FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934

FOR QUARTER ENDED MARCH 31, 1996   COMMISSION FILE NUMBER 1-11437

LOCKHEED MARTIN CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

MARYLAND (STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	52-1893632 (I.R.S. EMPLOYER IDENTIFICATION NUMBER)
6801 ROCKLEDGE DRIVE, BETHESDA, MD (ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	20817 (ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE (301) 897-6000

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 (or for such shorter period that the registrant was required to file such reports), and (2) had been subject to such filing requirements for the past 90 days. YES X   NO ___

INDICATE THE NUMBER OF SHARES OUTSTANDING OF EACH OF THE ISSUER'S CLASSES OF COMMON STOCK, AS OF THE LATEST PRACTICABLE DATE.

CLASS	OUTSTANDING AS OF APRIL 30, 1996
Common Stock, $1 par value	199,050,823

LOCKHEED MARTIN CORPORATION AND CONSOLIDATED SUBSIDIARIES

FORM 10-Q

FOR THE QUARTER ENDED MARCH 31, 1996

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LOCKHEED MARTIN CORPORATION

CONDENSED CONSOLIDATED STATEMENT OF EARNINGS
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31, 1996	THREE MONTHS ENDED MARCH 31, 1995
	(IN MILLIONS, EXCEPT PER SHARE DATA)	
Net sales	$5,109	$5,644
Costs and expenses:		
Cost of sales	4,637	5,189
Merger related expenses	--	165
Earnings from operations	472	290
Other income and expenses, net	30	22
	502	312
Interest expense	71	79
Earnings before income taxes	431	233
Income tax expense	159	96
Net earnings	$ 272	$ 137
Earnings per common share:		
Assuming no dilution	$ 1.35	$ .65
Assuming full dilution	$ 1.22	$ .62
Cash dividends declared per common share	$ .40	$ .29

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

LOCKHEED MARTIN CORPORATION

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31,	
	1996	1995
	(IN MILLIONS)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	$ 272	$ 137
Adjustments to reconcile earnings to net cash provided by operating activities:		
Merger related and consolidation expenses		
--Provision	--	165
--Payments	(51)	(11)
Depreciation and amortization	214	222
Changes in operating assets and liabilities	(574)	(327)
Net cash (used for) provided by operating activities	(139)	186
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to properties, net of purchased operations	(123)	(127)
Acquisitions and investments	(33)	(141)
Net cash used for investing activities	(156)	(268)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net (repayments) proceeds related to debt	(131)	7
Issuances of common shares	14	19
Common stock dividends	(70)	(55)
Preferred stock dividends	(15)	(15)
Net cash used for financing activities	(202)	(44)
Net decrease in cash and cash equivalents	(497)	(126)
Cash and cash equivalents at beginning of period	653	639
Cash and cash equivalents at end of period	$ 156	$ 513

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

LOCKHEED MARTIN CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEET
(UNAUDITED)

	MARCH 31, 1996	DECEMBER 31, 1995
	(IN MILLIONS)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 156	$ 653
Receivables	4,130	3,876
Inventories	2,862	2,804
Deferred income taxes	572	580
Other current assets	300	264
Total current assets	8,020	8,177
Property, plant and equipment	3,116	3,165
Intangible assets related to contracts and programs acquired	1,763	1,808
Cost in excess of net assets acquired	2,769	2,817
Other assets	2,014	1,681
	$17,682	$17,648
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings	$ 253	$ --
Accounts payable	763	787
Customer advances and amounts in excess of costs incurred	1,416	1,570
Salaries, benefits and payroll taxes	713	567
Income taxes	253	292
Current maturities of long-term debt	345	722
Other current liabilities	1,486	1,353
Total current liabilities	5,229	5,291
Long-term debt	3,003	3,010
Post-retirement benefit liabilities	1,667	1,778
Other liabilities	1,127	1,136
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	711	683
Retained earnings	5,025	4,838
Unearned ESOP shares	(279)	(287)
	6,656	6,433
	$17,682	$17,648

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

NOTE 1--BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Lockheed Martin Corporation (the Corporation) has continued to follow the accounting policies set forth in the consolidated financial statements filed with the Securities and Exchange Commission (SEC) on March 13, 1996 in its 1995 Annual Report on Form 10-K. In the opinion of management, the interim financial information provided herein reflects all adjustments (consisting of normal recurring accruals) necessary for a fair presentation of the results of operations for the interim periods. The results of operations for the quarter ended March 31, 1996 are not necessarily indicative of the results to be expected for the full year.

NOTE 2--BUSINESS COMBINATION WITH LORAL CORPORATION

On January 7, 1996, the Corporation and its wholly-owned subsidiary, LAC Acquisition Corporation (LAC), entered into an Agreement and Plan of Merger (the Loral Merger Agreement) with Loral Corporation (Loral) pursuant to which LAC agreed to purchase all of the issued and outstanding shares of common stock of Loral (together with the associated preferred stock purchase rights) for an aggregate consideration of $38 per share in cash (the Tender Offer). The Tender Offer was made as part of a series of transactions that resulted in (i) the distribution to stockholders of Loral immediately prior to the consummation of the Tender Offer of shares of capital stock in Loral Space & Communications, Ltd. (Loral SpaceCom), a newly-formed company, which now owns and manages substantially all of Loral's former space and satellite telecommunications interests, and (ii) the acquisition by the Corporation of Loral's defense electronics and systems integration businesses (the Loral Transaction).

In accordance with the terms of the Tender Offer and the Loral Merger Agreement, on April 23, 1996, LAC purchased approximately 94.5 percent of the outstanding shares of common stock of Loral. Subsequent to the consummation of the Tender Offer, on April 29, 1996, LAC merged with and into Loral and each remaining share of common stock of Loral not owned by LAC was converted into the right to receive $38. Each outstanding share of common stock of LAC was converted into shares of common stock of Loral, and Loral changed its name to Lockheed Martin Tactical Systems, Inc. (Tactical Systems). As a result of these transactions, Tactical Systems became a wholly-owned subsidiary of the Corporation.

In connection with the above transactions, the Corporation acquired shares of preferred stock of Loral SpaceCom that are convertible into 20 percent of Loral SpaceCom's common stock on a fully diluted basis. The Corporation's ownership of the preferred stock of Loral SpaceCom is subject to certain limitations and restrictions set forth in the terms and conditions of the preferred stock and in agreements between the Corporation and Loral SpaceCom.

The Loral Transaction will be accounted for under the purchase method of accounting. The total purchase price paid for Tactical Systems was approximately $7 billion. The Corporation's cost basis investment in Loral SpaceCom is approximately $600 million.

The following unaudited pro forma combined financial data presents the results of operations of the Corporation and Tactical Systems for the three months ended March 31, 1996 and 1995, with pro forma adjustments as if the Loral Transaction had been consummated as of the beginning of the periods presented, and the balance sheet, with pro forma adjustments as if the Loral Transaction had occurred on March 31, 1996. This pro forma combined financial data does not purport to be indicative of results of operations or financial position that would have resulted if the Loral Transaction had occurred on the applicable dates indicated above. Moreover, this data is not intended to be indicative of future results of operations or financial position.

UNAUDITED PRO FORMA COMBINED EARNINGS DATA

	LOCKHEED MARTIN	TACTICAL SYSTEMS	PRO FORMA ADJUSTMENTS	PRO FORMA COMBINED
	(IN MILLIONS, EXCEPT PER SHARE DATA)			
THREE MONTHS ENDED MARCH 31, 1996				
Net sales..............	$ 5,109	$1,403	$ (43)(a)	$ 6,469
Net earnings...........	272	126	(118)(b)	280
Earnings per share, assuming full dilution...	1.22	N/A	N/A	1.26
THREE MONTHS ENDED MARCH 31, 1995				
Net sales..............	$ 5,644	$1,459	$ (43)(a)	$ 7,060
Net earnings...........	137	101	(118)(b)	120
Earnings per share, assuming full dilution...	.62	N/A	N/A	.54

UNAUDITED PRO FORMA COMBINED BALANCE SHEET DATA

	LOCKHEED MARTIN	TACTICAL SYSTEMS	PRO FORMA ADJUSTMENTS	PRO FORMA COMBINED
	(IN MILLIONS)			
AS OF MARCH 31, 1996				
Current assets..........	$ 8,020	$2,150	$ --	$10,170
Cost in excess of net assets acquired........	2,769	1,924	5,691 (c)	10,384
Other assets............	6,893	1,909	1,313 (c)(d)	10,115
Total assets............	$17,682	$5,983	$ 7,004	$30,669
Current liabilities.....	$ 5,229	$1,570	$ 1,451 (c)(e)	$ 8,250
Long-term debt..........	3,003	1,857	7,000 (d)(e)	11,860
Other liabilities.......	2,794	787	322 (c)	3,903
Stockholders' equity....	6,656	1,769	(1,769)(c)	6,656
Total liabilities and stockholders' equity...	$17,682	$5,983	$ 7,004	$30,669

The unaudited pro forma adjustments described below are based upon preliminary estimates and certain assumptions that management of the Corporation believes are reasonable in the circumstances. Such adjustments are subject to change resulting from the completion of future analyses.

(a) To eliminate intercompany sales.

(b) To record the amortization of estimated intangible assets and additional estimated interest expense resulting from the Loral Transaction, net of the effects of income taxes.

(c) To adjust the assets and liabilities of Tactical Systems to their estimated fair values.

(d) To record the Corporation's investment in Loral SpaceCom.

(e) To record the assumed issuance of debt to finance the Loral Transaction.

The funds for the consummation of the Loral Transaction were provided through the issuance of commercial paper by the Corporation and through borrowings under revolving credit facilities (the Credit Facilities) with a syndicate of commercial banks. The Credit Facilities consist of a 364-day unsecured revolving credit facility in the amount of $5 billion (the Short-Term Facility) and a 5-year unsecured revolving credit facility in the amount of $5 billion (the 5-Year Facility). In connection with the establishment of the Credit Facilities, the Corporation and Loral each terminated their previously existing revolving credit facilities. Approximately $6 billion of commercial paper was issued and approximately $1 billion was borrowed under the 5-Year Facility to finance the Loral Transaction on the closing date.

Each bank's obligation to make loans under the Credit Facilities is subject to, among other things, compliance by the Corporation with various representations, warranties, covenants and agreements, including but not limited to covenants limiting the ability of the Corporation and certain of its subsidiaries to encumber their assets and a covenant not to exceed a maximum leverage ratio.

The Corporation anticipates refinancing a portion of the indebtedness incurred in connection with the Loral Transaction in the long-term debt markets by the end of 1996. On March 25, 1996, the Corporation filed a shelf registration statement with the Securities and Exchange Commission for the offering of up to $5 billion in debt securities which may be issued from time to time by the Corporation. The shelf registration statement became effective on May 10, 1996. The debt securities will be fully and unconditionally guaranteed by Tactical Systems. The debt securities and the guarantees will be unsecured obligations of the Corporation and Tactical Systems, respectively. The net proceeds from the sale of the debt securities offered by the Corporation will be added to the general funds of the Corporation and will be available to repay debt incurred in connection with the Loral Transaction and for general corporate purposes. The Corporation's ability to issue debt securities at any given time is dependent, among other things, upon market conditions.

In February 1996, the Corporation entered into interest rate hedging agreements to offset a portion of its exposure to rising interest rates related to the anticipated long-term financings. At the closing date for the Loral Transaction, those agreements supported approximately $100 million of deferred gains. The amounts of deferred gains are subject to change as interest rates fluctuate. These agreements are expected to be closed in connection with the Corporation's issuance of long-term debt obligations, and any gains or losses at closing will be deferred and recognized as adjustments to interest expense over the terms of the related debt obligations.

In connection with the Loral Transaction, the Corporation assumed the obligations of Loral as guarantor under the Revolving Credit Agreement of Globalstar, L.P. (the Globalstar Revolving Credit Agreement), an affiliate of Loral SpaceCom, and the parties to the Globalstar Revolving Credit Agreement released Loral from its prior guarantee. The maximum principal amount of loans to Globalstar, L.P. that are guaranteed by the Corporation is $250 million, subject to the assumption by certain of the Globalstar partners of a portion of the Corporation's obligations as guarantor.

NOTE 3--INVENTORIES

	MARCH 31, 1996	DECEMBER 31, 1995
	(IN MILLIONS)	
Work in process, primarily on long-term contracts and programs in progress	$ 3,891	$ 3,721
Less customer advances and progress payments	(1,935)	(1,772)
	1,956	1,949
Other inventories	906	855
	$ 2,862	$ 2,804

NOTE 4--DEBT

The Corporation's total interest payments were $63 million and $69 million for the quarters ended March 31, 1996 and 1995, respectively. Commercial paper borrowings of $253 million were outstanding at March 31, 1996.

NOTE 5--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 which were disclosed in the consolidated financial statements in the Corporation's 1995 Annual Report on Form 10-K.

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 cost 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 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.

Under an agreement with the U.S. Government, the Burbank groundwater treatment and soil 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 an asset for the portion of these costs that are probable of future recovery 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.

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.

NOTE 6--OTHER

During the first quarter of 1995, the Corporation recorded a pretax charge of $165 million for merger related expenses in connection with the formation of the Corporation. This charge reduced net earnings by $110 million, or $.50 per common share assuming full dilution.

The Corporation's federal and foreign income tax payments were approximately $222 million and $7 million for the three months ended March 31, 1996 and 1995, respectively.

The Corporation adopted 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", effective January 1, 1996. 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 adoption of this standard did not have a material effect on the Corporation's consolidated earnings and financial condition.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RECENT DEVELOPMENTS

On January 7, 1996, the Corporation and its wholly-owned subsidiary, LAC Acquisition Corporation (LAC) entered into an Agreement and Plan of Merger (the Loral Merger Agreement) with Loral Corporation (Loral) pursuant to which LAC agreed to purchase all of the issued and outstanding shares of common stock of Loral (together with the associated preferred stock purchase rights) for an aggregate consideration of $38 per share in cash (the Tender Offer). The Tender Offer was made as part of a series of transactions that resulted in (i) the distribution, to stockholders of Loral immediately prior to the consummation of the Tender Offer, of shares of capital stock in Loral Space & Communications, Ltd. (Loral SpaceCom), a newly-formed company which now owns and manages substantially all of Loral's former space and satellite telecommunications interests, and (ii) the acquisition by the Corporation of Loral's defense electronics and systems integration businesses (the Loral Transaction).

In accordance with the terms of the Tender Offer and the Loral Merger Agreement, on April 23, 1996, LAC purchased approximately 94.5 percent of the outstanding shares of common stock of Loral. Subsequent to the consummation of the Tender Offer, on April 29, 1996, LAC merged with and into Loral, and each remaining share of common stock of Loral not owned by LAC was converted into the right to receive $38. Each outstanding share of LAC was converted into shares of common stock of Loral, and Loral changed its name to Lockheed Martin Tactical Systems, Inc. (Tactical Systems). As a result of these transactions, Tactical Systems became a wholly-owned subsidiary of the Corporation.

In connection with the above transactions, the Corporation acquired shares of preferred stock of Loral SpaceCom that are convertible into 20 percent of Loral SpaceCom's common stock on a fully diluted basis. The Corporation's ownership of the preferred stock of Loral SpaceCom is subject to certain limitations and restrictions set forth in the terms and conditions of the preferred stock and in agreements between the Corporation and Loral SpaceCom.

The Loral Transaction will be accounted for under the purchase method of accounting. The total purchase price paid for Tactical Systems was approximately $7 billion. The Corporation's cost basis investment in Loral SpaceCom is approximately $600 million.

The funds for the consummation of the Loral Transaction were provided through the issuance of commercial paper by the Corporation and through borrowings under revolving credit facilities (the Credit Facilities) with a syndicate of commercial banks. The Credit Facilities consist of a $5 billion 364-day unsecured revolving credit facility (the Short-Term Facility) and a $5 billion five-year unsecured revolving credit facility (the 5-Year Facility). Approximately $6 billion of commercial paper was issued and approximately $1 billion was borrowed under the 5-Year Facility to finance the Loral Transaction. As described more fully in the Liquidity and Capital Resources section below, management of the Corporation anticipates refinancing a portion of the indebtedness incurred in connection with the Loral Transaction in the long-term debt markets.

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 quarter, or quarter-to-quarter comparisons of recorded sales and profits, may not be indicative of future operating results. The following comparative analysis should be viewed in this context.

Consolidated net sales for the first quarter were $5.1 billion in 1996, a nine percent decrease from the $5.6 billion recorded for the comparable period in 1995. Decreases in the Aeronautics and Space & Strategic Missiles segments were partially offset by increases in the Information & Technology Services and Electronics segments. The Corporation's operating profit (earnings before interest and taxes) for the first quarter of 1996 was $502 million versus $312 million for the comparable 1995 period. The 1995 operating profit reflected a $165 million pretax charge for fees and other merger related expenses related to the March 1995 formation of Lockheed Martin Corporation. Excluding the effect of these merger related expenses, first quarter 1996 operating profit increased by five percent over the comparable 1995 period, as adjusted. Earnings growth in the Space & Strategic Missiles segment more than offset the reduction of earnings in the Aeronautics segment.

Net earnings for the first quarter of 1996 were $272 million, or $1.22 per common share assuming full dilution. Both amounts represent increases from the reported first quarter 1995 net earnings of $137 million and earnings per common share assuming full dilution of $.62. However, the 1995 amounts reflected the after-tax effects of the merger related expenses identified above of $110 million, or $.50 per common share assuming full dilution. Excluding the effect of this nonrecurring charge, first quarter 1996 net earnings and earnings per common share assuming full dilution would have been ten percent and nine percent greater, respectively, than the corresponding 1995 adjusted amounts.

The effective income tax rate for the first quarter of 1996 was 37 percent as compared to 41 percent for the first quarter of 1995. The higher rate in 1995 was principally caused by the nondeductibility of certain merger related expenses that were capitalized for federal income tax purposes. Excluding the effects of the merger related expenses, the Corporation's first quarter 1995 effective tax rate would have been 38 percent. The effective rates for both periods were higher than the statutory corporate federal income tax rate principally due to the nondeductibility for tax purposes of certain cost in excess of net assets acquired associated with previous acquisition activities.

The Corporation's backlog of undelivered orders was approximately $42.5 billion at March 31, 1996, a three percent increase from the $41.1 billion reported at December 31, 1995. During the first quarter, the Corporation received orders for approximately $7 billion in new and follow-on business.

The following table displays first quarter net sales and operating profit for the Corporation's business segments.

	THREE MONTHS ENDED MARCH 31,	
	1996	1995
	(IN MILLIONS)	
Net Sales:		
Space & Strategic Missiles	$1,670	$1,852
Aeronautics	1,299	1,768
Information & Technology Services	1,093	1,035
Electronics	867	810
Energy, Materials and Other	180	179
	$5,109	$5,644
Operating Profit:		
Space & Strategic Missiles	$ 226	$ 181
Aeronautics	108	140
Information & Technology Services	51	47
Electronics	94	89
Energy, Materials and Other	23	(145)
	$ 502	$ 312

Net sales of the Space & Strategic Missiles segment decreased by ten percent in the first quarter of 1996 from the comparable 1995 first quarter period. The primary reasons for this decline were the timing of Atlas launches (one in the first quarter of 1996 compared to four in the first quarter of 1995) and reduced production volume on the Trident fleet ballistic missile program. Operating profit was 25 percent higher in 1996 compared with 1995 as a result of timing of the recognition of award fees on certain space programs and higher operating margins related to the MILSTAR communications satellite program, the Trident program and various classified programs. The impact of these margin improvements was somewhat offset by the reduced number of Atlas launches in 1996 versus 1995 as discussed previously.

First quarter 1996 Aeronautics net sales decreased approximately 27 percent from the comparable 1995 period. This decrease was principally the result of fewer deliveries of F-16 fighter aircraft and the completion during 1995 of P-3 maritime patrol aircraft deliveries to the Republic of Korea. Operating profit for the first quarter of 1996 decreased by 23 percent from 1995, essentially mirroring the net sales decreases.

In the first quarter of 1996, net sales in the Information & Technology Services segment increased by six percent over the comparable 1995 period, primarily due to increases in commercial product sales and various classified activities. Operating profit in 1996 increased by seven percent over that of 1995, reflecting timing of award fee recognition and improvements in margin performance.

First quarter 1996 Electronics segment net sales increased by seven percent over the comparable 1995 period, primarily due to increases in volume in several programs, the transition of certain programs from development to production status and the inclusion of the results of operations of the former aircraft controls business of General Electric Company, which the Corporation acquired in the fourth quarter of 1995. Operating profit increased by six percent in 1996 compared to 1995, essentially reflecting the net sales variances discussed previously.

Net sales for the first quarter of 1996 in the Energy, Materials and Other segment were comparable to the same period in 1995. Operating profit in the first quarter of 1995 reflected the impact of the $165 million charge for merger related expenses discussed above. Excluding this impact, operating profit for this segment was slightly higher in 1996 versus 1995.

LIQUIDITY AND CAPITAL RESOURCES

During the first quarter of 1996, approximately $139 million of cash was used for operating activities, compared with $186 million provided by operating activities during the first quarter of 1995. The primary reason for this fluctuation was the payment of $229 million of federal and foreign income taxes in 1996 as compared to $7 million in 1995. Net cash used for investing activities during the first quarter of 1996 was $156 million, compared to $268 million during 1995. This variance was principally the result of the payment of $121 million by the Materials subsidiary to acquire the assets of the construction aggregates business of Dravo Corporation in 1995. Net cash used for financing activities was $202 million in 1996 versus $44 million in 1995. The Corporation repaid approximately $375 million of fixed-rate Notes Payable which matured during the first quarter of 1996. An additional $300 million of long-term debt will mature during the remainder of 1996. The Corporation issued commercial paper in March 1996 for temporary working capital purposes, closing out the quarter with $253 million outstanding at March 31, 1996.

Total debt, including short-term borrowings, amounted to approximately 35 percent of total capitalization at March 31, 1996, a reduction from the 37 percent reported at December 31, 1995. As previously discussed, in connection with the consummation of the Loral Transaction, approximately $7 billion of debt was incurred through the issuance of commercial paper by the Corporation and through borrowings under the 5-Year Facility. Additionally, the Corporation assumed approximately $1.9 billion of long-term debt obligations of the former Loral Corporation. Consequently, the Corporation's debt to capitalization ratio increased to approximately 67 percent upon the consummation of the Loral Transaction. The Corporation's ratio of earnings to fixed charges for the quarter ended March 31, 1996 was 6.0; this ratio will decrease significantly due to the impact of increased interest expense which will be incurred on the additional debt issued in connection with the Loral Transaction.

The Corporation's current Credit Facilities consist of a $5 billion 364-day unsecured revolving credit facility and a $5 billion five-year unsecured revolving credit facility. In connection with the establishment of the Credit Facilities, the Corporation and Loral each terminated their previously existing revolving credit facilities.

The Corporation anticipates refinancing a portion of the indebtedness incurred in connection with the Loral Transaction in the long-term markets by the end of 1996. On March 25, 1996, the Corporation filed a shelf registration statement with the Securities and Exchange Commission for the offering of up to $5 billion in debt securities which may be issued from time to time by the Corporation. The shelf registration statement became effective on May 10, 1996. The debt securities will be fully and unconditionally guaranteed by Tactical Systems. The debt securities and the guarantees will be unsecured obligations of the Corporation and Tactical Systems, respectively. The net proceeds from the sale of the debt securities offered by the Corporation will be added to the general funds of the Corporation and will be available to repay debt incurred in connection with the Loral Transaction and for general corporate purposes. The Corporation's ability to issue debt securities at any given time is dependent, among other things, upon market conditions.

In February 1996, the Corporation entered into interest rate hedging agreements to offset a portion of its exposure to rising interest rates related to the anticipated long-term financings. At the closing date for the Loral Transaction, those agreements supported approximately $100 million of deferred gains. The amounts of deferred gains are subject to change as interest rates fluctuate. These agreements are expected to be closed in connection with the Corporation's issuance of long-term debt obligations, and any gains or losses at closing will be deferred and recognized as adjustments to interest expense over the terms of the related debt obligations.

In connection with the Loral Transaction, the Corporation assumed the obligations of Loral as guarantor under the Revolving Credit Agreement of Globalstar, L.P. (the Globalstar Revolving Credit Agreement), an affiliate of Loral SpaceCom, and the parties to the Globalstar Revolving Credit Agreement released Loral from its prior guarantee. The maximum principal amount of loans to Globalstar, L.P. that are guaranteed by the Corporation is $250 million, subject to the assumption by certain of the Globalstar partners of a portion of the Corporation's obligations as guarantor.

The Corporation has announced that decisions related to the integration of its operations resulting from the Loral Transaction are expected to be reached by the end of the third quarter of 1996.

The Corporation held cash and cash equivalent balances of $156 million and $653 million at March 31, 1996 and December 31, 1995, respectively. Stockholders' equity at the end of March 1996 was approximately $6.7 billion, a $223 million increase from the balance at the end of 1995. The increase was principally due to the first quarter 1996 earnings net of dividends paid and the issuance of new shares upon exercise of employee stock options. Cash dividends per common share for the first quarter of 1996 were increased from $.35 to $.40 in accordance with the settlement of certain class action lawsuits filed on behalf of the former shareholders of Lockheed Corporation and Martin Marietta Corporation. In accordance with the provisions of the settlement, this higher quarterly dividend rate will be paid for each of the next two quarters in 1996.

Cash on hand and temporarily invested, internally generated funds, and available financing resources are expected to be sufficient to meet anticipated operating and debt service requirements and discretionary investment needs. The Corporation has disclosed that it expects to divest of certain non-strategic businesses and other assets.

OTHER MATTERS

The Corporation adopted 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," effective January 1, 1996. 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 adoption of this standard did not have a material effect on the Corporation's consolidated earnings and financial condition.

FORWARD LOOKING STATEMENTS

This Form 10-Q 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 the 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 the Annual Report and incorporated by reference into the Form 10-K; and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages through of this Form 10-Q and "Note 2--Business Combination with Loral Corporation" and "Note 5--Commitments and Contingencies" of the Notes to Unaudited Condensed Consolidated Financial Statements on pages through and pages through , respectively, of the Unaudited Condensed Consolidated Financial Statements included in this Form 10-Q.

PART II--OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Corporation 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 the Corporation'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 the Corporation or could lead to suspension or debarment from future government contracting by the Corporation. The Corporation 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).

As the result of the consummation of the Loral Transaction, subject to certain limited exceptions, the Corporation became responsible for liabilities arising out of legal and environmental proceedings pertaining to the Loral Corporation businesses acquired by the Corporation. On July 7, 1995, Loral Corporation was served with a subpoena issued by the United States Attorney for the Eastern District of New York seeking documents relating to a number of programs conducted at Loral Corporation's Defense Systems-East (Great Neck, New York) operations. These operations now form a part of Tactical Systems. Tactical Systems has been provided minimal information concerning the focus of the investigation, but it appears to arise from anonymous complaints provided to the United States Government by employees about testing and quality control matters. Tactical Systems is unaware of any such issues and is cooperating in the investigation.

The Corporation 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 the Corporation's operations or its financial position.

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

At the Annual Meeting of Stockholders on April 25, 1996, the stockholders of Lockheed Martin Corporation:

--Elected the following individuals to the Board of Directors for one-year terms expiring in 1997:

	VOTES CAST FOR	VOTES WITHHELD
Norman R. Augustine	170,862,168	2,340,617
Marcus C. Bennett	170,986,881	2,215,904
Lynne V. Cheney	171,021,762	2,181,023
Vance D. Coffman	170,982,572	2,220,213
Houston I. Fluornoy	171,088,256	2,114,529
James F. Gibbons	171,162,115	2,040,670
Edward E. Hood, Jr	171,105,536	2,097,249
Caleb B. Hurtt	170,980,976	2,221,809
Gwendolyn S. King	171,025,555	2,177,230
Vincent N. Marafino	170,873,889	2,328,896
Eugene F. Murphy	169,818,144	3,384,641
Allen E. Murray	171,083,097	2,119,688
Frank Savage	171,144,204	2,058,581
Daniel M. Tellep	170,904,357	2,298,428
Carlisle A. H. Trost	171,075,601	2,127,184
James R. Ukropina	171,162,820	2,039,965
Douglas C. Yearley	171,156,724	2,046,061

--Ratified the appointment of Ernst & Young LLP, independent auditors, to audit the consolidated financial statements of the Corporation for fiscal year 1996. There were 171,656,084 votes for the appointment, 1,160,754 votes against the appointment and 909,212 abstentions.

--Ratified management's proposal for the adoption of the Lockheed Martin Deferred Management Incentive Compensation Plan. There were 163,690,616 votes for the proposal, 7,941,803 votes against the proposal and 2,093,631 abstentions.

--Rejected a stockholder proposal which recommended that the Corporation endorse the Coalition for Environmentally Responsible Economies' principles for Corporate environmental accountability. There were 13,659,963 votes for the proposal, 136,553,561 votes against the proposal, 14,549,267 abstentions and 8,963,259 broker non-votes.

All resolutions, comments and recommendations concerning the proposals were set forth in the Corporation's definitive Proxy Statement dated March 18, 1996.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

1. Exhibit 11. Lockheed Martin Corporation Computation of Earnings per Common Share for the three months ended March 31, 1996 and 1995.

2. Exhibit 12. Lockheed Martin Corporation Computation of Ratio of Earnings to Fixed Charges for the three months ended March 31, 1996.

3. Exhibit 27. Financial Data Schedule for the three months ended March 31, 1996.

(b) REPORTS ON FORM 8-K FILED IN THE FIRST QUARTER OF 1996

1. Current report on Form 8-K filed on January 12, 1996

Item 5. Other Events

The registrant filed information concerning the definitive Agreement and Plan of Merger dated January 7, 1996 among the registrant, Loral Corporation (Loral) and LAC Acquisition Corporation, providing for the transactions that would result in Loral becoming a subsidiary of the registrant and the spin-off by Loral of shares of stock in Loral Space & Communications Ltd., a newly formed corporation which would own substantially all of the space and satellite telecommunications interests of Loral.

(c) REPORTS ON FORM 8-K FILED SUBSEQUENT TO THE FIRST QUARTER OF 1996

1. Current report on Form 8-K filed on April 5, 1996

Item 5. Other Events

The registrant filed a copy of Lockheed Martin Corporation Procedure No. CPS-704, which pertains to consultants to Lockheed Martin Corporation.

2. Current report on Form 8-K filed on May 2, 1996

Item 2. Acquisition or Disposition of Assets

The registrant filed information regarding consummation of the transactions contemplated by the definitive Agreement and Plan of Merger dated January 7, 1996 among the registrant, Loral Corporation and LAC Acquisition Corporation.

Item 5. Other Events

The registrant filed information concerning the businesses of Lockheed Martin Tactical Systems, Inc., a wholly-owned subsidiary of the registrant which consists of the businesses of Loral Corporation which were acquired by the registrant.

Item 7. Financial Statements and Exhibits

- --Audited Consolidated Financial Statements of Loral Corporation and Subsidiaries--Retained Business (Tactical Systems) as of March 31, 1995 and 1994, and for each of the three years then ended, and related Management's Discussion and Analysis of Results of Operations and Financial Condition.

- --Unaudited Consolidated Financial Statements of Loral Corporation and Subsidiaries--Retained Business (Tactical Systems) as of December 31, 1995 and March 31, 1995, and for the nine months ended December 31, 1995, and 1994, and related Management's Discussion and Analysis of Results of Operations and Financial Condition.

- --Unaudited Pro Forma Combined Condensed Financial Statements as of December 31, 1995 and for the fiscal year then ended, and related Notes to Unaudited Pro Forma Combined Condensed Financial Statements.

3. Current report on Form 8-K filed on May 7, 1996 by Lockheed Martin Tactical Systems, Inc., a wholly-owned subsidiary of the Corporation

Item 1. - Changes in Control of the Registrant

Lockheed Martin Tactical Systems, Inc. (Tactical Systems), as successor corporation to Loral Corporation, filed information regarding consummation of the transactions contemplated by the definitive Agreement and Plan of Merger among Loral Corporation, Lockheed Martin Corporation and LAC Acquisition Corporation.

Item 5. Other Events

Tactical Systems filed information concerning applications made to the Securities and Exchange Commission (SEC) to delist Loral Corporation's common stock and debt securities. In addition, Tactical Systems indicated it anticipates no longer filing information with the SEC under the Securities Exchange Act of 1934.

4. Current report on Form 8-K/A filed on May 8, 1996

The Form 8-K filed on May 2, 1996 was amended to add unaudited selected quarterly financial data of Loral Corporation and Subsidiaries--Retained Business (Tactical Systems) and to incorporate exhibits previously filed by Loral Corporation.

LOCKHEED MARTIN CORPORATION

SIGNATURES

PURSUANT TO THE REQUIREMENTS 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
(Registrant)

Date: May 15, 1996

By: /s/ Robert E. Rulon
ROBERT E. RULON
VICE PRESIDENT AND CONTROLLER
(CHIEF ACCOUNTING OFFICER)

EXHIBIT 11

LOCKHEED MARTIN CORPORATION

COMPUTATION OF EARNINGS PER COMMON SHARE

	THREE MONTHS ENDED MARCH 31, 1996	1995
	(IN MILLIONS, EXCEPT PER SHARE DATA)	
ASSUMING NO DILUTION:		
Average number of common shares outstanding	189.3	188.5
Net earnings	$ 272	$ 137
Less: Preferred stock dividends	(15)	(15)
Net earnings applicable to common stock	$ 257	$ 122
Earnings per common share	$ 1.35	$ .65
ASSUMING FULL DILUTION:		
Average number of common shares outstanding	189.3	188.5
Dilutive stock options-based on the treasury stock method using the March 31 market prices, if higher than average market price	4.5	3.1
Assumed conversion of the Convertible Series A Preferred Stock from the date of issuance	28.9	28.9
	222.7	220.5
Net earnings	$ 272	$ 137
Earnings per common share	$ 1.22	$ .62

EXHIBIT 12

LOCKHEED MARTIN CORPORATION

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
FOR THE QUARTER ENDED MARCH 31, 1996
(IN MILLIONS, EXCEPT RATIO)

EARNINGS:	
Net earnings	$272
Income tax expense	159
Interest expense	71
Amortization of debt premium and discount, net	(1)
Portion of rents representative of an interest factor	15
Adjusted earnings before taxes and fixed charges	$516
FIXED CHARGES:	
Interest expense	$ 71
Amortization of debt premium and discount, net	(1)
Portion of rents representative of an interest factor	15
Capitalized interest	1
Total fixed charges	$ 86
RATIO OF EARNINGS TO FIXED CHARGES	6.0

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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.

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3-MOS
DEC-31-1996
JAN-01-1996
MAR-31-1996
156
0
4,130
0
2,862
8,020
8,147
5,031
17,682
5,229
3,003
0
1,000
199
5,457
17,682
5,109
5,109
4,637
4,637
30
0
71
431
159
272
0
0
0
272
1.35
1.22