

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14D-1
(Amendment No. 12)

TENDER OFFER STATEMENT
PURSUANT TO SECTION 14(d)(1) OF THE
SECURITIES EXCHANGE ACT OF 1934

LORAL CORPORATION
(Name of Subject Company)

LOCKHEED MARTIN CORPORATION
LAC ACQUISITION CORPORATION
(Bidders)

Common Stock, par value \$0.25 per share
(Title of Class of Securities)

543859 10 2
(CUSIP number of Class of Securities)

Frank H. Menaker, Jr., Esq.
Lockheed Martin Corporation
6801 Rockledge Drive
Bethesda, Maryland 20817
(301) 897-6000

(Name, address and telephone number of person
authorized to receive notice and communications on
behalf of the person(s) filing statement)

With a copy to:

Peter Allan Atkins, Esq.
Lou R. Kling, Esq.
Skadden, Arps, Slate, Meagher & Flom
919 Third Avenue
New York, New York 10022
(212) 735-3000

This Amendment No. 12 amends and supplements the Tender Offer Statement on Schedule 14D-1 (as may be amended from time to time, the "Schedule 14D-1") of LAC Acquisition Corporation, a New York corporation (the "Purchaser") and a wholly-owned subsidiary of Lockheed Martin Corporation, a Maryland corporation ("Lockheed Martin"), filed on January 12, 1996 with the Securities and Exchange Commission (the "Commission") in respect of the tender offer (the "Offer") by the Purchaser for all of the outstanding shares of Common Stock, par value \$0.25 per share, of Loral Corporation (the "Company" or "Loral"). The Offer is being made pursuant to an Agreement and Plan of Merger dated as of January 7, 1995 by and among the Company, Purchaser and Lockheed Martin. All capitalized terms set forth herein which are not otherwise defined herein shall have the same meanings as ascribed thereto in the Offer to Purchase, dated January 12, 1996 (which is attached as Exhibit (a)(9) to the Schedule 14D-1 (the "Offer to Purchase")). In connection with the foregoing, the Purchaser and Lockheed Martin are hereby amending and supplementing the Schedule 14D-1 as follows:

Item 5. PURPOSE OF TENDER OFFER AND PLANS OR PROPOSALS
OF THE BIDDER

Items 5(a) and 5(e) are hereby amended and
supplemented as set forth in Item 6 below.

Item 5(c) is hereby amended and supplemented by
the addition of the following paragraphs thereto:

"Directors of Loral. The Company, by
resolution of the Executive Committee of the Board
of Directors of the Company adopted on April 22,
1996, effective as of the consummation of the Offer,

(1) accepted the resignations as directors of the Company of Messrs. Howard Gittis, Charles Lazarus, Malvin A. Ruderman, E. Donald Shapiro, Allen M. Shinn, Arthur L. Simon, Thomas J. Stanton, Jr. and Daniel Yankelovich; (2) elected Marcus C. Bennett, Vance D. Coffman, John F. Egan, John E. Montague, Frank H. Menaker, Jr., Lillian Trippett, Robert B. Corlett and Walter E. Skowronski to fill the vacancies resulting from the above stated resignations; and (3) designated that the members of the Executive Committee of the Board of Directors of the Company (the "New Executive Committee") will consist of Marcus C. Bennett, Vance D. Coffman, Frank C. Lanza and Frank H. Menaker, Jr."

"Officers of Loral. Effective as of the consummation of the Offer, the following persons resigned as officers and employees of the Company: Bernard L. Schwartz, Michael B. Targoff, Michael P. DeBlasio, Nicholas C. Moren, Eric J. Zahler, Lisa Stein McMeekin, Joseph L. Veno. By resolution of the New Executive Committee of the Board of Directors of the Company, effective April 23, 1996, the following persons were elected to the offices set forth opposite their respective names.

Norman R. Augustine	- Chief Executive Officer
Frank C. Lanza	- President and Chief Operating Officer
Marcus C. Bennett	- Senior Vice President and Chief Financial Officer
Frank H. Menaker, Jr.	- Vice President and General Counsel
Lillian M. Trippett	- Secretary
Stephen M. Piper	- Vice President and Assistant Secretary
Robert E. Rulon	- Vice President and Controller
Walter E. Skowronski	- Vice President and Treasurer
Janet L. McGregor	- Vice President and Assistant Treasurer
Marcus B. Ide III	- Assistant Treasurer
Peter C. Reynolds	- Assistant Treasurer
John E. Montague	- Vice President"

Item 6. INTEREST IN THE SECURITIES OF THE SUBJECT COMPANY

Item 6 is hereby amended and supplemented by the addition of the following paragraphs thereto:

"Offer Expires. The Offer expired at Midnight, New York City time, on April 22, 1996. Based on information provided by the Depositary, a total of approximately 167,769,814 Shares (or approximately 95.24%) were validly tendered and not withdrawn pursuant to the Offer, including approximately 14,978,017 Shares tendered pursuant to notices of guaranteed delivery. The Purchaser has accepted for payment all such Shares at a purchase price of \$38.00 per Share in cash.

Pursuant to the Agreement and Plan of Merger dated as of January 7, 1996 (the "Merger Agreement"), Lockheed Martin intends to effect a merger of the Purchaser with and into the Company (the "Merger") pursuant to Section 905 of the New York Business Corporation Law (the "NYBCL") as soon as practicable. Under the Merger Agreement, each Share outstanding immediately prior to the Effective Time will be converted solely into the right to receive the merger consideration of \$38.00 per Share in cash. Prior to the expiration of the Offer, the Company completed the Distribution to its shareholders of record on April 22, 1996 of common stock of Loral Space & Communications Ltd. ("Loral SpaceCom") which held substantially all of the Company's space and satellite telecommunications interests."

Item 10. ADDITIONAL INFORMATION.

Item 10(e) is hereby amended and supplemented by the addition of the following paragraph thereto:

"Goltz Lawsuit. Plaintiffs in the Goltz New York Action have sought to amend their Class Action Complaint (the "Amended Complaint") in the Supreme Court of the State of New York, County of New York. The allegations made and the relief sought in the Amended Complaint are substantially similar to the original complaint filed in the Goltz New York Action and the complaint filed in the Piven Lawsuit. However, the Amended Complaint also seeks to add, among other things, allegations that the disclosures made in Loral's Schedule 14D-9 filed on January 16, 1996, as amended, were inadequate. Lockheed Martin believes that the Goltz New York Action is without merit and intends to defend vigorously such action. The above summary of the Amended Complaint in the Goltz New York Action does not purport to be complete and is qualified in its entirety by reference to the full text of the Amended Complaint, which is attached hereto and filed as Exhibit (c)(21) to the Schedule 14D-1 and which is hereby incorporated herein by reference."

Item 10(f) is hereby amended and supplemented by incorporating by reference therein the two press releases issued by Lockheed Martin on April 23, 1996, copies of which are attached hereto and filed as Exhibits (a)(17) and (a)(18) to the Schedule 14D-1.

Item 11. Material to be Filed as Exhibits

Item 11 is hereby amended and supplemented by the addition of the following exhibits thereto:

- Exhibit (a)(17) Form of press release issued by Lockheed Martin on April 23, 1996
- Exhibit (a)(18) Form of press release issued by Lockheed Martin on April 23, 1996
- Exhibit (c)(21) Amended Class Action Complaint in an action filed in the Supreme Court of the State of New York, in the County of New York, entitled Arthur Goltz and Murray Zucker v. Loral Corporation, Bernard L. Schwartz, Frank C. Lanza, Howard Gittis, Robert B. Hodes, Gershon Kekst, Charles Lazarus, Malvin A. Ruderman, Donald E. Shapiro, Allen M. Shinn, Thomas J. Stanton, Jr., Daniel Yankelovich, Arthur L. Simon, Michael P. DeBlasio, Robert V. LaPenta, Michael B. Targoff and Lockheed Martin Company, Index Number 96/104479

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

LAC ACQUISITION CORPORATION

By: /s/ STEPHEN M. PIPER
Name: Stephen M. Piper
Title: Assistant Secretary

Dated: April 23, 1996

SIGNATURE

After reasonable inquiry and to the best of my

knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

LOCKHEED MARTIN CORPORATION

By: /s/ STEPHEN M. PIPER
Name: Stephen M. Piper
Title: Assistant Secretary

Dated: April 23, 1996

EXHIBIT INDEX

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[LOCKHEED MARTIN LOGO]

INFORMATION

FOR IMMEDIATE RELEASE

LOCKHEED MARTIN COMPLETES
TENDER OFFER FOR LORAL

BETHESDA, Maryland, April 23 -- Lockheed Martin (NYSE:LMT) today completed its tender offer for Loral Corporation's defense electronics and systems integration businesses, creating a new multi-faceted, advanced-technology company with annualized sales of approximately \$30 billion, a backlog of approximately \$47 billion, and more than 190,000 employees.

The series of transactions, announced in January, also includes a \$344-million investment by Lockheed Martin for a 20-percent equity position in the newly formed Loral Space & Communications (NYSE:LSP), which was spun off by Loral immediately prior to consummation of the tender offer.

Completion of the tender offer follows an antitrust review by the Federal Trade Commission, as the result of which the FTC, pursuant to a consent order signed by Lockheed Martin, approved the transaction.

Generally, the consent order eliminates an organizational conflict of interest that was of concern to the Federal Aviation Administration, protects proprietary information provided to Lockheed Martin by military aircraft manufacturers, and requires setting a governance standard for the Corporation's board of directors so that there is no exchange of certain non-public information between Lockheed Martin and Loral Space & Communications. The FTC's acceptance of the consent order becomes final following a 60-day public comment period.

"This combination provides excellent strategic balance to Lockheed Martin's core businesses and further positions the Corporation to benefit from future opportunities inherent in bringing together the technologies, resources and talents of two highly successful companies," said Norman R. Augustine, Lockheed Martin's president and chief executive officer.

"With leadership positions across all business sectors, we now move forward with increased global competitiveness that will achieve savings to our customers and new opportunities for top-line growth. We also intend to continue serving as a competitive buyer and provider of cost-effective components and systems that deliver both technological advantages and best value to our customers. It is my hope that others in our industry will take a similar position," said Augustine.

Augustine pointed out that the new enterprise is expected to generate an average of \$1.5 billion to \$2.0 billion annual free cash flow, which the Corporation expects to use to reduce debt levels, invest in growth opportunities and continue to provide above-average shareholder returns. To accelerate debt retirement, the Corporation also has created a special task force to examine and effect divestiture of non-core businesses, non-market leaders and surplus real estate.

The former Loral business units initially will form a sixth Lockheed Martin business sector -- Tactical System -- complementing the Corporation's existing Aeronautics, Electronics, Energy & Environment, Information & Technology Services and Space & Strategic Missiles sectors. The Corporation will develop a consolidation plan to determine how to best integrate the former Loral units and those of Lockheed Martin as soon as possible.

"Creating the Tactical Systems Sector is designed to ensure there is no disruption of customer programs during the transition phase," explained Augustine.

Lockheed Martin also is forming an Office of the Chairman to address key strategic issues with Daniel M. Tellep, chairman of the Lockheed Martin board of directors; Norman R. Augustine, president and CEO of Lockheed Martin and a vice chairman of the Corporation's board of directors; and Bernard L. Schwartz, formerly chairman and CEO of Loral, who will become a vice chairman of the Lockheed Martin board. Schwartz has indicated he will make a personal investment of approximately \$10 million in Lockheed Martin common stock. Schwartz will now become chairman and CEO of the new Loral Space & Communications.

Two executive vice presidents and chief operating officers will report to Augustine. Vance D. Coffman will have overall responsibility for the Aeronautics, Energy & Environment and Space & Strategic Missiles businesses. Frank C. Lanza formerly Loral's president and chief operating officer, will have overall responsibility for the Electronics, Information & Technology Services and new Tactical Systems businesses, and also will serve as president of Tactical Systems during the transition period. Lanza will join Lockheed Martin's board of directors.

"Common to this Lockheed Martin leadership team is dedication to enhancing shareholder value, maximizing opportunities for employees, reducing costs for our customers and delivering on our commitment to 100 percent Mission Success," said Augustine. "We welcome the men and women of Loral and are confident we will benefit from additional growth in business opportunities both in the U.S. and abroad through technological and market synergies that will flow from this strategic combination."

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0423/2396

CONTACT: Charles Manor, Lockheed Martin News & Information,
301/897-6258

Lockheed Martin news releases also are available through PR Newswire's Company News On-Call fax service and on PRN's Web site. For a menu of Lockheed Martin news releases or to retrieve a particular release, phone 1-800-758-5804, ext. 534163. The Internet address is <http://www.prnewswire.com>.

[LOCKHEED MARTIN LOGO]

INFORMATION

FOR IMMEDIATE RELEASE

TENDER OFFER COMPLETED

BETHESDA, Maryland, April 23 -- Lockheed Martin Corporation (NYSE:LMT) today announced that in concluding its tender offer for the common stock of Loral Corporation approximately 167,769,814 shares were tendered and accepted. Approximately 176,162,588 shares had been outstanding. Approximately 8,392,774 shares of Loral common stock remain outstanding.

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0423/23/96

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ARTHUR GOLTZ and MURRAY ZUCKER, on
behalf of themselves and all others :
similarly situated,

Plaintiffs, : Index No. 96/104479

: CLASS ACTION

-against-

: AMENDED CLASS ACTION
COMPLAINT

LORAL CORPORATION, BERNARD L.
SCHWARTZ, FRANK C. LANZA, HOWARD
GITTIS, ROBERT B. HODES, GERSHON
KEKST, CHARLES LAZARUS, MALVIN A.
RUDERMAN, DONALD E. SHAPIRO, ALLEN
M. SHINN, THOMAS J. STANTON, JR.,
DANIEL YANKELOVICH, ARTHUR L. SIMON,
MICHAEL P. DEBLASIO, ROBERT V.
LAPENTA, MICHAEL B. TARGOFF and
LOCKHEED MARTIN COMPANY,

Defendants. :

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Plaintiffs, by their attorneys, for their Amended Consoli-
dated Class Action Complaint, allege upon information and belief
(said information and belief being based, in part, upon the
investigation conducted by and through counsel), except with
respect to their respective ownership of Loral Corporation
common stock and their suitability to serve as class representatives
which are alleged upon personal knowledge, as follows:

NATURE OF THE ACTION

1. Plaintiffs bring this action on behalf of themselves
and the other public stockholders of Loral Corporation ("Loral" or
the "Company") who are being deprived by defendants' wrongful
conduct of the opportunity to maximize the value of their common
stock. As described below, Loral's directors have taken steps
to effectuate a sale of the Company and transfer ownership and
control of Loral to defendant Lockheed Martin Corporation
("Lockheed") at a grossly inadequate and unfair price. Defen-
dants also failed to consider offers made by other companies to
acquire Loral, as well as took other corporate action to make
purchase of Loral economically unfeasible for any other
potential acquiror, as described more fully below.

2. On January 8, 1996, it was disclosed that Loral and
Lockheed reached an agreement or merger whereby shareholders of
Loral would receive cash of \$38 and stock in a new smaller
company valued at approximately \$7.50 in exchange for each Loral
share (the "Transaction"). The Transaction has been nominally
valued at approximately \$9.1 billion.

3. The determination by Loral's directors to sell the
Company imposes upon them fundamental fiduciary duties to seek
the best possible transaction for the shareholders through
implementation of bidding mechanisms or the exploration of
strategic alternatives designed to assure maximization of shareholder
value. Loral's directors have breached and are continuing to
breach those fiduciary duties owed to the Company's sharehold-
ers in that, among other things, they failed to implement the
auction or bidding mechanisms or market check procedures neces-
sary to assure that the shareholders receive the greatest possi-
ble value in connection with the contemplated transaction.
Loral's directors are instead accepting an offer for the Company
which protects their own interests, to the detriment of Loral's
shareholders, who can be expected to receive substantially less
than the true value of their Loral equity interests and who will
be prevented from fully profiting from Loral's future growth and
earnings. The conduct by Loral's directors constitutes an
unlawful scheme and attempt to entrench themselves in positions
of control at the expense of the Company's shareholders, as well
as a breach of their general fiduciary duties to maximize share-
holder value. Defendant Lockheed acted and is acting with
knowledge that the other defendants are in breach of their
fiduciary duties to Loral's shareholders.

4. Permanent injunctive relief and other equitable remedies, inter alia, are sought to protect Loral's shareholders from the immediately threatened divestiture of their equity investments in the Company under circumstances representing a gross deviation from the enhanced fiduciary responsibilities imposed by law in connection with the sale or break-up of the Company or any other fundamental change in corporate control.

JURISDICTION AND VENUE

5. Loral is incorporated in the State of New York and maintains its headquarters and conducts significant business in New York, New York. Loral's Board of Directors meets regularly in this state. The challenged transaction was conceived here via a series of meetings at Loral's headquarters in New York, New York. Many of Loral's shareholders reside in New York.

6. All defendants have, and at all relevant time had, substantial and ongoing contact with New York and/or reside in New York sufficient to justify the exercise of jurisdiction over them.

PARTIES

7. Plaintiff Murray Zucker is, and has been during all relevant times, the owner of shares of common stock of defendant Loral.

8. Plaintiff Arthur Goltz is, and has been during all relevant times, the owner of 3184 shares of common stock of defendant Loral.

9. Defendant Loral is a corporation organized and existing under and by virtue of the laws of the State of New York. Defendant Loral maintains its principal offices at 600 Third Avenue, New York, New York. Loral's principal business areas are electronic combat; training and simulation; tactical weapons; command, control, communications and intelligence; systems integration; and telecommunications and space systems. The Company considers its primary business segment to be government electronic systems. Loral stock trades over the New York Stock Exchange under ticker symbol "LOR."

10. Defendant Bernard L. Schwartz ("Schwartz") is, and was at all relevant times, the Chairman of the Board and Chief Executive Officer of defendant Loral. Schwartz has served as a Director of the Company since 1972. For fiscal year 1995 Schwartz received cash compensation in the form of salary and bonus of approximately \$6.33 million. As holder of 2% of Loral's stock, Schwartz stands to make a personal profit from the Transaction of almost \$70 million, as calculated by Bloomberg Business News. If the Transaction is allowed to go forward, Schwartz will become vice chairman of defendant Lockheed's board of directors and become chairman and chief executive of Loral Space, a new company consisting of the remnants of Loral not being sold to defendant Lockheed. Moreover, it has been reported that defendant Lockheed plans to amend its bylaws to modify the eligibility requirements for directors to allow Schwartz to continue to serve as a director through 2001. Schwartz is presently 70 years old. Schwartz has been quoted as saying about the Transaction that he felt a "great satisfaction."

11. Defendant Frank C. Lanza ("Lanza") is President, Chief Operating Officer and a Director of defendant Loral. Lanza has served as a Director of the Company since 1981. For fiscal year 1995 Lanza received cash compensation in the form of salary and bonus of over \$3.2 million. If the Transaction is allowed to go forward, Lanza will become Executive Vice President and Co-Chief Operating officer of defendant Lockheed.

12. Defendant Howard Gittis ("Gittis") is and has been since 1990 a Director of defendant Loral.

13. Defendant Robert B. Hodes ("Hodes") is and has been since 1959 a director of defendant Loral. Hodes is partner and co-chairman of Willkie Farr & Gallagher, general counsel for the Company and one of the law firms representing defendants in this action.

14. Defendant Gershon Kekst ("Kekst") is and has been

since 1972 a Director of defendant Loral.

15. Defendant Charles Lazarus ("Lazarus") is and has been since 1994 a Director of defendant Loral.

16. Defendant Malvin A. Ruderman ("Ruderman") is and has been since 1975 a Director of defendant Loral.

17. Defendant Donald E. Shapiro ("Shapiro") is and has been since 1973 a Director of defendant Loral.

18. Defendant Allen M. Shinn ("Shinn") is and has been since 1973 a Director of defendant Loral.

19. Defendant Thomas J. Stanton, Jr. ("Stanton") is and has been since 1988 a Director of defendant Loral.

20. Defendant Daniel Yankelovich ("Yankelovich") is and has been since 1982 a Director of defendant Loral.

21. Defendant Arthur L. Simon ("Simon") is and has been since mid-1995 a Director of defendant Loral. Simon is a partner in Coopers & Lybrand L.L.P., Loral's independent auditor.

22. Defendant Michael P. Deblasio is, and was during all relevant times, Senior Vice President -- Finance for defendant Loral.

23. Defendant Robert V. LaPenta is and was during all relevant times, Senior Vice President & controller for defendant Loral.

24. Defendant Michael B. Targoff is and was during all relevant times Senior Vice President & Secretary for defendant Loral. Defendant Targoff has also been General Counsel for defendant Loral and signed the Company's 1995 10-K as Loral's attorney in fact.

25. The foregoing individuals, collectively referred to as the "Individual Defendants," as directors and/or officers of defendant Loral, owe fiduciary obligations of fidelity, trust, loyalty and due care to Loral and its shareholders and owners. Accordingly, said defendants were, and are, required to use their utmost ability to control and manage the Company in furtherance of the best interest of the Company's stockholders and owners. In addition, each of the Individual Defendants owes Loral shareholders the fiduciary duty to exercise due care and diligence, as well as the highest obligations of good faith and fair dealing. Furthermore, each of the Individual Defendants owes to the Company and its stockholders the fiduciary duty to assure that all reasonable offers or overtures to purchase the Company are conveyed to the full board of directors, to entertain, encourage, evaluate and pursue any bona fide offers or expressions of interest to purchase the Company's outstanding stock or other merger transactions in a manner that will maximize shareholder value. Under the terms of the Transaction agreed to by the Individual Defendants, executives, managers and other at Loral (including some or all of the Individual Defendants) could receive as much as \$40 million in extra payments, including an \$18 million bonus for defendant Schwartz. The payments are reportedly required by Loral's internal provisions governing any change in control of the Company. Additionally, Loral's directors, nominees and executive officers as a group own 3.4% of the Company's stock.

26. Defendant Lockheed is a corporation organized and existing under and by virtue of the laws of the State of Maryland. Defendant Lockheed maintains its principal offices at 6801 Rockledge Drive, Bethesda, Maryland. Lockheed is a holding company with subsidiaries which research, develop and produce aerospace products, systems and services; design, manufacture and integrate advanced technology products and services for the U.S. Government and private industry; produce construction aggregates and specialty chemical products; and manage certain facilities for the Department of Energy. Lockheed also manufactures satellites and will directly compete with Loral space in the satellite industry, a source of concern for regulators.

CLASS ACTION ALLEGATIONS

27. Plaintiffs bring this action on their own behalf and as a class action, pursuant to Section 901 of the CPLR, on behalf

of all shareholders of Loral (except defendants herein and any person, firm, trust, corporation or other entity related to or affiliated with any of the defendants) or their successors in interest, who have been or will be adversely affected by the conduct of defendants alleged herein.

28. This action is properly maintainable as a class action for the following reasons:

(a) The class of shareholders for whose benefit this action is brought is so numerous that joinder of all class members is impracticable. As of October 31, 1995, there were over 172 million shares of defendant Loral's common stock outstanding owned by 4,500 shareholders of record scattered throughout the United States and foreign countries.

(b) There are questions of law and fact which are common to members of the class and which predominate over any questions affecting any individual members. The common questions include, inter alia, the following:

i. Whether the Individual Defendants engaged in a plan and scheme to enrich and/or entrench themselves at the expense of Loral's public shareholders;

ii. Whether the Individual Defendants breached fiduciary duties owed by them to plaintiffs and members of the Class, and/or aided and abetted in such breach, by virtue of their participation and/or acquiescence and by their other conduct complained of herein;

iii. Whether the Individual Defendants failed to fully disclose the true value of defendant Loral's assets and earning power and the future financial benefits which they expect to derive from the takeover by defendant Lockheed;

iv. Whether the Individual Defendants wrongfully failed and refused to seek a purchaser of Loral at the highest possible price and instead, sought to chill potential offers and acquire the valuable assets of defendant Loral for defendant Lockheed at an unfair and inadequate price;

v. Whether defendant Lockheed induced, aided or abetted breaches of fiduciary duty by the Individual Defendants;

vi. Whether plaintiffs and other members of the Class will be irreparably damaged by the conduct and transactions complained of herein;

vii. Whether defendants breached or aided and abetted the breach of the fiduciary and other common law duties owed by them to plaintiffs and other members of the Class; and

viii. Whether defendants are pursuing a scheme and course of business designed to eliminate the public shareholders of defendant Loral in violation of the laws of the State of New York.

29. Plaintiffs are committed to prosecuting this action and have retained competent counsel experience in litigation of this nature. The claims of plaintiffs are typical of the claims of the other members of the Class and plaintiffs have the same interest as the other members of the Class. Accordingly, plaintiffs are adequate representatives of the Class and will fairly and adequately protect the interests of the Class.

30. Plaintiffs anticipate no difficulty in the management of this litigation.

31. For the reasons stated herein, a class action is superior to other available methods for the fair and efficient adjudication of this action.

SUBSTANTIVE ALLEGATIONS

Loral's Historical Growth

32. Defendant Schwartz joined Loral in 1971 when the Company was just a small subcontractor on the F-15 fighter. In 1972 Schwartz paid \$7.5 million to acquire a controlling interest in Loral. For the next 23 years Loral saw dizzying growth as

its annual sales have increased, on average, 26% each year to \$6 billion. Schwartz accomplished this growth through a bold acquisition strategy and turned the once struggling Company into a behemoth in the defense industry.

33. Within the past 10 years, Loral has spent more than \$4 billion to acquire assets from companies like Unisys, IBM, LTV, Ford Motor, Fairchild Weston, Honeywell and Goodyear. Analysts in the defense industry attribute Loral's growth and profitability to Schwartz's business savvy and autocratic management style.

34. The Company stated in its 1995 10-K that while declines in the United States defense budget since the mid-1980's have resulted in program delays, cancellations and scope reductions for defense contracts generally, Loral is particularly well positioned to benefit in a higher proportion of defense dollars being dedicated to upgrading existing systems, and to Loral's existing presence in diverse, aging products: "management believes Loral's program base is better suited for the current defense spending environment than other contractors with significant dependence on new program starts or a less diverse program base."

Loral Agrees To Merge With Lockheed

35. On January 8, 1996, it was announced that after years of buying out other companies, Loral was the target of a buyout whereby defendant Lockheed would acquire Loral's defense electronics and systems integration businesses for approximately \$9.1 billion. The Transaction essentially has three elements: first, each shareholder of Loral will receive \$38 cash per share through a tender offer commenced on January 12, 1996 to buy out the shareholders' interest in all of Loral's core, non-space divisions; second, Loral shareholders will receive, for each Loral share, one share of a newly-formed public company, to be called Loral Space and Communication Corp. ("Loral Space"), comprised solely of Loral's satellite and telecommunications business; and third, Lockheed will invest \$344 million for a 20% equity position in Loral Space. Defendant Schwartz is slated to be Chief Executive Officer of Loral Space, and is eager to begin his new position as evidenced by his comment, "I'll be master of my own destiny as Chairman of Loral Space."

36. The members of the Loral Board of Directors possessed conflicts of interest which should have prevented them from voting on the buy-out. Two of Loral's Board members, defendants Schwartz and Lanza, discussed employment terms with Lockheed Martin and will enjoy top positions in Lockheed Martin after the merger. Nevertheless, the Board determined that it was not necessary to appoint a committee of independent directors or an unaffiliated representative to act on behalf of the shareholders of the company for the purposes of negotiating the terms of the Transaction.

37. Additionally, on January 12, 1996 The Orlando Sentinel reported that: "Loral's action Thursday came in the wake of speculation that another aerospace giant - McDonnell Douglas Corp. of St. Louis - may be considering a counter-offer for Loral."

38. On January 16, 1996, the Reuter Business Report also reported that several Wall Street sources speculated McDonnell Douglas might seek to top defendant Lockheed's \$9.1 billion pact to buy Loral's defense electronics unit, but that other sources speculated the \$175 million termination fees would render such a transaction too expensive.

The Change of Control Premium Is Inadequate

39. The Transaction, though, as explained below, while excessively beneficial to Schwartz and the other members of the Board, provides little premium to the shareholders of the Company. The \$38 cash offer is simply an inadequate price to accept for the valuable assets of Loral. On January 5, 1996, the last business day before the announcement of the merger, Loral stock closed at \$36-1/4 per share. Therefore the \$38 per share offer by itself affords no premium.

40. Defendants have represented, however, that the Loral Space spin-off adds value to the Transaction, and thus provides a premium for Loral shareholders. According to a January 8,

1996, press release from Loral and Lockheed, Loral Space has an "effective price" of \$7.50 per share, creating a combined transaction of \$45.50 per share. Still, even accepting defendants' valuation, this affords Loral shareholders a premium of only 25%.

41. Also, defendants' valuation of Loral Space is suspect. Defendants do not explain how they derive a \$7.50 valuation for Loral Space based on the assets to be received by Loral Space in the Spin-off. As reported by The Los Angeles Times on January 8, 1996, the value of Loral Space stock can only be "estimated" at this time because its business has been "untested." Similarly, according to a January 15, 1996 Barron's article, "an initial drag on earning will be Loral's 31% interest in Globalstar," which is not even scheduled to begin operation until late 1998.

42. The Transaction price also fails to account for Loral's recently reported third quarter financial results. On January 25, 1996, Loral announced record earnings of \$92 million for the third quarter ended December 31, 1995, a 29% increase in net income. Defendant Schwartz proclaimed that "Loral had another terrific quarter, marking the 95th consecutive quarter of improved earnings."

43. Further demonstrating the Company's solid future prospects, on January 23, 1996, Loral announced that it won a \$110 million five-year contract to help upgrade the Cheyenne Mountain missile defense complex in Colorado Springs. On February 7, 1996, Loral announced that its Loral Federal Systems -- Owego division received a \$276.5 million contract from the Army to integrate electronic warfare equipment on helicopters and other vehicles. And on February 24, 1996, Loral announced that the Army awarded a \$1.2 million contract to Loral Test & Information Systems. Additionally, on March 19, 1996, Loral announced it was awarded a \$40 million contract with the U.S. Postal Service to provide parcel-sorting systems. An Army contract with Loral Vought worth \$23 million to develop prototype rocket systems was announced March 21, 1996. A contract between Dicomed, Inc. and Loral Fairchild Imaging Sensor valued at \$27 million was announced April 3, 1996. On April 4, 1996, it was announced that Loral Federal Systems won one of the largest contracts ever awarded by Army Simulation, Training and Instrumentation Command, valued at \$113.5 million.

44. The \$38.00 per share cash price tendered under the Transaction takes none of the foregoing into consideration since almost all of Loral's recent success and growth will be going to Lockheed which is paying only \$38.00 per share for Loral's non-space operations.

Defendants Fail To Shop The Company

45. Schwartz and the other Loral Board members agreed to accept Lockheed's offer in derogation of their fiduciary duties because the Transaction enables them to maintain their positions of power, prestige and profits and to reap handsome rewards as a result of the Transaction. In fact, defendants went directly to Lockheed and offered to sell Loral on the condition that Lockheed provide continuing employment to the Loral Board.

46. Loral's Schedule 14D-9 Solicitation/Recommendation Statement filed with the SEC on January 16, 1996 (the "January 16 14D-9"), reveals that defendants, in violation of their fiduciary duties, did not expose the Company to the marketplace in order to solicit the best possible offer for Loral's shareholders but, rather, negotiated only with defendant Lockheed to the exclusion of other potential suitors. Thus, the reason that the Transaction has been championed by the Loral Board is that it was structured at defendant Schwartz' initiation.

47. According to the January 16 14D-9, defendant Schwartz approached Lockheed's financial advisor, Bear Stearns, on July 31, 1995 and informed them that he and Loral were interested in a transaction with Lockheed. On September 14, 1995, Schwartz and Norman R. Augustine, Lockheed's President and Chief Executive Officer, first broached the subject of a possible merger. Discussions between the two companies began in earnest in October 1995. Negotiations moved swiftly, and by December 4, 1995, Loral and Lockheed entered into a Confidentiality and Standstill Agreement which, among other things, restricted Loral's ability to discuss a possible strategic combination with third parties.

48. On December 7, 1995 Schwartz informed the Board of the ongoing negotiations with Lockheed. The Board immediately authorized a Shareholders Rights Agreement (the "Rights Agreement") to further deter third parties from making offers for Loral. The Rights Agreement provides, in effect, that in the event a third party attempts to acquire Loral, shareholders of Loral have the right to buy newly issued Loral shares at half price. If enough shareholders exercise this right, a third party is forced to increase prohibitively the price required as a competing bid. The Individual Defendants subsequently amended the Rights Agreement to exempt defendant Lockheed, thus disabling the right of shareholders to effectively object to the Transaction.

49. At the December 7th Board meeting, the Board also authorized management to approach Lazard Freres & Co. LLC ("Lazard") regarding an engagement to advise the Company regarding the Transaction and to provide a fairness opinion with regard to any final offer from Lockheed. The particulars of the retention of Lazard, however, demonstrates that Lazard's fairness opinion is mere window dressing.

50. Lazard was not formally retained until January 4, 1996. Nevertheless, just one day later, Lazard orally presented the Board with its opinion of the fairness of the Transaction, and on January 7, 1996, provided its written fairness opinion to the Board. The apparent haste with which Lazard reviewed the Transaction raises doubt as to the sufficiency of Lazard's analysis. Also, Lazard was paid a fee of \$12 million to render its opinion on the fairness of the Transaction. This fee was contingent, however, on the consummation of the Transaction. Lazard's decision thus appears to have been a foregone conclusion.

51. Further casting doubt on the fairness of the Transaction is the existence of a prohibitively high termination fee which disproportionately benefits Lockheed in the event Loral accepts another competing acquisition offer. According to the January 16 14D-9, if Loral rejects the Transaction and enters into a merger or similar transaction with a third party, Loral must pay Lockheed the staggering sum of \$175,000,000. In such event, Loral would also be responsible for Lockheed's expenses up to \$45,000,000.

The January 16 14D-9 Does Not Provide Sufficient Disclosures To Shareholders To Enable Them To Vote In An Informed Manner With Respect To The Transaction

52. In contravention of their fiduciary duties owed to the public shareholders of Loral, defendants disseminated a Solicitation/Recommendation statement to plaintiffs and the Class that does not provide sufficient information to permit them to make an informed decision whether to tender their shares pursuant to the Transaction.

53. The January 16 14D-9 states that on October 31, 1995, and in early November, the parties met to discuss the possibility of a transaction, including "certain management and organizational issues, as well as certain broad transaction valuation parameters." Nowhere, however, is it disclosed what the valuation parameters were or how they were derived. The omitted information is material to the Loral shareholders' assessments of the Transaction and available alternatives.

54. Similarly, the January 16 14D-9 states that in late November 1995, the parties agreed to pursue a transaction in which shareholders would receive cash and an interest in Loral Space rather than stock in Lockheed Martin as was originally contemplated. Defendants do not disclose the reasons for this material change other than to state that "accounting and other concerns raised by the proposed Spin-Off" necessitated this change. Further, there is no disclosure regarding how the allocation of cash and Loral Space stock was derived. The omitted information is material to shareholders' assessments of the Transaction and available alternatives.

55. In addition, the January 16 14D-9 states that at various times the parties could not reach an agreement because of "very significant issues that were not yet resolved" or that "many issues remained unresolved." Defendants also stated that

at a December 12, 1995 Board meeting the Board was informed that the "parties had not agreed upon price." The January 16 14D-9 never discloses what the significant or unresolved issues were or what prices were discussed during the course of negotiations. The omitted information is material to shareholders' assessments of the Transaction and available alternatives.

56. The January 16 14D-9 is similarly deficient in discussion of valuation ranges supported by financial advisors, Lazard Freres & Co. LLC ("Lazard") and Lehman Brothers Inc. ("Lehman"). Lazard was retained by the Individual Defendants to analyze the Transaction and render a fairness opinion. Nowhere is it disclosed in the January 16 14D-9, however, the methodology used by Lazard to arrive at its conclusion, or what analyses were conducted to conclude that the price being paid to Loral shareholders is fair. The January 16 14D-9 states only that Lazard reviewed "recent comparable transactions in the defense industry." The January 16 14D-9 does not disclose what transactions those were or how the Transaction at issue here compared with the so-called "comparable transactions." It is further not disclosed in the January 16 14D-9 whether Lazard believes the Transaction is fair in light of Loral's assets or whether Lazard even performed such an analysis. Moreover, there is no indication in the January 16 14D-9 whether Lazard opined or even reviewed the "broad transaction valuation parameters" discussed by the parties in early November 1995. Additionally, while the Individual Defendants apparently felt the Transaction "represented a substantial premium over the recent market prices" of Loral, there is no indication that Lazard's analysis included a review of the premium offered and how such premium compared to premiums offered in the "comparable transactions." The actual fairness opinion (which is attached to the January 16 14D-9) is similarly devoid of analysis and merely recites the documents Lazard reviewed and the information allegedly relied upon in reaching its conclusion.

57. Defendants are even less forthcoming regarding Lehman's analysis and conclusions. Lehman purportedly was retained to advise Loral with respect to the Transaction and, in particular, Loral Space. The January 16 14D-9 is devoid of any discussion regarding Lehman's analysis and presentation to the Individual Defendants. Moreover, the January 16 14D-9 does not explain how the \$7.50 valuation of Loral Space is derived. The January 16 14D-9 similarly does not explain whether either Lazard or Lehman confirmed (or were even asked to confirm) any valuation for Loral Space. All of this omitted information relating to the opinions of Loral's financial advisors, is material to plaintiffs' assessments of the Transaction and available alternatives.

58. None of the omitted information referred to above was disclosed in Loral's two subsequent amendments to the January 16 14D-9 which were filed with the SEC on January 26, 1996, and April 18, 1996, respectively.

Defendants Maintain Their Positions And Perquisites

59. The Transaction is wrongful, unfair and harmful to Loral's public stockholders, the Class members, and represents an attempt by defendants to aggrandize their personal and financial positions and interests and to enrich themselves at the expense of and to the detriment of the public shareholders of the Company. The Transaction denies plaintiffs and other Class members their rights to share proportionately in the true value of the Company's assets and future growth in profits and earnings, while usurping the same for the benefit of defendant Lockheed at an unfair and inadequate price.

60. According to the January 16 14D-9, in conjunction with the Transaction defendant Schwartz will become Chairman and Chief Executive Officer of Loral Space and will become Vice Chairman and director of the Board of Lockheed. Defendant Lanza will also join Lockheed's Board of Directors and serve as Executive Vice President and Co-Chief Operating Officer of Lockheed.

61. Further, Loral's remaining directors will all become members of the Board of Directors of Loral Space.

62. Moreover, pursuant to the change of control provisions in his employment contract, in connection with the Transaction defendant Schwartz will receive a bonus of \$18,000,000. Further evidence of the self-dealing nature of the Transaction is the

Loral Corporation Supplemental Bonus Program. This program, described in the January 16 14D-9, provides for bonus payments of \$40,000,000 (less the \$18 million to be paid to Schwartz) to selected executives of the Company. Those payments are to be determined by Schwartz. This program was structured in conjunction with the Transaction to be effective as of January 7, 1996, and is simply an added perquisite for Loral executives to fall in line with Schwartz' program, making it unlikely that any other interested bidders will have access to Loral officers in order to formulate a bid. The bonus program was not in place prior to the Lockheed negotiations and does not represent any payment "owed" to these executives. These payments are amounts that should inure to the benefit of the Company's owners, not the self-dealing Individual Defendants.

CAUSE OF ACTION FOR BREACH OF FIDUCIARY DUTIES

63. Defendants other than defendant Lockheed, acting in concert, have violated their fiduciary duties owed to the public shareholders of Loral and put their own personal interests and the interests of defendant Lockheed ahead of the interests of the Loral public shareholders at the expense of Loral's public shareholders.

64. The Individual Defendants failed to (1) undertake an adequate evaluation of Loral's worth as a potential merger/acquisition candidate; (2) take adequate steps to enhance Loral's value and/or attractiveness as a merger/acquisition candidate; (3) effectively expose Loral to the marketplace in an effort to create an active and open auction for Loral; or (4) act independently so that the interests of public shareholders would be protected. Instead, defendants have accepted a cash value for the publicly held shares of defendant Loral without an appropriate premium or recognition of the added value of Loral that will result from it being wholly-owned by defendant Lockheed, and have agreed to terms which will impede maximization of shareholder value.

65. Furthermore, in contemplating and implementing their plan to obtain immediate financial rewards for themselves, the Individual Defendants have failed to (1) adequately insure that no conflicts of interest existed, and, instead, have resolved such conflicts in favor of themselves and defendant Lockheed, rather than ensure that all conflicts were resolved in the best interest of Loral and its public shareholders; or (2) acted independently or in any other way to ensure that the interests of Loral's public shareholders will be protected.

66. Defendants reached understandings among themselves that they will not solicit a proposal or initiate any discussions with any person or entity regarding any offer or proposal for the acquisition of the business of Loral by merger, asset sale, stock sale or otherwise, while Loral is still a publicly-held company. While the Individual Defendants should seek out other possible purchasers of the assets of Loral or its stock in a manner designed to obtain the highest possible price for Loral's shareholders, or seek to enhance the value of Loral for all its current shareholders, they have instead resolved to wrongfully obtain the valuable assets of Loral for defendant Lockheed at a bargain price, which under the circumstances here, disproportionately benefits them. These understandings have been reached in violation of the Individual Defendants' fiduciary duties.

67. By failing to entertain a meaningful public auction of Loral, as well as thwarting outside companies' ability to bid on Loral, the Individual Defendants are acting to entrench themselves in their offices and positions and maintain their substantial salaries and perquisites, all at the expense and to the detriment of the best interests of the Company's public shareholders.

68. The tactics pursued by defendants are, and will continue to be, wrongful, unfair and harmful to Loral's public shareholders, serve no legitimate business purpose of Loral, and are an attempt by the defendants to aggrandize their personal positions, interests and finances at the expense of and to the detriment of the public stockholders of Loral. Defendants' maneuvers deny members of the Class their right to share in the true value of Loral's valuable assets, future earnings and profitable businesses.

69. In contemplating, planning and/or doing the foregoing specified acts and in pursuing and structuring the Transaction, the defendants are not acting in good faith toward plaintiffs and the Class, and have breached, and are breaching, their fiduciary duties to plaintiffs and the Class.

70. Because the Individual Defendants (and those acting in concert with them) dominate and control the business and corporate affairs of Loral and because they are in possession of private corporate information concerning Loral's businesses and future prospects, there exists an imbalance and disparity of knowledge and economic power between the defendants and the public shareholders of Loral which makes it inherently unfair to the Company's public shareholders. The Transaction ensures that defendants disproportionately benefit from the value and future financial prospects of Loral, in contravention to defendants' fiduciary duties to assure that Loral's shareholders receive the highest value for their shares.

71. Defendant Lockheed acted and is acting with knowledge that the other defendants are in breach of their fiduciary duties to Loral's public shareholders, and has intentionally, recklessly or negligently induced, aided and abetted such breaches of fiduciary duties by the Individual Defendants.

72. By reason of the foregoing acts, practices and course of conduct, the Individual Defendants failed to use due care and diligence in the exercise of their fiduciary obligations toward Loral and its public shareholders.

73. The acts complained of here above were willful, malicious, and oppressive in that defendants, and each of them, know that their actions, as complained of herein, involve improper and illegal practices, violations of law and other acts completely alien to the duties of officers and directors to carry out corporate affairs in a just, honest, and equitable manner. By reasons of the foregoing, the Class is entitled to exemplary damages determined through a legitimate process to maximize shareholder value.

74. As a result of defendants' actions, plaintiffs and the Class have been and will be damaged in that they will not receive the fair value of Loral's assets and business in exchange for their Loral shares, and have been and will be prevented from obtaining a price for their shares of Loral common stock determined through a legitimate process to maximize shareholder value.

75. Unless enjoined by this Court, defendants will continue to breach their fiduciary duties owed to plaintiffs and the Class and/or aid and participate in such breaches of duty, and will exclude the Class from receiving fair value for their proportionate share of Loral's valuable assets and businesses, all to the irreparable harm of the Class.

76. Plaintiffs and the Class have no adequate remedy at law.

WHEREFORE, plaintiffs demand judgement as follows:

(a) Declaring that this action may be maintained as a class action pursuant to CPLR 901 et seq.;

(b) Ordering the Individual Defendants to carry out their fiduciary duties to plaintiffs and the other members of the Class by announcing their intention to:

(i) cooperate fully with any entity or person, having a bona fide interest in proposing any transaction that would maximize shareholder value, including but not limited to, a buy-out or takeover of the Company;

(ii) immediately undertake an appropriate evaluation of Loral's worth as a merger/acquisition candidate;

(iii) take all appropriate steps to enhance Loral's value and attractiveness as a merger/acquisition candidate,

(iv) take all appropriate steps to effectively expose Loral to the marketplace in an effort to create an active auction of the Company;

(v) act independently so that the interests of the Company's public shareholders will be protected; and

(vi) adequately ensure that no conflicts of interest exist between the Individual Defendants' own interest and their fiduciary obligation to maximize shareholder value or, in the event such conflicts exist, to ensure that all conflicts of interest are resolved in the best interests of the public shareholders of Loral;

(c) Enjoining the use of the Poison Pill and imposition of the \$175 million penalty fee;

(d) Enjoining the complained of transaction or any related transaction;

(e) Appointing an independent committee of unaffiliated directors to consider the Lockheed Martin proposal or other possible business combinations or alternative transactions;

(f) Ordering the Individual Defendants jointly and severally to account to plaintiffs and the Class for all damages suffered and to be suffered by them as a result of the acts and transaction alleged herein;

(g) Declaring that Loral aided and abetted and substantially participated in the Individual Defendants' breach of fiduciary duties;

(h) Awarding plaintiffs the cost and disbursements of this action, including a reasonable allowance for plaintiffs' attorney and expert witness fees; and

(i) Granting such other and further relief as may be just and proper.

Dated: New York, New York
April 22, 1996

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CERTIFICATE OF SERVICE

I hereby certify that on this day I caused a true and correct copy of the foregoing AMENDED CLASS ACTION COMPLAINT to be served upon (each of the) counsel for defendants by hand delivery via private courier service addressed to:

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DATED: April 22, 1996

/s/ Michael J. Morgan

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