 1994 even though sales decreased for that period. This increase is principally due to recognition of earnings related to the P-3 aircraft deliveries which more than offset the 1995 increase in the C-130J development costs, and the inclusion in 1994 of charges taken against earnings in connection with the Pratt & Whitney fan reverser program. Operating profit in 1994 increased by nearly seven percent compared with 1993, with the inclusion of the former tactical military aircraft business of General Dynamics for the full year being the most significant element of that increase. Other positive factors included the net effect

of the 1994 sales variances described above, improved performance in C-130 programs and higher profit margins in special tactical aircraft systems programs.

Information & Technology Services

Net sales of the Information & Technology Services segment increased by six percent in 1995 compared to 1994, and by 15 percent for 1994 compared with 1993. The increase in this segment in 1995 was caused primarily by increases in sales for commercial product manufacturing and distribution activities. In addition, the segment recorded increased revenues in information management and space activities. The increase for 1994 compared to 1993 reflects increased sales of command control systems and information processing services as well as commercial product manufacturing activities.

Operating profit for the segment increased by 29 percent in 1995 compared to 1994 and by 57 percent in 1994 compared to 1993. The variance in 1995 reflects increased award fee recognition, sales volume increases and continued improvements in margin performance throughout the segment. The 1994 operating profit increase was principally the result of improved performance in commercial product manufacturing operations and improved margin performance throughout the segment.

Electronics

Net sales of the Electronics segment decreased by almost 19 percent in 1995 compared to 1994 after remaining relatively flat in 1994 compared to 1993. The decrease in 1995 was primarily the result of volume decreases in various programs, particularly in AEGIS surface ship combat system programs and the AN/BSY-2 submarine combat system program. In addition, the 1995 sales performance represents an expected transition from mature production programs into new development programs. In 1994, sales gains from AEGIS programs were offset by sales decreases related to the LANTIRN targeting and navigation system, other fire control systems programs and certain radar and undersea surveillance systems.

Operating profit for the segment decreased by 22 percent in 1995 compared with 1994, reflecting the sales volume decreases described above, the negative earnings implications of contract charges related to the LANTIRN program close-out and from investments in new businesses, and substantial completion of subcontract activities on the Patriot and other mature production programs. The 38 percent increase in operating profit for 1994 compared to 1993 reflected the performance on the AEGIS program, fire control systems programs and armament systems programs, and improved margin expansion across the segment.

Energy, Materials and Other

Net sales of this segment increased by 16 percent in 1995 compared with 1994 and by ten percent in 1994 compared with 1993. Sales for both Energy and Materials grew in 1995, reflecting the

commencement of activities under the Idaho National Engineering Laboratories Management and Operations and Pit 9 contracts in the fourth quarter of 1994 and the January 1995 Materials acquisition of the construction aggregates business of Dravo Corporation. The primary reason for the increase in 1994 net sales was the increase in sales of construction aggregates, reflecting improvements in construction markets and increased production volume from acquisitions and new activities.

Operating profit for this segment increased by 39 percent in 1995 compared to 1994 and by 15 percent in 1994 compared to 1993. The increase in 1995 was the result of the inclusion of a full year of activities under the Idaho National Engineering Laboratories Management and Operations contract and earnings growth due to increased production volume at Materials. The increase in 1994 was principally due to production volume growth in the Materials business.

Backlog

Total negotiated backlog of \$41.1 billion at December 31, 1995 included both unfilled firm orders for the Corporation's products for which funding has been both authorized and appropriated by the customer (Congress, in the case of U.S. Government customers) and firm orders for which funding has not been appropriated. The following table shows total backlog by segment at the end of each of the last three years:

(In millions)	1995	1994	1993

Backlog			
Space & Strategic Missiles	\$16,261	\$15,920	\$14,052
Aeronautics	14,775	16,146	19,822
Information & Technology Services	4,669	4,855	5,526
Electronics	5,412	5,238	6,087
Energy, Materials and Other	8	73	23

	\$41,125	\$42,232	\$45,510
=====			

Total Space & Strategic Missiles backlog increased by two percent in 1995 as compared to 1994 and by 13 percent in 1994 as compared to 1993. The increase in 1995 occurred principally because of growth in new orders for classified programs. The primary factor in the 1994 increase was the acquisition of backlog related to the former GD Space Systems.

In the Aeronautics segment, total backlog decreased by eight percent in 1995 compared to 1994, having decreased by 19 percent in 1994 compared to 1993. For both years, the fighter aircraft backlog decreased significantly, primarily reflecting deliveries of aircraft to the U.S. Government without the addition of new orders. In 1995, this decrease was partially offset by the receipt of orders from the United Kingdom and Australia to provide 37 C-130J aircraft, with options for 58 additional aircraft for those two nations and New Zealand.

 Negotiated Backlog
 In millions

[GRAPH APPEARS HERE]

Total Information & Technology Services backlog decreased by nearly four percent in 1995 compared to 1994 and by 12 percent in 1994 compared to 1993. The 1995 decrease was primarily the result of reduced contract volume in the segment's space shuttle processing program and adjustments resulting from cost underruns in manned space activities. The 1994 decrease was principally caused by the maturation of several information and simulation systems programs.

In the Electronics segment, total backlog increased by over three percent in 1995 compared to 1994, having decreased by 14 percent in 1994 compared to 1993. The primary reasons for the 1995 increase were key new awards for U.K. Apache helicopter night vision/fire control systems, HYDRA-70 munitions and electronic warfare countermeasures. These increases offset the declines in this segment's defense electronics programs and AEGIS program volume. The 1994 decrease reflected declines in the segment's radar and undersea surveillance systems programs as well as a reduction in AEGIS program volume.

Liquidity and Cash Flows

The Corporation's primary source of liquidity in the past three years has been cash generated from operating activities. Cash provided by operating activities was approximately \$1.3 billion in 1995 as compared to the \$1.5 billion reported for 1994 and 1993. The 1995 amount includes the effect of the pretax merger related and consolidation expenditures to date of \$208 million. As in prior years, positive cash flows were derived in large part from operating profits before deducting non-cash charges for depreciation and amortization of property and intangible assets, offset in part by working capital increases.

Additions to property, plant and equipment, net of purchased operations, were four percent higher in 1995 compared to 1994, and about equal to 1993. The Corporation continually monitors its capital spending in relation to current and anticipated business needs. Facilities are added, consolidated, disposed of or modernized as business circumstances dictate. In 1995, approximately \$294 million was expended on acquisition, investment and divestiture activities, a \$169 million increase from the prior year. In 1994, other investing activities resulted in net positive cash flow, as the proceeds from the Materials IPO and the Grumman termination fee more than offset the cash expended for the acquisition of GD Space Systems.

The Corporation continued to reduce outstanding long-term debt in 1995, consistent with 1994 and 1993. Approximately \$287 million of long-term debt was repaid in 1995 using cash generated from operations. In December 1995, Materials issued \$125 million of long-term debentures, the proceeds from which will be used to retire \$100 million of Notes maturing in 1996. Approximately \$700 million of long-term debt will mature in 1996. As stated previously, the proposed transactions with Loral, if consummated, would cause a significant increase in long-term debt.

Cash dividends per common share were \$1.34, \$1.14, and \$1.09 for 1995, 1994 and 1993, respectively. The initial regular quarterly common dividend rate after consummation of the Business Combination was \$0.35 per share. However, following the receipt of court approval of a settlement reached by the parties of certain class action lawsuits filed on behalf of the former shareholders of

 Net Cash Provided by Operating Activities
 In millions

[GRAPH APPEARS HERE]

 Dividends Per Common Share
 In dollars

[GRAPH APPEARS HERE]

Lockheed and Martin Marietta, Lockheed Martin expects, in accordance with the terms of the settlement, to pay a regular quarterly dividend of \$0.40 per share for each of the next three quarters beginning with the first quarter of 1996.

After the adoption of the 1995 Omnibus Performance Award Plan, the Corporation's Board of Directors authorized the repurchase of up to six million common shares under a systematic repurchase plan. Additionally, the Board authorized the repurchase of up to nine million common shares to counter the dilutive effect of common stock issued under the Corporation's other benefit and compensation programs and for other purposes related to such plans. Approximately 2.3 million common shares were repurchased by the Corporation in the second half of 1995 for approximately \$150 million.

Capital Structure and Resources

Long-term debt, including current maturities, declined to approximately \$3.7 billion at the end of 1995 from approximately \$3.9 billion at the end of 1994, while stockholders' equity grew to over \$6.4 billion from nearly \$6.1 billion a year ago. Total debt represented approximately 37 percent and 39 percent of total capitalization at December 31, 1995 and 1994, respectively. Most of the Corporation's debt is in the form of publicly issued, fixed-rate Notes Payable and Debentures.

As stated previously, if the transactions with Loral are consummated, the Corporation's debt to capitalization ratio will increase to approximately 67 percent. Consequently, the ratings on the Corporation's long-term debt were downgraded to a lower investment grade.

On March 15, 1995, the Corporation entered into a revolving credit agreement (the Credit Agreement) with a group of domestic and foreign banks. The Credit Agreement makes available \$1.5 billion for commercial paper backup and general corporate purposes through March 14, 2000. Borrowings under the Credit Agreement would be unsecured and bear interest, at the Corporation's option, at rates based on the Eurodollar rate or a bank base rate (as defined). The Credit Agreement contains a financial covenant relating to leverage, and provisions which relate to certain changes in control. There have been no borrowings under the Credit Agreement.

In connection with the proposed business combination with Loral, the Corporation intends to arrange with a syndicate of banks to obtain credit facilities of \$10 billion (the New Credit Facilities), comprised of a \$5 billion five-year unsecured revolving credit facility and a \$5 billion 364-day unsecured revolving credit facility. The New Credit Facilities would be available to finance the purchase of Loral's common stock, to fund the \$344 million investment in Loral Space, to refinance a portion of Loral's existing debt, to pay related transaction expenses, to provide for future working capital needs and for general corporate purposes. Alternatively, the Corporation may obtain all or a portion of the necessary financing through the issuance of commercial paper backed by the New Credit Facilities. If the business combination with Loral is consummated, the Credit Facility will be terminated and replaced with the New Credit Facilities. Following the closing of the transactions, it is anticipated that the Corporation will refinance all or a portion of the borrowings under the New Credit Facilities with funds raised in the public or private securities markets. The Corporation may

enter into interest rate hedging agreements to offset a portion of its exposure to rising interest rates related to the anticipated long-term financings.

The Corporation receives advances on certain contracts and uses them to finance the inventories required to complete the contracted work. Approximately \$1.8 billion of advances related to work in process have been received from customers and were recorded as reductions of 1995 inventories in the Corporation's consolidated financial statements. In addition, advances of approximately \$1 billion at the end of 1995 have been recognized as current liabilities, mostly related to contracts with foreign governments and commercial customers.

Cash on hand and temporarily invested, internally generated funds, and available financing resources as detailed above are expected to be sufficient to meet the anticipated operating, consolidation and debt service requirements, discretionary investment needs and capital expenditures of the Corporation. If the business combination with Loral is consummated, management will evaluate potential near-term actions which may permit the Corporation to reduce its long-term debt. These actions may include the disposition of non-core businesses or surplus properties and the suspension of the share repurchase programs.

Environmental Matters

As more fully described in Note 14 to the consolidated financial statements, the Corporation entered into a consent decree with the U.S. Environmental Protection Agency (EPA) in 1991 relating to certain property in Burbank, California, which obligates the Corporation to design and construct facilities to monitor, extract and treat groundwater and operate and maintain such facilities for approximately eight years. The Corporation has also been operating under a cleanup and abatement order from the California Regional Water Quality Control Board affecting its Burbank facilities. This order requires site assessment and action to abate groundwater contamination through a combination of groundwater and soil cleanup and treatment. Anticipated future costs for these projects are estimated to approximate \$205 million. The Corporation has also begun discussions with the EPA to structure a second consent decree to cover the groundwater operations related to the Burbank property for the years 2000 through 2018. Any potential financial exposure related to this period is not expected to be material.

The Corporation records appropriate financial statement accruals for environmental issues in the period in which liability is established and the amounts can reasonably be estimated. In addition to the amounts described above, the Corporation has accrued approximately \$285 million at December 31, 1995 for other matters in which an estimate of financial exposure could be determined. Management believes, however, that it is unlikely that any additional liability it may incur for known environmental issues would have a material adverse effect on its consolidated financial position or results of operations.

The Corporation is a party to various other proceedings and potential proceedings related to environmental clean-up issues, including matters at various sites where it has been designated a Potentially Responsible Party (PRP) by the EPA. In the event the Corporation is ultimately found to

have liability at those sites where it has been designated a PRP, the Corporation anticipates that the actual burden for the costs of remediation will be shared with other liable PRPs. Generally, PRPs that are ultimately determined to be responsible parties are strictly liable for site cleanups and usually agree among themselves to share, on an allocated basis, the costs and expenses for investigation and remediation of hazardous materials. Under existing environmental laws, however, responsible parties are jointly and severally liable and, therefore, the Corporation is potentially liable for the full cost of funding such remediation. In the unlikely event that the Corporation were required to fund the entire cost of such remediation, the statutory framework provides that the Corporation may pursue rights of contribution from the other PRPs. Among the variables management must assess in evaluating costs associated with these sites are changing cost estimates, continually evolving government environmental standards and cost allowability issues. Therefore, the nature of these environmental matters makes it extremely difficult to estimate the timing and amount of any future costs that may be necessary for remedial measures. The Corporation currently is unable to predict the outcome of these matters, inasmuch as the actual costs of remedial actions have not been determined and the allocation of liabilities among parties that ultimately may be found liable remains uncertain.

New Accounting Standards

In 1995, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." SFAS No. 121 requires that certain long-lived assets to be held and used be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Additionally, SFAS No. 121 requires that certain long-lived assets to be disposed of be reported at the lower of carrying amount or fair value less cost to sell. The Corporation will adopt SFAS No. 121 in 1996, as required. Management anticipates that the impact of the adoption of this standard will not be material to the Corporation's consolidated earnings and financial position.

Also in 1995, the FASB adopted SFAS No. 123, "Accounting for Stock-Based Compensation." While SFAS No. 123 establishes financial accounting and reporting standards for stock-based employee compensation plans using a fair value method of accounting, it allows companies to continue to measure compensation cost for those plans using the intrinsic value method of accounting as prescribed in Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees." Should a company choose not to change its accounting method, it must disclose the pro forma effect on net earnings and earnings per share as if the fair value method had been adopted. Currently, the Corporation intends to continue its present APB Opinion No. 25 accounting treatment for stock-based compensation, and plans to adopt the disclosure provisions of SFAS No. 123 beginning in 1996, as required.

The Corporation's Responsibility
for Financial Reporting

The management of Lockheed Martin Corporation prepared and is responsible for the consolidated financial statements and all related financial information contained in this report. The consolidated financial statements, which include amounts based on estimates and judgments, have been prepared in accordance with generally accepted accounting principles applied on a consistent basis.

The Corporation maintains a system of internal accounting controls designed and intended to provide reasonable assurance that assets are safeguarded, transactions are properly executed and recorded in accordance with management's authorization, and accountability for assets is maintained. An environment that establishes an appropriate level of control consciousness is maintained and monitored and includes examinations by an internal audit staff and by the independent auditors in connection with their annual audit.

The Corporation's management recognizes its responsibility to foster a strong ethical climate. Management has issued written policy statements which document the Corporation's business code of ethics. The importance of ethical behavior is regularly communicated to all employees through the distribution of written codes of ethics and standards of business conduct and through ongoing education and review programs designed to create a strong compliance environment.

The Audit and Ethics Committee of the Board of Directors is composed of eight outside directors. This Committee meets periodically with the independent auditors, internal auditors and management to review their activities.

The consolidated financial statements have been audited by Ernst & Young LLP, independent auditors, whose report follows.

/s/ Marcus C. Bennett

Marcus C. Bennett
Senior Vice President and
Chief Financial Officer

/s/ Robert E. Rulon

Robert E. Rulon
Vice President and Controller

Report of Ernst & Young LLP,
Independent Auditors

Board of Directors and Stockholders
Lockheed Martin Corporation

We have audited the accompanying consolidated balance sheet of Lockheed Martin Corporation as of December 31, 1995 and 1994, and the related consolidated statements of earnings, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1995. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Lockheed Martin Corporation at December 31, 1995 and 1994, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1995, in conformity with generally accepted accounting principles.

The Corporation changed its method of accounting for the Employee Stock Ownership Plan effective January 1, 1994 as discussed in Note 1 to the consolidated financial statements.

/s/ Ernst & Young LLP

Washington, D.C.
January 23, 1996

Lockheed Martin Corporation

Consolidated Statement of Earnings

(In millions, except per share data)	Year Ended December 31,		
	1995	1994	1993
Net sales	\$22,853	\$22,906	\$22,397
Costs and expenses:			
Cost of sales	20,881	21,127	20,857
Merger related and consolidation expenses	690	--	--
Earnings from operations	1,282	1,779	1,540
Other income and expenses, net	95	200	44
Interest expense	1,377	1,979	1,584
	288	304	278
Earnings before income taxes and cumulative effect of change in accounting	1,089	1,675	1,306
Income tax expense	407	620	477
Earnings before cumulative effect of change in accounting	682	1,055	829
Cumulative effect of change in accounting	--	(37)	--
Net earnings	\$ 682	\$ 1,018	\$ 829
Earnings per common share:			
Assuming no dilution:			
Before cumulative effect of change in accounting	\$ 3.28	\$ 5.32	\$ 3.99
Cumulative effect of change in accounting	--	(.20)	--
	\$ 3.28	\$ 5.12	\$ 3.99
Assuming full dilution:			
Before cumulative effect of change in accounting	\$ 3.05	\$ 4.83	\$ 3.75
Cumulative effect of change in accounting	--	(.17)	--
	\$ 3.05	\$ 4.66	\$ 3.75

See accompanying Notes to Consolidated Financial Statements.

Lockheed Martin Corporation

Consolidated Statement of Cash Flows

(In millions)	Year Ended December 31,		
	1995	1994	1993
Operating Activities			
Earnings before cumulative effect of change in accounting	\$ 682	\$ 1,055	\$ 829
Adjustments to reconcile earnings to net cash provided by operating activities:			
Merger related and consolidation -- expenses	690	--	--
-- payments	(208)	--	--
Depreciation and amortization	605	638	680
Amortization of intangible assets	316	299	256
Deferred federal income taxes	(116)	73	165
Gain--Materials public offering	--	(118)	--
Acquisition termination fee	--	(50)	--
Changes in operating assets and liabilities:			
Receivables	(394)	(169)	80
Inventories	430	(221)	63
Customer advances and amounts in excess of costs incurred	(294)	20	(209)
Other	(419)	(34)	(405)
Net cash provided by operating activities	1,292	1,493	1,459
Investing Activities			
Additions to properties, net of purchased operations	(531)	(509)	(536)
Acquisition, investment and divestiture activities	(294)	(125)	(2,420)
Net proceeds -- Materials public offering	--	189	--
Other	126	(57)	148
Net cash used for investing activities	(699)	(502)	(2,808)
Financing Activities			
Decreases in short-term borrowings	(14)	(7)	(9)
Increases in long-term debt	125	43	2,281
Repayments and extinguishments of long-term debt	(287)	(512)	(741)
Issuances of common stock	61	32	88
Purchases of common stock	(150)	--	--
Dividends on common stock	(254)	(214)	(215)
Dividends on preferred stock	(60)	(60)	(45)
Net cash (used for) provided by financing activities	(579)	(718)	1,359
Net increase in cash and cash equivalents	14	273	10
Cash and cash equivalents at beginning of year	639	366	356
Cash and cash equivalents at end of year	\$ 653	\$ 639	\$ 366

See accompanying Notes to Consolidated Financial Statements.

Lockheed Martin Corporation

Consolidated Balance Sheet

(In millions)	December 31,	
	1995	1994
=====		
Assets		
Current assets:		
Cash and cash equivalents	\$ 653	\$ 639
Receivables	3,876	3,473
Inventories	2,804	3,159
Deferred income taxes	580	506
Other current assets	264	366

Total current assets	8,177	8,143
Property, plant and equipment	3,165	3,455
Intangible assets related to contracts and programs acquired	1,808	1,971
Cost in excess of net assets acquired	2,817	2,831
Other assets	1,681	1,649

	\$17,648	\$18,049
=====		
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 787	\$ 1,306
Customer advances and amounts in excess of costs incurred	1,570	1,872
Salaries, benefits and payroll taxes	567	767
Income taxes	292	86
Current maturities of long-term debt	722	285
Other current liabilities	1,353	1,319

Total current liabilities	5,291	5,635
Long-term debt	3,010	3,594
Post-retirement benefit liabilities	1,778	1,756
Other liabilities	1,136	978
Stockholders' equity:		
Series A preferred stock, \$50 liquidation preference per share	1,000	1,000
Common stock, \$1 par value per share	199	199
Additional paid-in capital	683	734
Retained earnings	4,838	4,470
Unearned ESOP shares	(287)	(317)

Total stockholders' equity	6,433	6,086

	\$17,648	\$18,049
=====		

See accompanying Notes to Consolidated Financial Statements.

Lockheed Martin Corporation

Consolidated Statement of Stockholders' Equity

(In millions)	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Unearned ESOP Shares	Guarantee of ESOP Obligations	Total Stockholders' Equity
Balance at December 31, 1992	\$ --	\$ 195	\$ 582	\$ 3,136	\$ --	\$(431)	\$ 3,482
Net earnings	--	--	--	829	--	--	829
Preferred stock issued	1,000	--	--	--	--	--	1,000
Dividends declared on preferred stock (\$2.25 per share)	--	--	--	(45)	--	--	(45)
Dividends declared on common stock (\$1.09 per share)	--	--	--	(215)	--	--	(215)
Stock awards and options, and ESOP activity	--	3	107	16	--	24	150
Balance at December 31, 1993	1,000	198	689	3,721	--	(407)	5,201
Earnings before cumulative effect of change in accounting	--	--	--	1,055	--	--	1,055
Cumulative effect of change in accounting	--	--	--	(37)	(350)	407	20
Dividends declared on preferred stock (\$3.00 per share)	--	--	--	(60)	--	--	(60)
Dividends declared on common stock (\$1.14 per share)	--	--	--	(214)	--	--	(214)
Stock awards and options, and ESOP activity	--	1	45	5	33	--	84
Balance at December 31, 1994	1,000	199	734	4,470	(317)	--	6,086
Net earnings	--	--	--	682	--	--	682
Dividends declared on preferred stock (\$3.00 per share)	--	--	--	(60)	--	--	(60)
Dividends declared on common stock (\$1.34 per share)	--	--	--	(254)	--	--	(254)
Repurchases of common stock	--	(2)	(148)	--	--	--	(150)
Stock awards and options, and ESOP activity	--	2	97	--	30	--	129
Balance at December 31, 1995	\$1,000	\$ 199	\$ 683	\$ 4,838	\$ (287)	\$ --	\$6,433

See accompanying Notes to Consolidated Financial Statements.

Note 1 - Summary of Significant Accounting Policies

Organization - Lockheed Martin Corporation (Lockheed Martin or the Corporation) is engaged in the design, manufacture, integration and operation of a broad array of products and services ranging from aircraft, spacecraft and launch vehicles to energy management, missiles, electronics, and information systems. The Corporation serves customers in both domestic and international defense and civilian markets, with its principal customers being agencies of the U.S. Government.

Basis of consolidation and use of estimates - The consolidated financial statements include the accounts of wholly-owned and majority-owned subsidiaries. All material intercompany balances and transactions have been eliminated in consolidation. The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions, in particular estimates of anticipated contract costs and revenues utilized in the earnings recognition process, that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

Classifications - Receivables and inventories are primarily attributable to long-term contracts or programs in progress on which the related operating cycles are longer than one year. In accordance with industry practice, these items are included in current assets.

Certain amounts for the prior years have been reclassified to conform with the 1995 presentation.

Cash and cash equivalents - Cash and cash equivalents are net of outstanding checks that are funded daily as presented for payment. Cash equivalents are generally comprised of highly liquid instruments with maturities of three months or less when purchased. Due to the short maturity of these instruments, carrying value on the Corporation's consolidated balance sheet approximates fair value.

Inventories - Inventories are stated at the lower of cost or estimated net realizable value. Costs on long-term contracts and programs in progress represent recoverable costs incurred for production, allocable operating overhead, and, where appropriate, research and development and general and administrative expenses, less amounts attributed to cost of sales. Pursuant to contract provisions, the U.S. Government and other customers have title to, or a security interest in, certain inventories as a result of progress payments and advances. General and administrative expenses related to commercial products and services essentially under commercial terms and conditions are expensed as incurred. Costs of other product and supply inventories are principally determined by the first-in, first-out or average cost methods.

Property, plant and equipment - Property, plant and equipment are carried principally at cost. Depreciation is provided on plant and equipment generally using accelerated methods of depreciation during the first half of the estimated useful lives of the assets; thereafter, generally straight-line depreciation is used. Estimated useful lives generally range from 8 years to 40 years for buildings and 2 years to 20 years for machinery and equipment.

Intangible assets - Intangible assets related to contracts and programs acquired are amortized over the estimated periods of benefit (15 years or less) and are displayed on the consolidated balance sheet net of accumulated amortization of \$448 million and \$305 million at December 31, 1995 and 1994, respectively. Cost in excess of net assets acquired (goodwill) is amortized ratably over appropriate periods, primarily 40 years, and is displayed on the consolidated balance sheet net of accumulated amortization of \$438 million and \$343 million at December 31, 1995 and 1994, respectively. The carrying values of intangible assets are reviewed if the facts and circumstances indicate potential impairment of their carrying value, and any impairment determined is recorded in the current period.

Environmental matters - The Corporation records a liability for environmental matters when it is probable that a liability has been incurred and the amount can be reasonably estimated. A substantial portion of the costs are expected to be reflected in sales and costs of sales pursuant to U.S. Government agreement or regulation. At the time a liability is recorded for future environmental costs, an asset is recorded for probable future recovery through pricing U.S. Government business. The portion of those costs expected to be allocated to commercial business is reflected in costs and expenses at the time the liability is established.

Sales and earnings - Sales and anticipated profits under long-term fixed-price production contracts are recorded on a percentage of completion basis, generally using units of delivery as the measurement basis for effort accomplished. Estimated contract

profits are taken into earnings in proportion to recorded sales. Sales under certain long-term fixed-price contracts which, among other things, provide for the delivery of minimal quantities or require a significant amount of development effort in relation to total contract value are recorded using the percentage of completion cost-to-cost method of accounting where sales and profits are recorded based on the ratio of costs incurred to estimated total costs at completion.

Sales under cost-reimbursement-type contracts are recorded as costs are incurred. Applicable estimated profits are included in earnings in the proportion that incurred costs bear to total estimated costs. Sales of products and services essentially under commercial terms and conditions are recorded upon shipment or completion of specified tasks.

Amounts representing contract change orders, claims or other items are included in sales only when they can be reliably estimated and realization is probable. Incentives or penalties and awards applicable to performance on contracts are considered in estimating sales and profit rates and are recorded when there is sufficient information to assess anticipated contract performance. Incentive provisions which increase or decrease earnings based solely on a single significant event would generally not be recognized until the event has occurred.

When adjustments in contract value or estimated costs are determined, any changes from prior estimates are reflected in earnings in the current period. Any anticipated losses on contracts or programs in progress are charged to earnings when identified.

Research and development and similar costs - Corporation-sponsored research and development costs primarily include research and development and bid and proposal effort related to government products and services. Except for certain arrangements described below, these costs are generally included as part of the general and administrative costs that are allocated among all contracts and programs in progress under U.S. Government contractual arrangements. Corporation-sponsored product development costs not otherwise allocable are charged to expense when incurred. Under certain arrangements in which a customer shares in product development costs, the Corporation's portion of such unreimbursed costs is expensed as incurred. Customer-sponsored research and development costs incurred pursuant to contracts are accounted for as contract costs.

Income taxes - The Corporation accounts for income taxes as prescribed in Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes." Deferred income tax assets and liabilities on the consolidated balance sheet reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Employee Stock Ownership Plan - The Corporation elected to adopt, effective January 1, 1994, the American Institute of Certified Public Accountants (AICPA) Statement of Position (SOP) No. 93-6, "Employers' Accounting for Employee Stock Ownership Plans," to account for the Employee Stock Ownership Plan (ESOP). Adoption of this accounting method resulted in a cumulative effect adjustment which reduced net earnings for 1994 by \$37 million, or \$.17 per common share assuming full dilution. In accordance with the provisions of the SOP, the unallocated common shares held by the ESOP trust (Unallocated ESOP Shares) have been considered outstanding for voting and other Corporate purposes, but have been excluded from weighted average outstanding shares in calculating earnings per share. For 1995 and 1994, the weighted average Unallocated ESOP Shares excluded in calculating earnings per share totalled approximately 10.3 million and 11.5 million common shares, respectively.

Earnings per common share - Earnings per common share were based on the weighted average number of common shares outstanding during the year. Earnings per common share, assuming no dilution, were computed based on net earnings less the dividend requirement for preferred stock. The weighted average number of common shares outstanding, assuming no dilution, was approximately 189.3 million in 1995, 187.0 million in 1994 and 196.6 million in 1993.

Earnings per common share, assuming full dilution, were computed assuming that the average number of common shares was increased by the conversion of preferred stock. The weighted average number of common shares outstanding, assuming full dilution, was approximately 223.2 million in 1995, 218.3 million in 1994 and 221.1 million in 1993.

Note 2 - Formation of Lockheed Martin and Related Consolidation Activities

On August 29, 1994, Lockheed Martin Corporation, a newly formed corporation, Lockheed Corporation (Lockheed) and Martin Marietta Corporation (Martin Marietta) (collectively, the Corporations) entered into an Agreement and Plan of Reorganization (the Reorganization Agreement) whereby the Corporations would merge through an exchange of stock (the Business Combination). The Business Combination was consummated after stockholders' approval on March 15, 1995.

Under the terms of the Reorganization Agreement, each outstanding share of Lockheed common stock was exchanged for 1.63 shares of Lockheed Martin common stock, and each outstanding share of Martin Marietta common stock and preferred stock was exchanged for one share of Lockheed Martin common stock and preferred stock, respectively.

The Business Combination constituted a tax-free reorganization and qualified for the pooling of interests method of accounting. Under this accounting method, the assets and liabilities of Lockheed and Martin Marietta were carried forward to Lockheed Martin at their historical recorded bases. Subsequent to the Business Combination, Lockheed, Martin Marietta and certain other subsidiaries were merged with and into the Corporation. The accompanying consolidated financial statements, which reflect the combined balance sheets, results of operations and cash flows for Lockheed Martin, have been derived from the balance sheets, results of operations and cash flows of the separate Corporations for periods before the Business Combination, combined, reclassified and conformed, as appropriate, to reflect amounts for the combined entity. Sales and earnings of the individual entities were as follows:

(In millions, except per share data)	As Previously Reported		Combining Adjustments	Lockheed Martin Combined
	Lockheed	Martin Marietta		
Year ended December 31, 1994:				
Net sales	\$13,130	\$ 9,874	\$ (98)	\$22,906
Earnings before cumulative effect of change in accounting	445	636	(26)	1,055
Earnings per share before cumulative effect of change in accounting, assuming full dilution	4.29 (a)	5.05	--	4.83
Year ended December 31, 1993:				
Net sales	\$13,071	\$9,436	\$(110)	\$22,397
Net earnings	422	450 (b)	(43)	829
Earnings per share, assuming full dilution	4.11 (a)	3.80 (b)	--	3.75

(a) Amounts for Lockheed have been adjusted for the 1.63 exchange ratio related to the Business Combination.

(b) Amounts for Martin Marietta do not include the cumulative effect of changes in accounting for post-retirement benefits other than pensions and for postemployment benefits as the timing of the adoption of such changes was adjusted to January 1, 1992 to conform to Lockheed's timing of adoption.

Combining adjustments were recorded to eliminate intercompany sales and cost of sales in each year. No adjustments were made to eliminate the related intercompany profit in ending inventories as such amounts were not material. Adjustments were also made to conform Lockheed's method of accounting for timing differences in cost recognition between SFAS No. 87, "Employers' Accounting for Pensions," and applicable government contract accounting principles to be consistent with Martin Marietta's method, and to conform Lockheed's provisions for state income taxes to Martin Marietta's methodology. Further adjustments were recorded to reflect the tax impact of these adjustments.

During the first quarter of 1995, the Corporation recorded a \$165 million pretax charge for merger related expenses. On June 26, 1995, the Corporation announced a corporate-wide consolidation plan under which the Corporation would close 12 facilities and laboratories as well as 26 duplicative field offices in the U.S. and abroad, eliminating up to approximately 12,000 positions. In conjunction with the announcement, the Corporation recorded accruals for severance, lease termination and certain other costs as well as approximately \$220 million of adjustments to reflect affected real estate and other property, plant and equipment at their estimated net realizable values. Under existing

U.S. Government regulations, certain costs incurred for consolidation actions that can be demonstrated to result in savings in excess of the cost to implement can be amortized for government contracting purposes and included in future pricing of the Corporation's products and services. The Corporation anticipates that a substantial portion of the total costs of the consolidation plan will be reflected in future sales and cost of sales. The Corporation recorded a pretax charge of \$525 million for the consolidation plan which represents the portion of the accrued costs and net realizable value adjustments that are not probable of recovery. The after-tax effect of these charges was \$436 million, or \$1.96 per common share assuming full dilution. As of December 31, 1995, the total merger related and consolidation plan expenditures were approximately \$208 million which primarily relate to the Business Combination, the elimination of positions and the closure of foreign and domestic marketing offices. Approximately \$400 million of accrued merger and consolidation costs are included in other current liabilities at December 31, 1995.

Other costs of the consolidation plan, which include relocation of personnel and programs, retraining, process re-engineering and certain capital expenditures, among others, generally will be recognized when incurred. The Corporation currently anticipates that the remaining consolidation costs will be incurred by the end of 1997.

Note 3 - Transaction Agreement with Loral Corporation

In January 1996, the Corporation entered into an Agreement and Plan of Merger (the Merger Agreement), dated as of January 7, 1996, with Loral Corporation (Loral) for a series of interrelated transactions with a total estimated value of approximately \$9.4 billion. Under the terms of the Merger Agreement, the Corporation intends to acquire the defense electronics and systems integration businesses and certain other businesses of Loral for approximately \$9.1 billion, including \$2.1 billion of assumed debt. Of the total, approximately \$7 billion will be paid directly to Loral shareholders by the Corporation through a tender offer for all outstanding shares of Loral common stock for \$38.00 per share in cash. A Schedule 14D-1 relating to the tender offer was filed with the Securities and Exchange Commission on January 12, 1996. Following the consummation of the tender offer, Loral will distribute, for each share of Loral common stock previously held, one share of common stock of a newly-formed company, Loral Space & Communications, Ltd. (Loral Space), which will own substantially all of the space and satellite telecommunications interests of Loral. Finally, the Corporation will invest \$344 million in Loral Space for the acquisition of shares of preferred stock that are convertible into 20 percent of Loral Space's common stock on a fully diluted basis. The Corporation's offer is contingent, among other things, on the tendering of two-thirds of Loral's outstanding shares and on regulatory approvals, and is expected to close in the first half of 1996. If the business combination with Loral is consummated, the purchase method of accounting will be used to record the transactions.

In connection with the transactions, the Corporation intends to arrange with a syndicate of banks to obtain credit facilities of \$10 billion (the New Credit Facilities), comprised of a \$5 billion five-year unsecured revolving credit facility and a \$5 billion 364-day unsecured revolving credit facility. The New Credit Facilities would be available to finance the purchase of Loral's common stock, to fund the \$344 million investment in Loral Space, to refinance a portion of Loral's existing debt, to pay related transaction expenses, to provide for future working capital needs and for general corporate purposes. Alternatively, the Corporation may obtain all or a portion of the necessary financing through the issuance of commercial paper backed by the New Credit Facilities. If the business combination with Loral is consummated, the Credit Facility in effect at December 31, 1995 (see Note 8) will be terminated and replaced with the New Credit Facilities. Following the closing of the transactions, it is anticipated that the Corporation will refinance all or a portion of the borrowings under the New Credit Facilities with funds raised in the public or private securities markets.

Note 4 - Acquisitions

On May 1, 1994, the Corporation completed its acquisition of the Space Systems Division of General Dynamics Corporation (the Space Systems Division) for cash. This transaction was recorded under the purchase method of accounting. Operations of the Space Systems Division have been included in the Corporation's Space & Strategic Missiles segment from the closing date. Pro forma financial data related to this transaction has not been presented, based on materiality considerations.

On April 2, 1993, the Corporation consummated a transaction (the GE Transaction) with

General Electric Company (GE) to combine the aerospace and certain other businesses of GE (collectively, the GE Aerospace businesses) with the businesses of the Corporation in the form of affiliated corporations. The exchange consideration of approximately \$3 billion for the GE Transaction consisted of approximately \$900 million in cash, convertible preferred stock (valued at \$1 billion), retention by GE of certain accounts receivable and the assumption of payment obligations related to certain GE indebtedness (\$750 million). The GE Transaction was recorded under the purchase method of accounting. The GE Aerospace operations have been included in the Corporation's results of operations since the closing date. If the GE Transaction were presented on an unaudited pro forma basis as if it had occurred as of January 1, 1993, the Corporation's 1993 net sales would increase by approximately \$1 billion and net earnings would increase by less than 1.5%.

Effective February 28, 1993, the Corporation acquired the tactical military aircraft business of General Dynamics Corporation (formerly, the GD Fort Worth Division) for approximately \$1.5 billion in cash, plus the assumption of certain liabilities related to the business. The acquisition was recorded under the purchase method of accounting. Pro forma financial data for 1993 related to this transaction has not been presented based on materiality considerations.

Note 5 - Receivables

Receivables consisted of the following components:

(In millions)	1995	1994
U.S. Government:		
Amounts billed	\$ 925	\$ 984
Unbilled costs and accrued profits	1,622	1,383
Commercial and foreign governments:		
Amounts billed	654	662
Unbilled costs and accrued profits, primarily related to commercial contracts	675	444
	\$3,876	\$3,473

Unbilled costs and accrued profits consisted primarily of revenues on long-term contracts that had been recognized for accounting purposes but not yet billed to customers. Approximately \$185 million of the December 31, 1995 unbilled costs and accrued profits are not expected to be billed within one year.

Note 6 - Inventories

Inventories consisted of the following components:

(In millions)	1995	1994
Work in process, primarily on long-term contracts and programs in progress	\$ 3,721	\$ 4,291
Less customer advances and progress payments	(1,772)	(1,785)
	1,949	2,506
Other inventories	855	653
	\$2,804	\$ 3,159

Customer advances and progress payments applied above are those where the customer has title to, or a security interest in, inventories identified with the related contracts. Other customer advances are classified as current liabilities. Inventories include unamortized deferred costs of approximately \$300 million at December 31, 1995 which are anticipated to be recovered through future contracts.

An analysis of general and administrative costs, including research and development costs, included in work in process inventories follows:

(In millions)	1995	1994	1993
Beginning of year	\$ 480	\$ 499	\$ 243
Incurred during the year	1,704	1,761	1,882
Charged to costs and expenses during the year:			
Research and development	(548)	(659)	(696)
Other general and administrative	(1,205)	(1,121)	(930)
End of year	\$ 431	\$ 480	\$ 499

=====

In addition, included in costs and expenses in 1995, 1994 and 1993 were general and administrative costs, including research and development costs, of approximately \$230 million, \$154 million and \$155 million, respectively, incurred by commercial business units or programs.

Note 7 - Property, Plant and Equipment

Property, plant and equipment consisted of the following components:

(In millions)	1995	1994
Land	\$ 362	\$ 332
Buildings	2,494	2,419
Machinery and equipment	5,329	5,425
	8,185	8,176
Less accumulated depreciation and amortization	(5,020)	(4,721)
	\$3,165	\$ 3,455

Note 8 - Debt

Long-term debt consisted of the following components:

Type (Maturity Dates) (In millions)	Range of Interest Rates	1995	1994
Notes Payable:			
Fixed rate (1996-2023)	4.5-9.4%	\$2,172	\$ 2,215
Variable rate (1995)	(a)	--	200
Debentures (2011-2025)	7.0-7.9%	828	703
ESOP obligations (1996-2004)	8.3-8.4%	355	382
Payment obligations assumed from GE (1996)	5.0%	303	310
Other obligations	6.0-9.0%	74	69
		3,732	3,879
Less current maturities		(722)	(285)
		\$3,010	\$ 3,594

(a) Interest rates vary based on the Eurodollar rate.

During the second quarter of 1995, the Corporation retired \$200 million of variable rate Notes Payable and \$43 million of fixed rate Notes Payable. During the fourth quarter, Martin Marietta Materials, Inc. (Materials), a public company owned 81% by the Corporation, issued \$125 million of 7% debentures due in 2025.

Included in Notes Payable are \$300 million of 9.375% notes due in 1999 which stipulate that, in the event of both a "designated event" and a related "rating decline" occurring within a specified period of time, holders of the notes may require the Corporation to redeem the notes and pay accrued interest. In general, a "designated event" occurs when any one of certain ownership, control, or capitalization changes takes place. A "rating decline" occurs when the ratings assigned to the Corporation's debt are reduced below investment-grade levels.

Included in Debentures are \$150 million of 7.75% obligations which may be redeemed by the Corporation at specified prices on or after April 15, 2003. Also included in Debentures are \$103 million of 7% obligations (\$175 million at face value) which were originally sold at approximately 54% of their principal amount. These debentures, which are redeemable in whole or in part at the Corporation's option at 100% of their face value, have an effective yield of 13.25%.

A leveraged ESOP incorporated into the Lockheed Salaried Savings Plan (401(k)) (see Note 12) borrowed \$500 million through a private placement of notes in 1989. These notes are being repaid in quarterly installments over terms ending in 2004. The ESOP note agreement stipulates that, in the event that the ratings assigned to the Corporation's long-term senior unsecured debt are below investment grade, holders of the notes may require the Corporation to purchase the notes and pay accrued interest. These notes are obligations of the ESOP but guaranteed by the Corporation and are reported as debt on the Corporation's consolidated balance sheet.

The Corporation's long-term debt maturities for the five years following December 31, 1995, are: \$722 million in 1996; \$166 million in 1997; \$374 million in 1998; \$350 million in 1999; \$44 million in 2000 and \$2,076 million thereafter.

Certain of the financing agreements of the Corporation contain certain restrictive covenants relating to debt, requirements for limitations on encumbrances and on sale and lease-back transactions, and provisions which relate to certain changes in control.

SFAS No. 107, "Disclosures about Fair Value of Financial Instruments," and SFAS No. 119, "Disclosure about Derivative Financial Instruments and Fair Value of

Financial Instruments," require the disclosure of the fair value of financial instruments, both assets and liabilities recognized and not recognized on the consolidated balance sheet, for which it is practicable to estimate fair value. Unless otherwise indicated elsewhere in the notes to the consolidated financial statements, the carrying value of the Corporation's financial instruments approximates fair value. The estimated fair values of the Corporation's long-term debt instruments at December 31, 1995, aggregated approximately

\$4.0 billion, compared with a carrying amount of approximately \$3.7 billion on the consolidated balance sheet. The fair values were estimated based on quoted market prices for those instruments publicly traded. For privately placed debt, the fair values were estimated based on the quoted market prices for the same or similar issues, or on current rates offered to the Corporation for debt of the same remaining maturities.

On March 15, 1995, the Corporation entered into a revolving credit agreement (the Credit Agreement) with a group of domestic and foreign banks. The Credit Agreement makes available \$1.5 billion through March 14, 2000. Borrowings under the Credit Agreement would be unsecured and bear interest, at the Corporation's option, at rates based on the Eurodollar rate or a bank base rate (as defined). The Credit Agreement contains a financial covenant relating to leverage, and provisions which relate to certain changes in control. There have been no borrowings under the Credit Agreement.

Interest payments were \$275 million in 1995, \$276 million in 1994 and \$262 million in 1993.

Note 9 - Income Taxes

The provision for federal and foreign income taxes consisted of the following components:

(In millions)	1995	1994	1993
Federal income taxes:			
Current	\$ 510	\$ 538	\$ 304
Deferred	(116)	73	165
Total federal income taxes	394	611	469
Foreign income taxes	13	9	8
Total income taxes provided	\$ 407	\$ 620	\$ 477

Net provisions for state income taxes are included in general and administrative expenses, which are primarily allocable to government contracts. Such state income taxes were \$86 million for 1995, \$50 million for 1994 and \$86 million for 1993.

The Corporation's effective income tax rate varied from the statutory federal income tax rate because of the following tax differences:

	1995	1994	1993
Statutory federal tax rate	35.0%	35.0%	35.0%
Increase (reduction) in tax rate from:			
Nondeductible amortization	3.2	2.1	2.0
Revisions to prior years' estimated liabilities	(3.4)	(.9)	1.2
Other, net	2.6	.8	(1.7)
	37.4%	37.0%	36.5%

The primary components of the Corporation's federal deferred income tax assets and liabilities at December 31 were as follows:

(In millions)	1995	1994
Deferred tax assets related to:		
Accumulated post-retirement benefit obligations	\$ 674	\$ 680
Accrued compensation and benefits	290	356
Merger related and consolidation reserves	168	--
Contract accounting methods	132	76
Other	110	116
	1,374	1,228
Deferred tax liabilities related to:		
Intangible assets	547	520
Property, plant and equipment	247	244
	794	764
Net deferred tax assets	\$ 580	\$ 464

Federal and foreign income tax payments, net of refunds received, were \$223 million in 1995, \$502 million in 1994 and \$455 million in 1993.

Note 10 - Other Income and Expenses

Other income and expenses, net consisted of the following components:

(In millions)	1995	1994	1993
Royalty income	\$ 64	\$ 59	\$ 33
Interest income	33	34	22
Gain--Materials public offering	--	118	--
Acquisition termination fee	--	50	--
Other	(2)	(61)	(11)
	\$ 95	\$ 200	\$ 44

In February 1994, Materials sold through an initial public offering approximately 8.8 million shares of its common stock. The Corporation retains approximately 81% of the outstanding stock of Materials. Minority interest of \$84 million and \$71 million was included in other liabilities at December 31, 1995 and 1994, respectively. A portion of the proceeds from the offering was used to defease in substance \$125 million of 9.5% Notes. The Corporation recognized a pretax gain, net of a loss on debt defeasance, of \$118 million from Materials' initial public offering. The net after-tax gain from these transactions was \$70 million, or \$.32 per common share assuming full dilution.

During March 1994, the Corporation entered into an Agreement and Plan of Merger with Grumman Corporation (Grumman) and made an offer to purchase for cash all outstanding shares of common stock of Grumman. Subsequently, Grumman reached agreement with and accepted Northrop Corporation's competing offer to purchase its outstanding common shares. In April 1994, the Corporation received \$50 million plus reimbursement of expenses from Grumman pursuant to the termination provisions of the Agreement and Plan of Merger. The Corporation recorded an after-tax gain of \$30 million, or \$.14 per common share assuming full dilution.

Note 11 - Stockholders' Equity and Related Items

Capital structure - The authorized capital structure of the Corporation is composed of 750 million shares of common stock (199 million shares issued), 50 million shares of series preferred stock (no shares issued), and 20 million shares of Series A preferred stock (20 million shares issued). Approximately 70 million common shares have been reserved for issuance under benefit and incentive plans.

The Series A preferred stock has a par value of \$1 per share (liquidation preference of \$50 per share). As part of the consideration for the GE Transaction, the Corporation issued to GE all of the authorized and outstanding shares of Series A preferred stock. Dividends are cumulative and paid at an annual rate of \$3.00 per share, or 6%. The shares held by GE are currently convertible into approximately 13% of the shares of the Corporation's common stock after giving effect to such conversion, have an aggregate liquidation preference of \$1 billion, and are nonvoting except in special circumstances. Accordingly, 29 million common shares have been reserved for this potential conversion. In March 1998 and thereafter, the Corporation will be entitled to redeem, at its option, any or all shares of the Series A preferred stock for either cash or common stock. The Series A preferred stock is held under a Standstill Agreement which, among other things, imposes certain limitations on either the increase or disposal of GE's interest in voting securities of the Corporation, on GE's solicitation of proxies and stockholder proposals, on GE's voting of its shares and on GE's ability to place or remove members of the Corporation's Board of Directors. In addition, the Standstill Agreement requires the Corporation to recommend to its shareholders the election of two persons designated by GE to serve as directors of the Corporation.

On July 27, 1995, the Corporation's Board of Directors authorized the repurchase of up to six million common shares under a systematic repurchase plan to counter the future dilutive effect of common stock issued by the Corporation under its 1995 Omnibus Performance Award Plan. Additionally, the Board authorized the repurchase of up to nine million common shares to counter the dilutive effect of common stock issued under the Corporation's other benefit and compensation programs and for other purposes related to such plans. Approximately 2.3 million common shares were repurchased by the Corporation in the second half of 1995.

Stock option and award plans - On March 15, 1995, the stockholders approved the Lockheed Martin 1995 Omnibus Performance Award Plan (Omnibus Plan). Under the Omnibus Plan, employees of the Corporation may be granted stock-based incentive awards, including options to purchase common stock, stock appreciation rights, restricted stock or other stock-based incentive awards. Employees may

also be granted cash-based incentive awards, such as performance units. These awards may be granted either individually or in combination with other awards. Options to purchase common stock will be at an exercise price of not less than 100% of the market value of the underlying stock on the date of grant. The number of shares of Lockheed Martin common stock that may be issued in respect of awards under the Omnibus Plan will not exceed 12 million shares. The Omnibus Plan does not impose any minimum vesting periods on options or other awards. The maximum term of an option or any other award is ten years. The Omnibus Plan allows the Corporation to provide for financing of purchases, subject to certain conditions, by interest-bearing notes payable to the Corporation.

Prior to the Business Combination, Lockheed and Martin Marietta had also utilized share-based and cash-based incentive award plans. Under the terms of certain of these plans, consummation of the Business Combination resulted in the acceleration of payment of certain benefits that would otherwise have been payable over time, early vesting of certain benefits that would otherwise not be fully vested, and, in some cases, the use of modified formulas for calculating the amounts of such benefits. In addition, the Reorganization Agreement provided for each outstanding stock option, stock appreciation right and other stock-based incentive award to be converted into a similar instrument of Lockheed Martin upon consummation of the Business Combination. Effective with the adoption of the Omnibus Plan, no further grants of share-based or cash-based incentive awards will be made under any of Lockheed's and Martin Marietta's prior plans. Accordingly, shares available for grant under these prior plans have been removed from registration.

The following table summarizes the stock option activity under the Corporation's plans during 1995:

(In thousands)	Number of Shares		
	Available for Grant	Options Outstanding	Option Price Range
December 31, 1994	3,652	9,244	\$19.60-\$44.88
Additions	12,000	--	--
Options granted	(2,228)	2,228	\$ 59.38
Removed from registration	(3,674)	--	--
Exercised	--	(1,943)	\$19.75-\$44.88
Terminated	81	(109)	\$19.60-\$59.38
December 31, 1995	9,831	9,420	\$19.60-\$59.38

At December 31, 1995, approximately 6.5 million options outstanding were exercisable.

Note 12 - Post-Retirement Benefit Plans

The Corporation maintains separate plans for post-retirement benefits for heritage Lockheed and Martin Marietta employees.

Defined Contribution Plans

The Corporation maintains a number of contributory 401(k) savings plans for salaried employees (the Salaried Plans) and hourly employees (the Hourly Plans) which cover substantially all employees.

The Lockheed Salaried Plans - The Lockheed Salaried Plan includes an ESOP which purchased approximately 17.4 million shares of the Corporation's common stock with the proceeds from a \$500 million note issue which is guaranteed by the Corporation (see Note 8). Shares are held in a suspense account in a salaried ESOP awaiting release and allocation to participants as described below.

Under provisions of the Lockheed Salaried Plan, employees' eligible contributions are matched by the Corporation at an established rate. The Corporation's matching obligation was \$98 million in 1995, \$103 million in 1994 and \$104 million in 1993.

Since inception of the ESOP, some portion of the Corporation's match has consisted of the Corporation's common stock. The common stock portion of the matching obligation is fulfilled, in

Lockheed Martin Corporation

part, with stock released from the suspense account at approximately 1.2 million shares per year based upon the debt repayment schedule through the year 2004. The balance of the stock portion of the matching obligation is fulfilled through purchases of common stock from terminating participants or on the open market.

Effective January 1, 1994, the Corporation adopted SOP No. 93-6. Among other things, under this method of accounting, the cost of the ESOP includes the interest paid by the ESOP trust to service the debt (approximately \$31 million and \$33 million for 1995 and 1994, respectively).

The Lockheed salaried ESOP trust held approximately 22 million and 23 million issued shares of the Corporation's common stock at December 31, 1995 and 1994, respectively, representing about 11 percent of the Corporation's total common shares outstanding in each period. The 22 million shares held at December 31, 1995 consisted of approximately 12 million allocated shares and 10 million unallocated shares. The fair value of the unallocated ESOP shares at December 31, 1995 was approximately \$780 million.

The Lockheed Hourly Plans - ESOPs were created and incorporated into the Lockheed Hourly Plans. The Corporation matches an established rate of participating employees' eligible contributions to the Hourly Plans through payments to the ESOP trusts. A portion of the Corporation's match consists of Corporation common stock purchased by the ESOPs on the open market and from terminating participants. The required match was \$12 million in 1995, \$12 million in 1994 and \$15 million in 1993. The hourly ESOP trusts held approximately two million issued and outstanding shares of common stock at December 31, 1995.

Dividends on allocated shares - Dividends paid to the Lockheed salaried and hourly ESOP trusts on the allocated shares are paid annually by the ESOP trusts to the participants based upon the number of shares allocated to each participant.

The Martin Marietta Plans - The Corporation sponsors a number of contributory 401(k) savings plans which cover substantially all Martin Marietta heritage employees. Under the provisions of the plans, certain contributions of eligible employees are matched by the Corporation at an established rate. The Corporation's contributions for the years ended December 31, 1995, 1994 and 1993 were \$70 million, \$77 million and \$48 million, respectively, which were reflected as compensation expense. Plan assets at December 31, 1995, which are held in a master trust, included approximately 10 million shares of the Corporation's common stock.

Defined Benefit Plans

Most employees are covered by contributory or noncontributory defined benefit pension plans. Benefits for salaried plans are generally based on average compensation and years of service, while those for hourly plans are generally based on negotiated benefits and years of service. Substantially all benefits are paid from funds previously contributed to trustees. The Corporation's funding policy is to make contributions that are consistent with U.S. Government cost allowability and Internal Revenue Service deductibility requirements, subject to the full-funding limits of the Employee Retirement Income Security Act of 1974 (ERISA). When any funded plan exceeds the full-funding limits of ERISA, no contribution is made to that plan.

The net pension cost of the Corporation's defined benefit plans includes the following components:

(In millions)	1995	1994	1993
Service cost--benefits earned during the year	\$ 350	\$ 440	\$ 386
Interest cost	896	842	807
Net amortization and other components	1,545	(1,060)	326
Actual return on assets	(2,577)	64	(1,259)
Employee contributions	(3)	(3)	(3)
Net pension cost	\$ 211	\$ 283	\$ 257

Notes to Consolidated Financial Statements Continued

The following table sets forth the defined benefit plans' funded status and amounts recognized in the Corporation's consolidated balance sheet as of December 31:

(In millions)	1995	1994
Plan assets at fair value	\$13,848	\$11,845
Actuarial present value of benefit obligations:		
Vested	\$10,839	\$ 9,423
Non-vested	121	118
Accumulated benefit obligation	10,960	9,541
Effect of projected future salary increases	1,648	1,330
Projected benefit obligation (PBO)	12,608	10,871
Plan assets greater than PBO	1,240	974
Reconciling items:		
Unrecognized net asset existing at the date of initial application of SFAS No. 87	(279)	(369)
Unrecognized prior-service cost	536	584
Unrecognized gain	(1,332)	(984)
Prepaid pension asset	\$ 165	\$ 205

The increase in the fair value of plan assets in 1995 from 1994 was primarily due to favorable investment returns. The increase in the projected benefit obligation in 1995 from 1994 was primarily due to a decrease in the assumed discount rate.

At December 31, 1995, approximately 50 percent of the plan assets were equity securities and the rest were primarily fixed income securities and cash equivalents. Actuarial determinations were based on various assumptions displayed in the following table. Net pension costs in 1995, 1994 and 1993 were based on assumptions in effect at the end of the respective preceding year. Benefit obligations as of each year-end were based on assumptions in effect as of those dates.

	1995	1994	1993
Assumptions:			
Plan discount rates	7.5%	8.2-8.5%	7.0-7.5%
Rates of increase in future compensation levels	6.0	5.5-6.0	6.0
Expected long-term rate of return on assets	8.8	8.0-8.8	8.0-8.8

Retiree Medical and Life Insurance Plans

Certain health care and life insurance benefits are provided to eligible retirees by the Corporation. These benefits are paid by the Corporation or funded through several trusts.

The net periodic post-retirement benefit cost for the years ended December 31, included the following components:

(In millions)	1995	1994	1993
Service cost--benefits earned during the year	\$ 34	\$ 54	\$ 47
Interest cost	177	164	153
Net amortization and other components	44	(29)	11
Actual return on assets	(82)	(3)	(35)
Curtailment gain	--	(21)	(28)
Net periodic cost	\$ 173	\$ 165	\$ 148

The Corporation has made contributions to irrevocable trusts (including Voluntary Employees' Beneficiary Association (VEBA) trusts and 401(h) accounts) established to pay future medical benefits to eligible retirees and dependents.

The following table sets forth the post-retirement benefit plans' obligations and funded status as of December 31:

(In millions)	1995	1994
Plan assets at fair value	\$ 590	\$ 423
Actuarial present value of benefit obligations:		
Active employees, eligible to retire	\$ 344	\$ 371
Active employees, not eligible to retire	428	402
Former employees	1,504	1,480
Accumulated post-retirement benefit obligation (APBO)	2,276	2,253
Assets less than APBO	1,686	1,830
Unrecognized prior service cost	16	(5)
Unrecognized gain	93	24
Post-retirement benefit unfunded liability	\$1,795	\$1,849

Lockheed Martin Corporation

Actuarial determinations were based on various assumptions displayed in the following table. Net retiree medical costs for 1995, 1994 and 1993 were based on assumptions in effect at the end of the respective preceding years. Benefit obligations as of the end of each year reflect assumptions in effect as of those dates.

	1995	1994	1993
Assumptions:			
Plan discount rates	7.5%	8.2-8.5%	7.0-7.5%
Expected long-term rate of return on assets	8.8	8.0-8.8	8.0-8.8

The following table presents the medical trend rates for the plans:

	1995	1994	1993
Initial:			
Lockheed early retirees (pre-65)	8.0%	11.0%	13.0%
Lockheed other retirees	8.0	6.0	9.0
Martin Marietta retirees	7.5	7.5	7.5
Ultimate Lockheed:			
Early(a)	4.5	5.0	5.0
Other(b)	2.0	2.0	2.0
Ultimate Martin Marietta (7 years and after)	4.5	4.5	4.5

- (a) 8 years and after for 1995; 20 years and after for 1994 and 1993.
- (b) 13 years and after for 1995; 16 years and after for 1994 and 1993.

An increase of one percentage point in the assumed medical trend rates would result in an increase in the APBO of approximately 7.9% at December 31, 1995, and a 1995 post-retirement benefit cost increase of approximately 10.3%. The Corporation believes that the cost containment features it has previously adopted and the funding approaches underway will allow it to effectively manage its retiree medical expenses, but it will continue to monitor the costs of retiree medical benefits and may further modify the plans if circumstances warrant.

Note 13 - Leases

Total rental expense under operating leases, net of immaterial amounts of sublease rentals and contingent rentals, were \$236 million, \$265 million and \$257 million for 1995, 1994 and 1993, respectively.

Future minimum lease commitments at December 31, 1995, for all operating leases that have a remaining term of more than one year were \$781 million (\$178 million in 1996, \$130 million in 1997, \$106 million in 1998, \$90 million in 1999, \$74 million in 2000, and \$203 million in later years). Certain major plant facilities and equipment are furnished by the U.S. Government under short-term or cancelable arrangements.

Note 14 - Commitments and Contingencies

The Corporation or its subsidiaries are parties to or have property subject to litigation and other proceedings, including matters arising under provisions relating to the protection of the environment, that have the potential to affect the results of the Corporation's operations or its financial position. These matters include the following items:

Environmental matters - In 1991, the Corporation entered into a consent decree with the U.S. Environmental Protection Agency (EPA) relating to certain property in Burbank, California, which obligates the Corporation to design and construct facilities to monitor, extract, and treat groundwater and operate and maintain such facilities for approximately eight years. The Corporation estimates that expenditures required to comply with the terms of the consent decree over the remaining term of the project will be approximately \$50 million.

The Corporation has also been operating under a cleanup and abatement order from the California Regional Water Quality Control Board affecting its facilities in Burbank, California. This order requires site assessment and action to abate groundwater contamination by a combination of groundwater and soil cleanup and treatment. Based on experience derived from initial remediation activities, the Corporation estimates the anticipated costs of these actions in excess of the requirements under the EPA consent decree to approximate \$155 million over the remaining term of the project; however, this estimate is likely to change as work progresses and as additional experience is gained.

In addition, the Corporation is involved in several other proceedings and potential proceedings relating to environmental matters, including disposal of hazardous wastes and soil and water contamination. The extent of the Corporation's financial exposure cannot in all cases be reasonably estimated at this time. A liability of approximately \$285 million for those cases in which an estimate of financial exposure can be determined has been recorded.

remediation expenditures referenced above are being allocated to the Corporation's operations as general and administrative costs and, under existing government regulations, these and other environmental expenditures related to U.S. Government business, after deducting any recoveries from insurance or other responsible parties, are allowable in establishing the prices of the Corporation's products and services. As a result, a substantial portion of the expenditures will be reflected in the Corporation's sales and cost of sales pursuant to U.S. Government agreement or regulation. The Corporation has recorded a liability for probable future environmental costs as discussed above, and has recorded an asset for probable future recovery of the portion of these costs in pricing of the Corporation's products and services for U.S. Government business. The portion that is expected to be allocated to commercial business has been reflected in cost of sales. The recorded amounts do not reflect the possible recovery of portions of the environmental costs through insurance policy coverage or from other potentially responsible parties to the contamination, which the Corporation is pursuing as required by agreement and U.S. Government regulation. Any such recoveries, when received, would reduce the Corporation's liability as well as the allocated amounts to be included in the Corporation's U.S. Government sales and cost of sales.

Legal proceedings - The Corporation or its subsidiaries are parties to or have property subject to litigation and other proceedings, including matters arising under provisions relating to the protection of the environment, in addition to those described above. In the opinion of management and counsel, the probability is remote that the outcome of litigation and proceedings will have a material adverse effect on the results of the Corporation's operations or its financial position.

Letters of credit and other matters - The Corporation has entered into standby letter of credit agreements and other arrangements with financial institutions primarily relating to the guarantee of future performance on certain contracts. At December 31, 1995, the Corporation had contingent liabilities on outstanding letters of credit, guarantees, and other arrangements aggregating approximately \$560 million.

At December 31, 1995, Lockheed Martin Finance Corporation (LMFC) had entered into approximately \$140 million in interest rate swap agreements to reduce the impact of changes in interest rates on its operations. The effect of these agreements is that the aggregate of the carrying value of LMFC's financial instruments approximates their fair market value. LMFC is exposed to credit loss, to the extent of future interest rate differentials, in the event of nonperformance by the intermediaries to the interest rate swap agreements. The Corporation does not anticipate nonperformance by the intermediaries.

Note 15 - Information on Industry Segments and Major Customers

The Corporation operates in four principal business segments: Space & Strategic Missiles, Aeronautics, Information & Technology Services, and Electronics. All other activities of the Corporation fall within the Energy, Materials and Other segment.

Space & Strategic Missiles - Engaged in the design, development, engineering and production of civil, commercial and military space systems, including spacecraft, space launch vehicles and supporting ground systems and services; satellites; strategic fleet ballistic missiles; tactical defense missiles; electronics and instrumentation; remote sensing technology; space and ground-based strategic systems; and surface and space-based information and communications systems.

Aeronautics - Engaged in the design, development, engineering and production of fighter, bomber, special mission, airlift, antisubmarine warfare, reconnaissance, surveillance and high performance aircraft; aircraft controls and subsystems; thrust reversers and shipboard vertical missile launching systems; and aircraft modification and maintenance and logistics support for military and civilian customers.

Information & Technology Services - Engaged in the development and operation of large, complex information systems; designing, manufacturing and marketing computer graphics products; developing and manufacturing high capacity data storage products; electronics contract manufacturing services; and providing advanced transportation systems and services, and payload integration, astronaut training and flight operations support.

Electronics - Engaged in the design, development, engineering and production of high-performance electronic systems for undersea, shipboard, land-based and airborne applications. Major product lines include advanced technology missiles, night navigation and targeting systems for aircraft; submarine and surface ship combat systems; airborne,

Lockheed Martin Corporation

ship and land-based radar; radio frequency, infrared, and electro-optical countermeasure systems; surveillance systems; control systems; ordnance; and aircraft component manufacturing and assembly.

Energy, Materials and Other - The Corporation manages certain facilities for the U.S. Department of Energy. The contractual arrangements provide for the Corporation to be reimbursed for the cost of operations and receive a fee for performing management services. The Corporation reflects only the management fee in its sales and earnings for these government-owned facilities. In addition, while the employees at such facilities are employees of the Corporation, applicable employee benefit plans are separate from the Corporation's plans. The Corporation also provides construction aggregates and specialty chemical products to commercial and civil customers through its Materials subsidiary, provides environmental remediation services to commercial and U.S. Government customers, and has investments in airport development and management as well as other businesses.

Selected Financial Data By Business Segment

(In millions)	1995	1994	1993
=====			
Net sales			
Space & Strategic Missiles	\$ 7,521	\$ 6,719	\$ 7,293
Aeronautics	6,617	7,091	6,601
Information & Technology Services	4,528	4,271	3,712
Electronics	3,294	4,055	4,092
Energy, Materials and Other	893	770	699
	-----	-----	-----
	\$22,853	\$22,906	\$22,397
=====			

Operating profit			
Space & Strategic Missiles	\$ 431	\$ 476	\$ 507
Aeronautics	394	511	479
Information & Technology Services	269	228	145
Electronics	261	456	331
Energy, Materials and Other	22	308	122
	-----	-----	-----
	\$ 1,377	\$ 1,979	\$ 1,584
=====			

(In millions)	1995	1994	1993
=====			
Depreciation and amortization			
Space & Strategic Missiles	\$ 205	\$ 217	\$ 218
Aeronautics	142	126	137
Information & Technology Services	67	77	92
Electronics	125	139	161
Energy, Materials and Other	66	79	72
	-----	-----	-----
	\$ 605	\$ 638	\$ 680
=====			

Expenditures for property, plant and equipment			
Space & Strategic Missiles	\$ 165	\$ 175	\$ 163
Aeronautics	58	96	155
Information & Technology Services	64	67	77
Electronics	99	101	77
Energy, Materials and Other	145	70	64
	-----	-----	-----
	\$ 531	\$ 509	\$ 536
=====			

Identifiable assets			
Space & Strategic Missiles	\$ 3,734	\$ 4,195	\$ 3,341
Aeronautics	4,082	4,591	5,119
Information & Technology Services	2,758	2,450	2,138
Electronics	3,806	3,338	3,485
Energy, Materials and Other	3,268	3,475	3,025
	-----	-----	-----
	\$17,648	\$18,049	\$17,108
=====			

Net Sales By Customer Category

(In millions)	1995	1994	1993
U.S. Government(a)			
Space & Strategic Missiles	\$ 6,025	\$ 5,594	\$ 6,663
Aeronautics	4,274	4,970	4,937
Information & Technology Services	2,885	2,849	2,737
Electronics	2,418	2,999	3,042
Energy, Materials and Other	168	152	118
	\$15,770	\$16,564	\$17,497
Foreign governments			
Space & Strategic Missiles	\$ 112	\$ 290	\$ 282
Aeronautics	1,966	1,958	1,408
Information & Technology Services	72	155	9
Electronics	837	1,037	1,028
Energy, Materials and Other	--	--	--
	\$ 2,987	\$ 3,440	\$ 2,727
Commercial			
Space & Strategic Missiles	\$ 1,384	\$ 835	\$ 348
Aeronautics	377	163	256
Information & Technology Services	1,571	1,267	966
Electronics	39	19	22
Energy, Materials and Other	725	618	581
	\$4,096	\$ 2,902	\$ 2,173

(a) Sales made to foreign governments through the U.S. Government are included in sales to foreign governments.

Export sales were \$3.7 billion, \$3.6 billion and \$2.8 billion in 1995, 1994 and 1993, respectively.

Note 16 - Summary of Quarterly Information (Unaudited)

(In millions, except per share data)	1995 Quarters			
	First(a)	Second(a)	Third	Fourth
Net sales	\$ 5,644	\$ 5,606	\$ 5,551	\$6,052
Earnings (loss) from operations	290	(55)	510	537
Net earnings (loss)	137	(53)	287	311
Earnings (loss) per common share, assuming full dilution	.62	(b)	1.29	1.38

(In millions, except per share data)	1994 Quarters			
	First(c)(d)	Second(e)	Third	Fourth
Net sales	\$ 5,036	\$ 5,562	\$ 5,704	\$6,604
Earnings from operations	402	453	443	481
Earnings before cumulative effect of change in accounting	272	259	254	270
Earnings per common share before cumulative effect of change in accounting, assuming full dilution	1.25	1.19	1.16	1.23

- (a) Earnings for the first and second quarters of 1995 include merger related and consolidation expenses (see Note 2).
- (b) Loss per common share, assuming full dilution, of \$.24 has not been presented above as such amount was anti-dilutive when compared to the loss per common share, assuming no dilution, of \$.36.
- (c) First quarter 1994 earnings exclude the cumulative effect of the change in accounting for ESOP resulting from the adoption of SOP No. 93-6. The cumulative effect reduced net earnings by \$37 million, or \$.17 per common share assuming full dilution.
- (d) Earnings for the first quarter of 1994 include the gain from the Materials public offering (see Note 10).
- (e) Earnings for the second quarter of 1994 include the acquisition termination fee (see Note 10).

Lockheed Martin Corporation

Consolidated Financial Data
Six Year Summary

(In millions, except per share data)	1995	1994	1993	1992	1991	1990
Operating Results						
Net sales	\$22,853	\$22,906	\$22,397	\$16,030	\$15,871	\$16,089
Costs and expenses	21,571	21,127	20,857	14,891	14,767	15,178
Earnings from operations	1,282	1,779	1,540	1,139	1,104	911
Other income and expenses, net	95	200	44	42	(49)	34
Interest expense	1,377	1,979	1,584	1,181	1,055	945
Earnings before income taxes and cumulative effect of changes in accounting	1,089	1,675	1,306	1,004	879	765
Income tax expense	407	620	477	355	261	161
Earnings before cumulative effect of changes in accounting	682	1,055	829	649	618	604
Cumulative effect of changes in accounting	--	(37)	--	(1,010)	--	--
Net earnings (loss)	\$ 682	\$ 1,018	\$ 829	\$ (361)	\$ 618	\$ 604
Per Common Share						
Assuming no dilution:						
Before cumulative effect of changes in accounting	\$ 3.28	\$ 5.32	\$ 3.99	\$ 3.31	\$ 3.05	\$ 2.97
Cumulative effect of changes in accounting	--	(.20)	--	(5.15)	--	--
	\$ 3.28	\$ 5.12	\$ 3.99	\$ (1.84)	\$ 3.05	\$ 2.97
Assuming full dilution:						
Before cumulative effect of changes in accounting	\$ 3.05	\$ 4.83	\$ 3.75	\$ 3.31	\$ 3.05	\$ 2.97
Cumulative effect of changes in accounting	--	(.17)	--	(5.15)	--	--
	\$ 3.05	\$ 4.66	\$ 3.75	\$ (1.84)	\$ 3.05	\$ 2.97
Cash Dividends	\$ 1.34	\$ 1.14	\$ 1.09	\$ 1.04	\$.98	\$.90
Condensed Balance Sheet Data						
Current assets	\$ 8,177	\$ 8,143	\$ 6,961	\$ 5,157	\$ 5,553	\$ 5,442
Property, plant and equipment	3,165	3,455	3,643	3,139	3,155	3,200
Intangible assets related to contracts and programs acquired	1,808	1,971	2,127	42	52	59
Cost in excess of net assets acquired	2,817	2,831	2,697	841	864	882
Other assets	1,681	1,649	1,680	1,648	895	883
Total	\$17,648	\$18,049	\$17,108	\$10,827	\$10,519	\$10,466
Current liabilities--other	\$ 4,569	\$ 5,350	\$ 4,845	\$ 3,176	\$ 3,833	\$ 4,235
Current maturities of long-term debt	722	285	346	327	298	30
Long-term debt	3,010	3,594	4,026	1,803	1,997	2,392
Post-retirement benefit liabilities	1,778	1,756	1,719	1,579	54	--
Other liabilities	1,136	978	971	460	112	38
Stockholders' equity	6,433	6,086	5,201	3,482	4,225	3,771
Total	\$17,648	\$18,049	\$17,108	\$10,827	\$10,519	\$10,466
Common Shares Outstanding at Year End	198.6	199.1	197.9	194.1	201.4	200.7

Corporate Directory

Board of Directors

Norman R. Augustine
President and Chief Executive Officer,
Lockheed Martin Corporation

Marcus C. Bennett
Senior Vice President and
Chief Financial Officer,
Lockheed Martin Corporation

Lynne V. Cheney
W. H. Brady, Jr.,
Distinguished Fellow,
American Enterprise Institute

A. James Clark
Chairman and President,
Clark Enterprises, Inc.

Vance D. Coffman
Executive Vice President
and Chief Operating Officer,
Lockheed Martin Corporation

Edwin I. Colodny
Of Counsel, Paul, Hastings,
Janofsky & Walker

Lodwick M. Cook
Chairman Emeritus, ARCO

James L. Everett, III
Retired Chairman,
Philadelphia Electric Company

Houston I. Flournoy
Special Assistant to the President, Governmental Affairs,
University of Southern California

James F. Gibbons
Dean, School of Engineering,
Stanford University

Edward L. Hennessy, Jr.
Retired Chairman,
AlliedSignal Inc.

Edward E. Hood, Jr.
Retired Vice Chairman,
General Electric Company

Caleb B. Hurtt
Retired President and
Chief Operating Officer,
Martin Marietta Corporation

Gwendolyn S. King
Senior Vice President,
Corporate and Public Affairs,
PECO Energy Company

Lawrence O. Kitchen
Retired Chairman of the Board
and Chief Executive Officer,
Lockheed Corporation

Gordon S. Macklin
Chairman, White River Corporation

Vincent N. Marafino
Retired Executive Vice President,
Lockheed Martin Corporation

Eugene F. Murphy
President and
Chief Executive Officer,
GE Aircraft Engines

Allen E. Murray
Retired Chairman and
Chief Executive Officer,
Mobil Corporation

David S. Potter
Retired Vice President
and Group Executive,
General Motors Corporation

Frank Savage
Chairman, Alliance Capital
Management International

Daniel M. Tellep

Chairman of the Board,
Lockheed Martin Corporation

Carlisle A. H. Trost
Retired Chief of Naval Operations

James R. Ukropina
Partner, O'Melveny & Myers

Douglas C. Yearley
Chairman, President
and Chief Executive Officer,
Phelps Dodge Corporation

Committees

Audit and Ethics Committee
Mr. Potter, Chairman.
Mrs. King, Messrs. Everett,
Flournoy, Hood, Kitchen,
Macklin and Ukropina.

Compensation Committee
Mr. Murray, Chairman.
Messrs. Clark, Cook, Hennessy,
Hood, Potter, Trost and Yearley.

Executive Committee
Mr. Tellep, Chairman.
Mrs. Cheney, Messrs. Augustine,
Clark, Colodny, Macklin,
Savage and Trost.

Finance Committee
Mr. Ukropina, Chairman.
Mmes. Cheney and King,
Messrs. Colodny, Everett, Hurtt,
Kitchen, Murphy, Savage
and Yearley.

Nominating Committee
Mr. Hennessy, Chairman.
Messrs. Cook, Flournoy, Gibbons,
Hurtt and Murphy.

Officers

Dean O. Allen
Vice President

Joseph D. Antinucci
Vice President

M. Sam Araki
Vice President

Norman R. Augustine
President and Chief Executive Officer

William F. Ballhaus
Vice President

Marcus C. Bennett
Senior Vice President and
Chief Financial Officer

Lockheed Martin Corporation

James A. Blackwell, Jr.
Vice President and President
and Chief Operating Officer,
Aeronautics Sector

Harold T. Bowling
Vice President

Peter A. Bracken
Vice President

Melvin R. Brashears
Vice President and President
and Chief Operating Officer,
Space & Strategic Missiles Sector

William B. Bullock
Vice President

Michael F. Camardo
Vice President

Joseph R. Cleveland
Vice President

Vance D. Coffman
Executive Vice President
and Chief Operating Officer

Thomas A. Corcoran
Vice President and President
and Chief Operating Officer,
Electronics Sector

Robert B. Corlett
Vice President

Peter DeMayo
Vice President

Philip J. Duke
Vice President

John F. Egan
Vice President

Ronald R. Finkbiner
Vice President

Jack S. Gordon
Vice President

John Hallal
Vice President

Dain M. Hancock
Vice President

Alfred G. Hansen
Vice President

Alexander L. Horvath
Vice President

John R. Kreick
Vice President

Gary P. Mann
Vice President

John F. Manuel
Vice President

Carol R. Marshall
Vice President

James W. McAnally
Vice President

Russell T. McFall
Vice President

Janet L. McGregor
Vice President

John S. McLellan
Vice President

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

John E. Montague
Vice President

L. David Montague

Vice President

Albert Narath
Vice President and President
and Chief Operating Officer,
Energy & Environment Sector

Gerald T. Oppliger
Vice President

David S. Osterhout
Vice President

Stephen Pavlosky
Vice President

Susan M. Pearce
Vice President

Robert J. Polutchko
Vice President

John B. Ramsey
Vice President

Joseph B. Reagan
Vice President

Robert E. Rulon
Vice President and Controller

Walter E. Skowronski
Vice President and Treasurer

Albert E. Smith
Vice President

Michael A. Smith
Vice President

William R. Sorenson
Vice President

Kenneth R. Swimm
Vice President

Peter B. Teets
Vice President and President
and Chief Operating Officer,
Information & Technology
Services Sector

Joseph T. Threston
Vice President

Robert E. Tokerud
Vice President

Lillian M. Trippett
Secretary and
Associate General Counsel

Leonard L. Victorino
Vice President

William T. Vinson
Vice President and Chief Counsel

General Information

- - - - -

As of December 31, 1995, there were approximately 43,361 holders of record of Lockheed Martin common stock and 198,601,608 shares outstanding.

Common Stock Prices (New York Stock Exchange--composite transactions)

	High	Low	Close
1995 Quarters			
1st*	54 3/8	50 1/4	52 7/8
2nd	64 7/8	50	63 1/8
3rd	68 1/8	59 3/8	67 1/8
4th	79 1/2	63	79

*March 16, 1995-March 31, 1995, reflecting the completion of the merger
March 15, 1995.

Transfer Agent & Registrar
First Chicago Trust Company of New York
P. O. Box 2536, Suite 4694
Jersey City, New Jersey 07303-2536
Telephone: 1-800-519-3111

Dividend Reinvestment Plan

Lockheed Martin's Dividend Reinvestment and Stock Purchase Plan offers stockholders an opportunity to purchase additional shares through automatic dividend reinvestment and/or voluntary cash investments. For more information, contact our transfer agent, First Chicago Trust Company of New York at 1-800-519-3111.

Independent Auditors
Ernst & Young LLP
1225 Connecticut Avenue, N.W.
Washington, D.C. 20036

Common Stock
Stock symbol: LMT
Listed: New York

Annual Report on Form 10-K

Stockholders may obtain, without charge, a copy of Lockheed Martin's Annual Report on Form 10-K, as filed with the Securities and Exchange Commission for the fiscal year ended December 31, 1995 by writing to:

Lockheed Martin Investor Relations
6801 Rockledge Drive
Bethesda, MD 20817

or calling Lockheed Martin Shareholder Direct at 1-800-LMT-9758.

Lockheed Martin recently introduced Shareholder Direct. Updates on earnings, dividends and company news are available by calling 1-800-LMT-9758, 24 hours a day, seven days a week.

This Annual Report contains statements which, to the extent that they are not recitations of historical fact, constitute "forward looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All forward looking statements involve risks and uncertainties. The forward looking statements in this document are intended to be subject to the safe harbor protection provided by Sections 27A and 21E. For a discussion identifying some important factors that could cause actual results to differ materially from those anticipated in the forward looking statements see the Corporation's Securities and Exchange Commission filings, including but not limited to, the discussion of "Competition and Risk" and the discussion of "Government Contracts and Regulations" on pages 10 through 12 and pages 13 through 14, respectively, of the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1995 (Form 10-K); "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 44 through 56 of this Annual Report and "Note 1-Summary of Significant Accounting Policies" and "Note 14-Commitments and Contingencies" of the Notes to Consolidated Financial Statements on pages 62 through 63 and 73 through 74, respectively, of the Audited Consolidated Financial Statements included in this Annual Report and incorporated by reference into the Form 10-K.

Lockheed Martin Code of Ethics and Business Conduct

We are committed to the ethical treatment of those to whom we have an obligation.

For our employees we are committed to honesty, just management, and fairness, providing a safe and healthy environment, and respecting the dignity due everyone.

For our customers we are committed to produce reliable products and services, delivered on time, at a fair price.

For the communities in which we live and work we are committed to acting as concerned and responsible neighbors, reflecting all aspects of good citizenship.

For our shareholders we are committed to pursuing sound growth and earnings objectives and to exercising prudence in the use of our assets and resources.

For our suppliers we are committed to fair competition and the sense of responsibility required of a good customer.

Principal photography by Eric Schulzinger

Designed and produced by Taylor & Ives, Inc NYC

Shareholders desiring additional information about the Corporation's ethics program may write to the Corporation care of Carol R. Marshall, Vice President, Ethics and Business Conduct, P.O. Box 34143, Bethesda, MD 20827-0143.

APPENDIX TO THE EDGAR VERSION OF THE 1995 ANNUAL REPORT TO
SECURITY HOLDERS FILED PURSUANT TO RULE 304 OF REGULATION S-T

This appendix is being filed pursuant to Rule 304 of Regulation S-K and represents Lockheed Martin Corporation's good faith effort to fairly and accurately describe certain graphic and image material that is included in the paper version of the 1995 Annual Report to Shareholders (the "1995 Annual Report") but has been omitted from the EDGAR version.

A description of the pictures omitted from the 1995 Annual Report in its EDGAR format follows. Generally, the omitted pictures are described in the associated captions and represent products produced by Lockheed Martin Corporation which are discussed at various locations in the text of the document. In some instances, the pictures are of officers, directors and employees of the Corporation or of persons using the Corporation's products. The pictures are included primarily to add visual interest to the 1995 Annual Report and are neither individually nor in the aggregate material to an understanding of the Report.

The 1995 Annual Report in its EDGAR format also omits certain graphic material. This material is also described fully in the text. A description of the omitted graphic material follows:

Page 45 - The omitted graph sets forth in columnar format net sales, in millions of dollars, for the years 1993, 1994 and 1995 and corresponds to the textual description of net sales.

Page 46 - The graph omitted at the top of the page sets forth in columnar format net earnings, in millions of dollars, for the years 1993, 1994 and 1995 as well as including a column pertaining to 1994 to which footnote (a) relates and a column pertaining to 1995 to which footnote (b) relates. The graph corresponds to the textual description of net earnings.

Page 46 - The graph omitted at the bottom of the page sets forth in columnar format earnings per common share, assuming full dilution, in dollars, for the years 1993, 1994 and 1995 and includes a column pertaining to 1994 to which footnote (a) relates and a column pertaining to 1995 to which footnote (b) relates. The graph corresponds to the textual description of earnings per common share.

Page 52 - The omitted graph sets forth in columnar format negotiated backlog, in millions of dollars, for the years 1993, 1994 and 1995 and corresponds to the textual description of negotiated backlog.

Page 53 - The graph omitted at the top of the page sets forth in columnar format net cash provided by operating activities, of millions in dollars, for the years 1993, 1994 and 1995 and corresponds to the textual description of net cash provided by operating activities.

Page 53 - The graph omitted at the bottom of the page sets forth in columnar format dividends per common share, in dollars, for the years 1993, 1994 and 1995 and corresponds to the textual description of dividends per common share.

LIST OF SUBSIDIARIES OF
LOCKHEED MARTIN CORPORATION

Name of Subsidiary -----	State or Country of Incorporation -----	Percentage of Securities Owned -----
Martin Marietta Materials, Inc.	Maryland	80.9%

Lockheed Martin Corporation has a number of other subsidiaries, but all of them, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary. Accordingly, the names of the particular subsidiaries are omitted.

POWER OF ATTORNEY

LOCKHEED MARTIN CORPORATION

The undersigned hereby constitutes Frank H. Menaker, Jr. and Stephen M. Piper, and each of them, jointly and severally, his or her lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, including, but not limited to, that listed below, in connection with the preparation, execution and filing with the Securities and Exchange Commission (hereinafter referred to as the "Commission"), under the Securities Exchange Act of 1934 of an Annual Report on Form 10-K of Lockheed Martin Corporation ("Lockheed Martin") for Lockheed Martin's fiscal year ended December 31, 1995 with exhibits thereto, including, but not limited to, Lockheed Martin's Audited Consolidated Financial Statements as of December 31, 1995 and 1994 and for each of the three years in the period ended December 31, 1995 and Management's Discussion and Analysis of Financial Condition and Results of Operations for Lockheed Martin's fiscal year ended December 31, 1995, and other documents in connection therewith (collectively, the "Form 10-K"), and all matters required by the Commission in connection with the Form 10-K, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney's-in-fact and agents, and each of them, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ NORMAN R. AUGUSTINE

March 4, 1996

Norman R. Augustine
President, Chief Executive
Officer and Director

POWER OF ATTORNEY

LOCKHEED MARTIN CORPORATION

The undersigned hereby constitutes Frank H. Menaker, Jr. and Stephen M. Piper, and each of them, jointly and severally, his or her lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, including, but not limited to, that listed below, in connection with the preparation, execution and filing with the Securities and Exchange Commission (hereinafter referred to as the "Commission"), under the Securities Exchange Act of 1934 of an Annual Report on Form 10-K of Lockheed Martin Corporation ("Lockheed Martin") for Lockheed Martin's fiscal year ended December 31, 1995 with exhibits thereto, including, but not limited to, Lockheed Martin's Audited Consolidated Financial Statements as of December 31, 1995 and 1994 and for each of the three years in the period ended December 31, 1995 and Management's Discussion and Analysis of Financial Condition and Results of Operations for Lockheed Martin's fiscal year ended December 31, 1995, and other documents in connection therewith (collectively, the "Form 10-K"), and all matters required by the Commission in connection with the Form 10-K, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney's-in-fact and agents, and each of them, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ MARCUS C. BENNETT

February 22, 1996

Marcus C. Bennett
Senior Vice President,
Chief Financial Officer
and Director

POWER OF ATTORNEY

LOCKHEED MARTIN CORPORATION

The undersigned hereby constitutes Frank H. Menaker, Jr. and Stephen M. Piper, and each of them, jointly and severally, his or her lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, including, but not limited to, that listed below, in connection with the preparation, execution and filing with the Securities and Exchange Commission (hereinafter referred to as the "Commission"), under the Securities Exchange Act of 1934 of an Annual Report on Form 10-K of Lockheed Martin Corporation ("Lockheed Martin") for Lockheed Martin's fiscal year ended December 31, 1995 with exhibits thereto, including, but not limited to, Lockheed Martin's Audited Consolidated Financial Statements as of December 31, 1995 and 1994 and for each of the three years in the period ended December 31, 1995 and Management's Discussion and Analysis of Financial Condition and Results of Operations for Lockheed Martin's fiscal year ended December 31, 1995, and other documents in connection therewith (collectively, the "Form 10-K"), and all matters required by the Commission in connection with the Form 10-K, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney's-in-fact and agents, and each of them, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ ROBERT E. RULON

February 22, 1996

Robert E. Rulon
Chief Accounting Officer

POWER OF ATTORNEY

LOCKHEED MARTIN CORPORATION

The undersigned hereby constitutes Frank H. Menaker, Jr. and Stephen M. Piper, and each of them, jointly and severally, his or her lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, including, but not limited to, that listed below, in connection with the preparation, execution and filing with the Securities and Exchange Commission (hereinafter referred to as the "Commission"), under the Securities Exchange Act of 1934 of an Annual Report on Form 10-K of Lockheed Martin Corporation ("Lockheed Martin") for Lockheed Martin's fiscal year ended December 31, 1995 with exhibits thereto, including, but not limited to, Lockheed Martin's Audited Consolidated Financial Statements as of December 31, 1995 and 1994 and for each of the three years in the period ended December 31, 1995 and Management's Discussion and Analysis of Financial Condition and Results of Operations for Lockheed Martin's fiscal year ended December 31, 1995, and other documents in connection therewith (collectively, the "Form 10-K"), and all matters required by the Commission in connection with the Form 10-K, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney's-in-fact and agents, and each of them, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ LYNNE V. CHENEY

February 22, 1996

Lynne V. Cheney
Director

POWER OF ATTORNEY

LOCKHEED MARTIN CORPORATION

The undersigned hereby constitutes Frank H. Menaker, Jr. and Stephen M. Piper, and each of them, jointly and severally, his or her lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, including, but not limited to, that listed below, in connection with the preparation, execution and filing with the Securities and Exchange Commission (hereinafter referred to as the "Commission"), under the Securities Exchange Act of 1934 of an Annual Report on Form 10-K of Lockheed Martin Corporation ("Lockheed Martin") for Lockheed Martin's fiscal year ended December 31, 1995 with exhibits thereto, including, but not limited to, Lockheed Martin's Audited Consolidated Financial Statements as of December 31, 1995 and 1994 and for each of the three years in the period ended December 31, 1995 and Management's Discussion and Analysis of Financial Condition and Results of Operations for Lockheed Martin's fiscal year ended December 31, 1995, and other documents in connection therewith (collectively, the "Form 10-K"), and all matters required by the Commission in connection with the Form 10-K, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney's-in-fact and agents, and each of them, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ A. JAMES CLARK

February 22, 1996

A. James Clark
Director

POWER OF ATTORNEY

LOCKHEED MARTIN CORPORATION

The undersigned hereby constitutes Frank H. Menaker, Jr. and Stephen M. Piper, and each of them, jointly and severally, his or her lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, including, but not limited to, that listed below, in connection with the preparation, execution and filing with the Securities and Exchange Commission (hereinafter referred to as the "Commission"), under the Securities Exchange Act of 1934 of an Annual Report on Form 10-K of Lockheed Martin Corporation ("Lockheed Martin") for Lockheed Martin's fiscal year ended December 31, 1995 with exhibits thereto, including, but not limited to, Lockheed Martin's Audited Consolidated Financial Statements as of December 31, 1995 and 1994 and for each of the three years in the period ended December 31, 1995 and Management's Discussion and Analysis of Financial Condition and Results of Operations for Lockheed Martin's fiscal year ended December 31, 1995, and other documents in connection therewith (collectively, the "Form 10-K"), and all matters required by the Commission in connection with the Form 10-K, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney's-in-fact and agents, and each of them, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ VANCE D. COFFMAN

February 22, 1996

Vance D. Coffman
Director

POWER OF ATTORNEY

LOCKHEED MARTIN CORPORATION

The undersigned hereby constitutes Frank H. Menaker, Jr. and Stephen M. Piper, and each of them, jointly and severally, his or her lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, including, but not limited to, that listed below, in connection with the preparation, execution and filing with the Securities and Exchange Commission (hereinafter referred to as the "Commission"), under the Securities Exchange Act of 1934 of an Annual Report on Form 10-K of Lockheed Martin Corporation ("Lockheed Martin") for Lockheed Martin's fiscal year ended December 31, 1995 with exhibits thereto, including, but not limited to, Lockheed Martin's Audited Consolidated Financial Statements as of December 31, 1995 and 1994 and for each of the three years in the period ended December 31, 1995 and Management's Discussion and Analysis of Financial Condition and Results of Operations for Lockheed Martin's fiscal year ended December 31, 1995, and other documents in connection therewith (collectively, the "Form 10-K"), and all matters required by the Commission in connection with the Form 10-K, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney's-in-fact and agents, and each of them, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ EDWIN I. COLODNY

February 22, 1996

Edwin I. Colodny
Director

POWER OF ATTORNEY

LOCKHEED MARTIN CORPORATION

The undersigned hereby constitutes Frank H. Menaker, Jr. and Stephen M. Piper, and each of them, jointly and severally, his or her lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, including, but not limited to, that listed below, in connection with the preparation, execution and filing with the Securities and Exchange Commission (hereinafter referred to as the "Commission"), under the Securities Exchange Act of 1934 of an Annual Report on Form 10-K of Lockheed Martin Corporation ("Lockheed Martin") for Lockheed Martin's fiscal year ended December 31, 1995 with exhibits thereto, including, but not limited to, Lockheed Martin's Audited Consolidated Financial Statements as of December 31, 1995 and 1994 and for each of the three years in the period ended December 31, 1995 and Management's Discussion and Analysis of Financial Condition and Results of Operations for Lockheed Martin's fiscal year ended December 31, 1995, and other documents in connection therewith (collectively, the "Form 10-K"), and all matters required by the Commission in connection with the Form 10-K, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney's-in-fact and agents, and each of them, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ LODWRICK M. COOK

February 22, 1996

Lodwick M. Cook
Director

POWER OF ATTORNEY

LOCKHEED MARTIN CORPORATION

The undersigned hereby constitutes Frank H. Menaker, Jr. and Stephen M. Piper, and each of them, jointly and severally, his or her lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, including, but not limited to, that listed below, in connection with the preparation, execution and filing with the Securities and Exchange Commission (hereinafter referred to as the "Commission"), under the Securities Exchange Act of 1934 of an Annual Report on Form 10-K of Lockheed Martin Corporation ("Lockheed Martin") for Lockheed Martin's fiscal year ended December 31, 1995 with exhibits thereto, including, but not limited to, Lockheed Martin's Audited Consolidated Financial Statements as of December 31, 1995 and 1994 and for each of the three years in the period ended December 31, 1995 and Management's Discussion and Analysis of Financial Condition and Results of Operations for Lockheed Martin's fiscal year ended December 31, 1995, and other documents in connection therewith (collectively, the "Form 10-K"), and all matters required by the Commission in connection with the Form 10-K, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney's-in-fact and agents, and each of them, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ JAMES L. EVERETT, III

February 22, 1996

James L. Everett, III
Director

POWER OF ATTORNEY

LOCKHEED MARTIN CORPORATION

The undersigned hereby constitutes Frank H. Menaker, Jr. and Stephen M. Piper, and each of them, jointly and severally, his or her lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, including, but not limited to, that listed below, in connection with the preparation, execution and filing with the Securities and Exchange Commission (hereinafter referred to as the "Commission"), under the Securities Exchange Act of 1934 of an Annual Report on Form 10-K of Lockheed Martin Corporation ("Lockheed Martin") for Lockheed Martin's fiscal year ended December 31, 1995 with exhibits thereto, including, but not limited to, Lockheed Martin's Audited Consolidated Financial Statements as of December 31, 1995 and 1994 and for each of the three years in the period ended December 31, 1995 and Management's Discussion and Analysis of Financial Condition and Results of Operations for Lockheed Martin's fiscal year ended December 31, 1995, and other documents in connection therewith (collectively, the "Form 10-K"), and all matters required by the Commission in connection with the Form 10-K, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney's-in-fact and agents, and each of them, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ HOUSTON K. FLOURNOY

February 22, 1996

Houston K. Flournoy
Director

POWER OF ATTORNEY

LOCKHEED MARTIN CORPORATION

The undersigned hereby constitutes Frank H. Menaker, Jr. and Stephen M. Piper, and each of them, jointly and severally, his or her lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, including, but not limited to, that listed below, in connection with the preparation, execution and filing with the Securities and Exchange Commission (hereinafter referred to as the "Commission"), under the Securities Exchange Act of 1934 of an Annual Report on Form 10-K of Lockheed Martin Corporation ("Lockheed Martin") for Lockheed Martin's fiscal year ended December 31, 1995 with exhibits thereto, including, but not limited to, Lockheed Martin's Audited Consolidated Financial Statements as of December 31, 1995 and 1994 and for each of the three years in the period ended December 31, 1995 and Management's Discussion and Analysis of Financial Condition and Results of Operations for Lockheed Martin's fiscal year ended December 31, 1995, and other documents in connection therewith (collectively, the "Form 10-K"), and all matters required by the Commission in connection with the Form 10-K, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney's-in-fact and agents, and each of them, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ JAMES F. GIBBONS

February 22, 1996

James F. Gibbons
Director

POWER OF ATTORNEY

LOCKHEED MARTIN CORPORATION

The undersigned hereby constitutes Frank H. Menaker, Jr. and Stephen M. Piper, and each of them, jointly and severally, his or her lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, including, but not limited to, that listed below, in connection with the preparation, execution and filing with the Securities and Exchange Commission (hereinafter referred to as the "Commission"), under the Securities Exchange Act of 1934 of an Annual Report on Form 10-K of Lockheed Martin Corporation ("Lockheed Martin") for Lockheed Martin's fiscal year ended December 31, 1995 with exhibits thereto, including, but not limited to, Lockheed Martin's Audited Consolidated Financial Statements as of December 31, 1995 and 1994 and for each of the three years in the period ended December 31, 1995 and Management's Discussion and Analysis of Financial Condition and Results of Operations for Lockheed Martin's fiscal year ended December 31, 1995, and other documents in connection therewith (collectively, the "Form 10-K"), and all matters required by the Commission in connection with the Form 10-K, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney's-in-fact and agents, and each of them, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ EDWARD L. HENNESSY, JR.

February 22, 1996

Edward L. Hennessy, Jr.
Director

POWER OF ATTORNEY

LOCKHEED MARTIN CORPORATION

The undersigned hereby constitutes Frank H. Menaker, Jr. and Stephen M. Piper, and each of them, jointly and severally, his or her lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, including, but not limited to, that listed below, in connection with the preparation, execution and filing with the Securities and Exchange Commission (hereinafter referred to as the "Commission"), under the Securities Exchange Act of 1934 of an Annual Report on Form 10-K of Lockheed Martin Corporation ("Lockheed Martin") for Lockheed Martin's fiscal year ended December 31, 1995 with exhibits thereto, including, but not limited to, Lockheed Martin's Audited Consolidated Financial Statements as of December 31, 1995 and 1994 and for each of the three years in the period ended December 31, 1995 and Management's Discussion and Analysis of Financial Condition and Results of Operations for Lockheed Martin's fiscal year ended December 31, 1995, and other documents in connection therewith (collectively, the "Form 10-K"), and all matters required by the Commission in connection with the Form 10-K, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney's-in-fact and agents, and each of them, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ EDWARD E. HOOD, JR.

February 22, 1996

Edward E. Hood, Jr.
Director

POWER OF ATTORNEY

LOCKHEED MARTIN CORPORATION

The undersigned hereby constitutes Frank H. Menaker, Jr. and Stephen M. Piper, and each of them, jointly and severally, his or her lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, including, but not limited to, that listed below, in connection with the preparation, execution and filing with the Securities and Exchange Commission (hereinafter referred to as the "Commission"), under the Securities Exchange Act of 1934 of an Annual Report on Form 10-K of Lockheed Martin Corporation ("Lockheed Martin") for Lockheed Martin's fiscal year ended December 31, 1995 with exhibits thereto, including, but not limited to, Lockheed Martin's Audited Consolidated Financial Statements as of December 31, 1995 and 1994 and for each of the three years in the period ended December 31, 1995 and Management's Discussion and Analysis of Financial Condition and Results of Operations for Lockheed Martin's fiscal year ended December 31, 1995, and other documents in connection therewith (collectively, the "Form 10-K"), and all matters required by the Commission in connection with the Form 10-K, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney's-in-fact and agents, and each of them, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ CALEB B. HURTT

February 22, 1996

Caleb B. Hurtt
Director

POWER OF ATTORNEY

LOCKHEED MARTIN CORPORATION

The undersigned hereby constitutes Frank H. Menaker, Jr. and Stephen M. Piper, and each of them, jointly and severally, his or her lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, including, but not limited to, that listed below, in connection with the preparation, execution and filing with the Securities and Exchange Commission (hereinafter referred to as the "Commission"), under the Securities Exchange Act of 1934 of an Annual Report on Form 10-K of Lockheed Martin Corporation ("Lockheed Martin") for Lockheed Martin's fiscal year ended December 31, 1995 with exhibits thereto, including, but not limited to, Lockheed Martin's Audited Consolidated Financial Statements as of December 31, 1995 and 1994 and for each of the three years in the period ended December 31, 1995 and Management's Discussion and Analysis of Financial Condition and Results of Operations for Lockheed Martin's fiscal year ended December 31, 1995, and other documents in connection therewith (collectively, the "Form 10-K"), and all matters required by the Commission in connection with the Form 10-K, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney's-in-fact and agents, and each of them, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ GWENDOLYN S. KING

February 22, 1996

Gwendolyn S. King
Director

POWER OF ATTORNEY

LOCKHEED MARTIN CORPORATION

The undersigned hereby constitutes Frank H. Menaker, Jr. and Stephen M. Piper, and each of them, jointly and severally, his or her lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, including, but not limited to, that listed below, in connection with the preparation, execution and filing with the Securities and Exchange Commission (hereinafter referred to as the "Commission"), under the Securities Exchange Act of 1934 of an Annual Report on Form 10-K of Lockheed Martin Corporation ("Lockheed Martin") for Lockheed Martin's fiscal year ended December 31, 1995 with exhibits thereto, including, but not limited to, Lockheed Martin's Audited Consolidated Financial Statements as of December 31, 1995 and 1994 and for each of the three years in the period ended December 31, 1995 and Management's Discussion and Analysis of Financial Condition and Results of Operations for Lockheed Martin's fiscal year ended December 31, 1995, and other documents in connection therewith (collectively, the "Form 10-K"), and all matters required by the Commission in connection with the Form 10-K, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney's-in-fact and agents, and each of them, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ LAWRENCE O. KITCHEN

February 22, 1996

Lawrence O. Kitchen
Director

POWER OF ATTORNEY

LOCKHEED MARTIN CORPORATION

The undersigned hereby constitutes Frank H. Menaker, Jr. and Stephen M. Piper, and each of them, jointly and severally, his or her lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, including, but not limited to, that listed below, in connection with the preparation, execution and filing with the Securities and Exchange Commission (hereinafter referred to as the "Commission"), under the Securities Exchange Act of 1934 of an Annual Report on Form 10-K of Lockheed Martin Corporation ("Lockheed Martin") for Lockheed Martin's fiscal year ended December 31, 1995 with exhibits thereto, including, but not limited to, Lockheed Martin's Audited Consolidated Financial Statements as of December 31, 1995 and 1994 and for each of the three years in the period ended December 31, 1995 and Management's Discussion and Analysis of Financial Condition and Results of Operations for Lockheed Martin's fiscal year ended December 31, 1995, and other documents in connection therewith (collectively, the "Form 10-K"), and all matters required by the Commission in connection with the Form 10-K, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney's-in-fact and agents, and each of them, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ GORDON S. MACKLIN

February 22, 1996

Gordon S. Macklin
Director

POWER OF ATTORNEY

LOCKHEED MARTIN CORPORATION

The undersigned hereby constitutes Frank H. Menaker, Jr. and Stephen M. Piper, and each of them, jointly and severally, his or her lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, including, but not limited to, that listed below, in connection with the preparation, execution and filing with the Securities and Exchange Commission (hereinafter referred to as the "Commission"), under the Securities Exchange Act of 1934 of an Annual Report on Form 10-K of Lockheed Martin Corporation ("Lockheed Martin") for Lockheed Martin's fiscal year ended December 31, 1995 with exhibits thereto, including, but not limited to, Lockheed Martin's Audited Consolidated Financial Statements as of December 31, 1995 and 1994 and for each of the three years in the period ended December 31, 1995 and Management's Discussion and Analysis of Financial Condition and Results of Operations for Lockheed Martin's fiscal year ended December 31, 1995, and other documents in connection therewith (collectively, the "Form 10-K"), and all matters required by the Commission in connection with the Form 10-K, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney's-in-fact and agents, and each of them, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ VINCENT N. MARAFINO

February 22, 1996

Vincent N. Marafino
Director

POWER OF ATTORNEY

LOCKHEED MARTIN CORPORATION

The undersigned hereby constitutes Frank H. Menaker, Jr. and Stephen M. Piper, and each of them, jointly and severally, his or her lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, including, but not limited to, that listed below, in connection with the preparation, execution and filing with the Securities and Exchange Commission (hereinafter referred to as the "Commission"), under the Securities Exchange Act of 1934 of an Annual Report on Form 10-K of Lockheed Martin Corporation ("Lockheed Martin") for Lockheed Martin's fiscal year ended December 31, 1995 with exhibits thereto, including, but not limited to, Lockheed Martin's Audited Consolidated Financial Statements as of December 31, 1995 and 1994 and for each of the three years in the period ended December 31, 1995 and Management's Discussion and Analysis of Financial Condition and Results of Operations for Lockheed Martin's fiscal year ended December 31, 1995, and other documents in connection therewith (collectively, the "Form 10-K"), and all matters required by the Commission in connection with the Form 10-K, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney's-in-fact and agents, and each of them, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ EUGENE F. MURPHY

February 22, 1996

Eugene F. Murphy
Director

POWER OF ATTORNEY

LOCKHEED MARTIN CORPORATION

The undersigned hereby constitutes Frank H. Menaker, Jr. and Stephen M. Piper, and each of them, jointly and severally, his or her lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, including, but not limited to, that listed below, in connection with the preparation, execution and filing with the Securities and Exchange Commission (hereinafter referred to as the "Commission"), under the Securities Exchange Act of 1934 of an Annual Report on Form 10-K of Lockheed Martin Corporation ("Lockheed Martin") for Lockheed Martin's fiscal year ended December 31, 1995 with exhibits thereto, including, but not limited to, Lockheed Martin's Audited Consolidated Financial Statements as of December 31, 1995 and 1994 and for each of the three years in the period ended December 31, 1995 and Management's Discussion and Analysis of Financial Condition and Results of Operations for Lockheed Martin's fiscal year ended December 31, 1995, and other documents in connection therewith (collectively, the "Form 10-K"), and all matters required by the Commission in connection with the Form 10-K, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney's-in-fact and agents, and each of them, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ DAVID S. POTTER

February 22, 1996

David S. Potter
Director

POWER OF ATTORNEY

LOCKHEED MARTIN CORPORATION

The undersigned hereby constitutes Frank H. Menaker, Jr. and Stephen M. Piper, and each of them, jointly and severally, his or her lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, including, but not limited to, that listed below, in connection with the preparation, execution and filing with the Securities and Exchange Commission (hereinafter referred to as the "Commission"), under the Securities Exchange Act of 1934 of an Annual Report on Form 10-K of Lockheed Martin Corporation ("Lockheed Martin") for Lockheed Martin's fiscal year ended December 31, 1995 with exhibits thereto, including, but not limited to, Lockheed Martin's Audited Consolidated Financial Statements as of December 31, 1995 and 1994 and for each of the three years in the period ended December 31, 1995 and Management's Discussion and Analysis of Financial Condition and Results of Operations for Lockheed Martin's fiscal year ended December 31, 1995, and other documents in connection therewith (collectively, the "Form 10-K"), and all matters required by the Commission in connection with the Form 10-K, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney's-in-fact and agents, and each of them, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ FRANK SAVAGE

February 22, 1996

Frank Savage
Director

POWER OF ATTORNEY

LOCKHEED MARTIN CORPORATION

The undersigned hereby constitutes Frank H. Menaker, Jr. and Stephen M. Piper, and each of them, jointly and severally, his or her lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, including, but not limited to, that listed below, in connection with the preparation, execution and filing with the Securities and Exchange Commission (hereinafter referred to as the "Commission"), under the Securities Exchange Act of 1934 of an Annual Report on Form 10-K of Lockheed Martin Corporation ("Lockheed Martin") for Lockheed Martin's fiscal year ended December 31, 1995 with exhibits thereto, including, but not limited to, Lockheed Martin's Audited Consolidated Financial Statements as of December 31, 1995 and 1994 and for each of the three years in the period ended December 31, 1995 and Management's Discussion and Analysis of Financial Condition and Results of Operations for Lockheed Martin's fiscal year ended December 31, 1995, and other documents in connection therewith (collectively, the "Form 10-K"), and all matters required by the Commission in connection with the Form 10-K, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney's-in-fact and agents, and each of them, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ DANIEL M. TELLEP

February 22, 1996

Daniel M. Tellep
Director

POWER OF ATTORNEY

LOCKHEED MARTIN CORPORATION

The undersigned hereby constitutes Frank H. Menaker, Jr. and Stephen M. Piper, and each of them, jointly and severally, his or her lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, including, but not limited to, that listed below, in connection with the preparation, execution and filing with the Securities and Exchange Commission (hereinafter referred to as the "Commission"), under the Securities Exchange Act of 1934 of an Annual Report on Form 10-K of Lockheed Martin Corporation ("Lockheed Martin") for Lockheed Martin's fiscal year ended December 31, 1995 with exhibits thereto, including, but not limited to, Lockheed Martin's Audited Consolidated Financial Statements as of December 31, 1995 and 1994 and for each of the three years in the period ended December 31, 1995 and Management's Discussion and Analysis of Financial Condition and Results of Operations for Lockheed Martin's fiscal year ended December 31, 1995, and other documents in connection therewith (collectively, the "Form 10-K"), and all matters required by the Commission in connection with the Form 10-K, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney's-in-fact and agents, and each of them, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ CARLISLE A. H. TROST

February 22, 1996

Carlisle A. H. Trost
Director

POWER OF ATTORNEY

LOCKHEED MARTIN CORPORATION

The undersigned hereby constitutes Frank H. Menaker, Jr. and Stephen M. Piper, and each of them, jointly and severally, his or her lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, including, but not limited to, that listed below, in connection with the preparation, execution and filing with the Securities and Exchange Commission (hereinafter referred to as the "Commission"), under the Securities Exchange Act of 1934 of an Annual Report on Form 10-K of Lockheed Martin Corporation ("Lockheed Martin") for Lockheed Martin's fiscal year ended December 31, 1995 with exhibits thereto, including, but not limited to, Lockheed Martin's Audited Consolidated Financial Statements as of December 31, 1995 and 1994 and for each of the three years in the period ended December 31, 1995 and Management's Discussion and Analysis of Financial Condition and Results of Operations for Lockheed Martin's fiscal year ended December 31, 1995, and other documents in connection therewith (collectively, the "Form 10-K"), and all matters required by the Commission in connection with the Form 10-K, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney's-in-fact and agents, and each of them, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ JAMES R. UKROPINA

February 22, 1996

James R. Ukropina
Director

POWER OF ATTORNEY

LOCKHEED MARTIN CORPORATION

The undersigned hereby constitutes Frank H. Menaker, Jr. and Stephen M. Piper, and each of them, jointly and severally, his or her lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, including, but not limited to, that listed below, in connection with the preparation, execution and filing with the Securities and Exchange Commission (hereinafter referred to as the "Commission"), under the Securities Exchange Act of 1934 of an Annual Report on Form 10-K of Lockheed Martin Corporation ("Lockheed Martin") for Lockheed Martin's fiscal year ended December 31, 1995 with exhibits thereto, including, but not limited to, Lockheed Martin's Audited Consolidated Financial Statements as of December 31, 1995 and 1994 and for each of the three years in the period ended December 31, 1995 and Management's Discussion and Analysis of Financial Condition and Results of Operations for Lockheed Martin's fiscal year ended December 31, 1995, and other documents in connection therewith (collectively, the "Form 10-K"), and all matters required by the Commission in connection with the Form 10-K, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney's-in-fact and agents, and each of them, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ DOUGLAS C. YEARLEY

February 22, 1996

Douglas C. Yearley
Director

THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEET AND CONSOLIDATED STATEMENT OF EARNINGS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000,000

12-MOS		
	DEC-31-1995	
	DEC-31-1995	653
		0
		3,876
		0
		2,804
	8,177	8,185
	5,020	
	17,648	
5,291		3,010
0		
	1,000	
		199
17,648		5,234
		22,853
	22,853	
		20,881
	20,881	
	690	
	0	
	288	
	1,089	
		407
682		
	0	
	0	
		0
	682	
	3.28	
	3.05	