FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

For Quarter Ended JUNE 30, 1995 Commission File Number 1-11437

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

MARYLAND	52-1893632
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
6801 Rockledge Drive, Bethesda, MD	20817
(Address of principal executive offices)	(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) has 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 July 31, 1995
Common Stock, $1 par value	200,289,477

LOCKHEED MARTIN CORPORATION AND CONSOLIDATED SUBSIDIARIES
FORM 10-Q
For the Quarter Ended June 30, 1995

INDEX

LOCKHEED MARTIN CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF EARNINGS
(UNAUDITED)

	Thee Months Ended June 30, 1995	1994	Six Months Ended June 30, 1995	1994
	(In millions, except per share data)			
Net sales	$ 5,606	$ 5,562	$ 11,251	$ 10,598
Costs and expenses:				
Cost of sales	5,136	5,109	10,326	9,743
Merger related and consolidation expenses	525	-	690	-
Earnings (loss) from operations	(55)	453	235	855
Other income and expenses, net	42	51	64	174
	(13)	504	299	1,029
Interest expense	73	78	152	155
Earnings (loss) before income taxes and cumulative effect of change in accounting	(86)	426	147	874
Income tax expense (benefit)	(33)	167	63	343
Earnings (loss) before cumulative effect of change in accounting	(53)	259	84	531
Cumulative effect of change in accounting	-	-	-	(37)
Net earnings (loss)	$ (53)	$ 259	$ 84	$ 494
Earnings (loss) per common share:				
Assuming no dilution:				
Before cumulative effect of change in accounting	$ (.36)	$ 1.31	$ .28	$ 2.69
Cumulative effect of change in accounting	-	-	-	(.20)
	$ (.36)	$ 1.31	$ .28	$ 2.49
Assuming full dilution:				
Before cumulative effect of change in accounting	$ *	$ 1.19	$ *	$ 2.44
Cumulative effect of change in accounting	-	-	-	(.17)
	$ *	$ 1.19	$ *	$ 2.27
Cash dividends declared per common share	$ .35	$ .29	$ .64	$ .56

* Antidilutive

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

LOCKHEED MARTIN CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

	Six Months Ended June 30, 1995	1994
	(In millions)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Earnings before cumulative effect of change in accounting	$ 84	$ 531
Adjustments to reconcile earnings to net cash provided by operating activities:		
Merger related and consolidation expenses- provision	690	-
- payments	(92)	-
Gain from Materials public offering	-	(118)
Acquisition termination fee	-	(50)
Depreciation and amortization	465	492
Changes in operating assets and liabilities	(888)	(371)
Net cash provided by operating activities	259	484
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to properties, net of purchased operations	(269)	(228)
Net proceeds - Materials public offering	-	189
Acquisition termination fee	-	50
Acquisitions	(148)	(163)
Net cash used for investing activities	(417)	(152)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowing repayments	(105)	(157)
Issuances of common shares	26	11
Common stock dividends	(125)	(112)
Preferred stock dividends	(30)	(30)
Net cash used for financing activities	(234)	(288)
Net (decrease) increase in cash and cash equivalents	(392)	44
Cash and cash equivalents at beginning of period	639	366
Cash and cash equivalents at end of period	$ 247	$ 410

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

LOCKHEED MARTIN CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEET
(UNAUDITED)

	June 30, 1995	December 31, 1994
	(In millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 247	$ 639
Receivables	3,583	3,473
Inventories	3,099	3,159
Deferred income taxes	583	597
Other current assets	349	275
Total current assets	7,861	8,143
Property, plant and equipment	3,459	3,455
Intangible assets related to contracts and programs acquired	1,897	1,971
Cost in excess of net assets acquired	2,813	2,831
Other assets	2,245	1,649
	$ 18,275	$18,049
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings	$ 161	$ 14
Accounts payable	1,042	1,292
Customer advances	1,337	1,544
Salaries, benefits and payroll taxes	822	767
Income taxes	77	111
Current maturities of long-term debt	731	285
Other current liabilities	1,833	1,622
Total current liabilities	6,003	5,635
Long-term debt	2,894	3,594
Post-retirement benefit liabilities	1,762	1,756
Other liabilities	1,557	978
Stockholders' equity:		
Series A preferred stock, $50 liquidation preference per share	1,000	1,000
Common stock, $1 par value per share	200	199
Additional paid-in capital	766	734
Retained earnings	4,399	4,470
Unearned ESOP shares	(306)	(317)
	6,059	6,086
	$ 18,275	$18,049

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. The results of operations for the three months and six months ended June 30, 1994 reflect certain conforming adjustments and reclassifications which are discussed in Note 2 below. 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 May 10, 1995 under cover of Form 10-K. In the opinion of management, the interim financial information provided herein reflects all adjustments (consisting of normal recurring accruals, except for those described in Note 2) necessary for a fair presentation of the results of operations for the interim periods. The results of operations for the three months and six months ended June 30, 1995 are not necessarily indicative of the results to be expected for the full year.

Note 2 - Formation of Lockheed Martin Corporation

On March 15, 1995, following the approval of the stockholders of each corporation, Lockheed Corporation (Lockheed) and Martin Marietta Corporation (Martin Marietta) consummated a transaction (the Business Combination) pursuant to which Lockheed and Martin Marietta became wholly-owned subsidiaries of a newly created holding corporation, Lockheed Martin Corporation (Lockheed Martin or the Corporation). A detailed description of the Business Combination is contained within the Joint Proxy Statement/Prospectus which forms a part of Lockheed Martin's Form S-4 Registration Statement (No. 33-57645) filed with the SEC on February 9, 1995.

Under the terms of the Agreement and Plan of Reorganization, dated August 29, 1994, each outstanding share of Lockheed common stock was exchanged for 1.63 shares of Lockheed Martin common stock, each outstanding share of Martin Marietta common stock was exchanged for one share of Lockheed Martin common stock and each outstanding share of Martin Marietta's Series A preferred stock, all of which was held by General Electric Company (GE) subject to a Standstill Agreement, was exchanged for one share of Lockheed Martin Series A preferred stock.

The Business Combination constituted a tax-free reorganization and qualified for the pooling of interests method of accounting. Under this accounting method, the assets and liabilities of Lockheed and Martin Marietta were carried

forward to Lockheed Martin at their historical recorded bases. The accompanying condensed consolidated financial statements for the three months and six months ended June 30, 1994, which reflect the combined balance sheets, results of operations and cash flows for Lockheed Martin, have been derived from the balance sheets, results of operations and cash flows of the separate corporations for periods before the Business Combination, combined, reclassified and conformed, as appropriate, to reflect amounts for the combined entity. Sales and earnings of the individual entities for the three months and six months ended June 30, 1994 were as follows:

	As Previously Reported			
	Lockheed	Martin Marietta	Combining Adjustments	Lockheed Martin Combined
	(In millions, except per share data)			
Three Months Ended June 30, 1994				
Net sales	$3,096	$2,491	$ (25)	$ 5,562
Earnings before cumulative effect of change in accounting	104	163	(8)	259
Earnings per share before cumulative effect of change in accounting, assuming full dilution	1.01 *	1.29	-	1.19
Six Months Ended June 30, 1994				
Net sales	$6,121	$4,525	$ (48)	$ 10,598
Earnings before cumulative effect of change in accounting	196	347	(12)	531
Earnings per share before cumulative effect of change in accounting, assuming full dilution	1.90 *	2.76	-	2.44

* Amounts for Lockheed have been adjusted for the 1.63 exchange ratio related to the Business Combination.

For the first and second quarters of 1994, combining adjustments were recorded to eliminate intercompany sales and cost of sales. No adjustments were made to eliminate the related intercompany profit in ending inventories as such amounts were not material. Adjustments were also made to conform Lockheed's method of accounting for timing differences in cost recognition between Statement of Financial Accounting Standards No. 87, "Employers' Accounting for Pensions," and applicable government contract accounting principles to be consistent with Martin Marietta's method, and to conform Lockheed's provisions for state income taxes to Martin Marietta's methodology. Further adjustments were recorded to reflect the tax impact of these adjustments.

The Corporation elected to adopt, effective January 1, 1994, the American Institute of Certified Public Accountants (AICPA) Statement of Position (SOP) No. 93-6, "Employers' Accounting for Employee Stock Ownership Plans," to account for the Employee Stock Ownership Plan (ESOP) feature of the Lockheed Salaried Savings Plan. Adoption of this accounting method resulted in a cumulative effect adjustment which reduced net earnings for the first quarter of 1994 by $37 million, or $.17 per common share assuming full dilution. In accordance with the provisions of the SOP, the unallocated common shares held by the ESOP trust (Unallocated ESOP Shares) have been excluded from weighted average outstanding shares in calculating earnings per share. For the second quarter of 1995 and 1994, the weighted average Unallocated ESOP Shares excluded in calculating earnings per share totaled approximately 10.5 million and 11.7 million equivalent shares of Lockheed Martin common stock, respectively. For the six months ended June 30, 1995 and 1994, the weighted average Unallocated ESOP Shares excluded totaled approximately 10.7 million and 11.8 million equivalent shares, respectively.

On June 26, 1995, the Corporation announced a corporate-wide consolidation plan which, once fully implemented, is expected to yield annual savings of approximately $1.8 billion. Under the consolidation plan, the Corporation will close 12 facilities and laboratories as well as 26 duplicative field offices in the U.S. and abroad, eliminating approximately 12,000 positions and 7.7 million square feet of unneeded capacity over the next five years. The total cost to implement the plan, which will be largely completed over the next two years, is approximately $1.7 billion. These costs will be funded by cash

generated from operations supplemented, as necessary, by borrowings. Under existing U.S. government regulations, certain expenses incurred for consolidation actions that can be demonstrated to result in savings in excess of the expense can be amortized and recovered in future pricing of the Corporation's products and services. The Corporation anticipates that a substantial portion of the total cost of this plan will therefore be reflected in future sales and cost of sales, along with an effect from the anticipated savings. The Corporation recorded a pretax charge of $525 million in the second quarter of 1995 in connection with the consolidation plan representing the portion not expected to be recovered under future pricing of U.S. government contracts. In addition, the Corporation recorded a $165 million pretax charge in the first quarter of 1995 for merger related expenses.

The assumed conversion of the Corporation's Series A preferred stock for purposes of calculating earnings per share on a fully diluted basis has an anti-dilutive effect for both the three months and six months ended June 30, 1995. Accordingly, conversion of the preferred stock has not been assumed in the accompanying fully diluted earnings per share presentations for those periods. It is anticipated that assumed conversion will not have an anti-dilutive effect in calculating earnings per share on a fully diluted basis for the full year ending December 31, 1995.

Note 3 - Inventories

	June 30, 1995	December 31, 1994
	(In millions)	
Work in process, primarily on long-term contracts and programs in progress	$ 4,226	$4,678
Less customer advances and progress payments	(1,774)	(2,172)
	2,452	2,506
Other inventories	647	653
	$ 3,099	$ 3,159

Note 4 - Debt

On March 15, 1995, the Corporation entered into a revolving credit agreement (the Credit Agreement) with a group of domestic and foreign banks. The Credit Agreement makes available $1.5 billion for commercial paper backup and general corporate purposes through March 14, 2000. Borrowings under the Credit Agreement would be unsecured and bear interest, at the Corporation's option, at rates including the Eurodollar rate and a bank base rate (as defined). The Credit Agreement contains certain restrictive covenants including a financial covenant relating to leverage, and provisions which relate to certain changes in control. Borrowings under the Credit Agreement would be unconditionally guaranteed by Lockheed, Martin Marietta and Martin Marietta Technologies, Inc. (Technologies), a wholly-owned subsidiary of Martin Marietta. There were no borrowings outstanding under the Credit Agreement.

Commercial paper borrowings of $150 million were outstanding at June 30, 1995. The Corporation's total interest payments were approximately $138 million and $136 million for the six months ended June 30, 1995 and 1994, respectively.

Note 5 - Other Income and Expenses

	Three Months Ended June 30, 1995	Three Months Ended June 30, 1994	Six Months Ended June 30, 1995	Six Months Ended June 30, 1994
	(In millions)			
Gain - Materials public offering	$ -	$ -	$ -	$ 118
Acquisition termination fee	-	50	-	50
Royalty income	22	25	40	28
Interest income	4	6	14	9
Other	16	(30)	10	(31)
	$ 42	$ 51	$ 64	$ 174

In February 1994, Martin Marietta Materials, Inc. (Materials) sold through an initial public offering (IPO) approximately 19% of the outstanding stock of Materials. A portion of the proceeds from the IPO was used to defease in substance $125 million of 9.5% Notes. Technologies recognized a pretax gain, net of a loss on debt defeasance, of $118 million from Materials' IPO. The net after-tax gain from these transactions was $70 million, or $.32 per share assuming full dilution, for the first quarter and first six months of 1994.

During March 1994, Martin Marietta entered into an Agreement and Plan of Merger with Grumman Corporation (Grumman) and made an offer to purchase for cash all outstanding shares of common stock of Grumman. Subsequently, Grumman reached agreement with and accepted Northrop Corporation's competing offer to purchase its outstanding common shares. In April 1994, the Corporation received $50 million plus reimbursement of expenses from Grumman pursuant to the termination provisions of the Agreement and Plan of Merger. The Corporation recorded an after-tax gain of $30 million or $ .14 per share assuming full dilution, for the first quarter and first six months of 1994.

Note 6 - 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 Corporation's filing on May 10, 1995 of its consolidated financial statements under cover of Form 10-K.

In March 1991, Lockheed 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 $90 million.

Lockheed 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 Corporation has not

incurred any material costs relating to these environmental matters. The extent of the Corporation's financial exposure cannot in all cases be reasonably estimated at this time. A liability of approximately $250 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 probable future recovery of the portion of these costs in pricing of the Corporation's products and services for U.S. government business. The portion that is expected to be allocated to commercial business has been reflected in cost of sales. The recorded amounts do not reflect the possible recovery of portions of the environmental costs through insurance policy coverage or from other potentially responsible parties to the contamination, which the Corporation is pursuing as required by agreement and U.S. government regulation. Any such recoveries, when received, would reduce the Corporation's liability as well as the allocated amounts to be included in the Corporation's U.S. government sales and cost of sales.

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 7 - Other

The Corporation's total income tax payments were approximately $154 million and $59 million for the six months ended June 30, 1995 and 1994, respectively.

On July 27, 1995, the Corporation's Board of Directors authorized the repurchase of up to six million shares of common stock under a systematic repurchase plan which is intended to counter the future dilutive effect of common stock issued by the Corporation under its 1995 Omnibus Performance Award Plan. The Board of Directors also authorized the repurchase of up to nine million shares of common stock to counter the dilutive effect of common stock issued under the Corporation's other benefit and compensation programs and for other purposes related to such plans.

RESULTS OF OPERATIONS

Lockheed Martin 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.

The Corporation's consolidated sales for the second quarter of 1995 were $5.6 billion, which represents a one percent increase over the amount recorded for the same period in 1994. Consolidated sales for the six months ended June 30, 1995 were $11.3 billion, a six percent increase over the $10.6 billion reported for the same period in 1994. Most of the year-to-date increase occurred in the Space and Strategic Missiles segment, principally due to the acquisition of the former Space Systems Division of General Dynamics Corporation on May 1, 1994, offset in part by declines in the Electronics segment.

For the quarter ended June 30, 1995, the Corporation recorded a loss from operations of $55 million, resulting from a $525 million pretax charge taken in the second quarter in conjunction with a corporate-wide consolidation plan announced in June (see Note 2). This charge was in addition to a pretax charge of $165 million taken in the first quarter of 1995 for merger related fees, other payments, and relocation and severance costs associated with Lockheed Martin headquarters and sector staffing. Earnings growth excluding these charges resulted from improvements in the Aeronautics segment and in Space and Strategic Missiles, offset in part by declines in Electronics.

Other income and expenses, net, were $42 million in the second quarter of 1995 compared to $51 million in 1994. The 1995 result reflects a combination of higher miscellaneous income and lower miscellaneous expenses, while 1994's result was primarily due to the receipt of a $50 million fee pursuant to termination of the proposed acquisition of Grumman Corporation. Other income and expenses, net, for the first six months of 1995 were $64 million as compared to $174 million for the same period in 1994. The net decrease was primarily due to the Grumman fee discussed above and a one-time gain of $118 million in 1994 resulting from the initial public offering (IPO) of shares of common stock of Martin Marietta Materials, Inc. (Materials) (see Note 5).

The Corporation recorded an income tax benefit for the second quarter of 1995 as a result of the charge taken for the Corporation's consolidation plan discussed previously. Income tax expense decreased for the first six months of 1995 compared to 1994 principally due to the lower income resulting from the 1995 merger related and consolidation expenses and the absence of the 1994 Materials IPO gain, offset in part by a higher tax rate of 43.2 percent in 1995 compared to 39.2 percent in the first six months of 1994. This rate increase was primarily caused by the nondeductibility of certain merger related expenses that will be capitalized for federal income tax purposes.

The first quarter of 1994 included an after-tax charge of approximately $37 million due to adoption of a change in accounting for the ESOP under the American Institute of Certified Public Accountants Statement of Position No. 93-6 (see Note 2).

The following table displays second quarter and year to date net sales and earnings before interest and taxes and excluding merger related and consolidation expenses for the Lockheed Martin business segments. The subsequent discussion of significant operating results of each segment also excludes the impact of the merger related and consolidation expenses.

	Three Months Ended June 30,		Six Months Ended June 30,	
	1995	1994	1995	1994
Net Sales:				
Space and Strategic Missiles	$ 1,895	$ 1,693	$ 3,747	$ 3,148
Aeronautics	1,474	1,591	3,242	3,169
Information and Technology Services	1,160	1,037	2,195	1,981
Electronics	834	1,027	1,650	1,944
Energy, Materials and Other	243	214	417	356
Total	$ 5,606	$ 5,562	$11,251	$10,598
Earnings Before Interest and Taxes Excluding Merger Related and Consolidation Expenses:				
Space and Strategic Missiles	$ 166	$ 128	$ 347	$ 264
Aeronautics	134	101	274	194
Information and Technology Services	61	62	108	94
Electronics	85	105	173	233
Energy, Materials and Other	66	108	87	244
Total	$ 512	$ 504	$ 989	$ 1,029

Second quarter and year to date Space and Strategic Missiles sales increased 12 percent and 19 percent, respectively, in 1995 compared to 1994. Most of the increase was the result of the acquisition of the former Space Systems Division of General Dynamics Corporation on May 1, 1994. Earnings from operations increased 30 percent for the second quarter of 1995 and 19 percent for the year to date compared to the same periods of 1994 due to the inclusion of the Atlas launch services program, improved cost performance on Titan IV and fleet ballistic missiles, and the nonrecurrence of charges recorded on certain fixed-price programs in 1994.

The second quarter 1995 Aeronautics sales decreased seven percent in 1995 compared with the same period in 1994 due to fewer deliveries of F-16 aircraft. This decrease was partially offset by delivery of one P-3 aircraft in the second quarter of 1995 and from an increased level of F-16 fighter support activities at Tactical Aircraft Systems. Sales for the first six months of 1995 were two percent higher than for 1994, with F-16 aircraft sales decreases from fewer deliveries offset by higher F-16 fighter support and F-22 fighter activities and the delivery of three P-3 maritime patrol aircraft (there were no P-3 deliveries in 1994). Earnings from operations were 34 percent higher in the second quarter of 1995 and 42 percent higher for the year to date from the comparable periods in 1994 resulting from nonrecurrence of charges taken in 1994 in connection with the Pratt & Whitney fan reverser program, higher C-130 airlifter margins and lower costs related to the development of the upgraded C-130J model.

Information and Technology Services sales for the second quarter of 1995 were 12 percent greater than the comparable 1994 sales primarily in commercial products businesses. Sales for the first six months of 1995 were 11 percent greater than for the first six months of 1994, reflecting increases in commercial products businesses, and growth in fabrication support related to the Space Shuttle external tank contract. Earnings from operations for the quarter were essentially flat for the second quarter of 1995 but 15 percent higher for the year to date compared to the corresponding period in 1994. The year-to-date increase reflects the sales growth as well as improved margins in commercial products businesses.

Second quarter and 1995 year to date Electronics sales were 19 percent and 15 percent lower than the corresponding 1994 periods primarily because of volume decreases in various programs, particularly in Ocean, Radar and Sensor Systems. Earnings from operations for the second quarter of 1995 and for the year to date were 20 percent and 26 percent lower, respectively, than 1994 due to the impact from investments in new business in 1995, substantial completion in 1994 of Patriot subcontract activities, and the sales decreases described above.

Sales and earnings from operations in both Energy and Materials grew in the second quarter of 1995, as well as for the year to date, reflecting the January 1995 Materials acquisition of the construction aggregates business of Dravo Corporation (Dravo) and the commencement of activities under the Idaho National Engineering Laboratories Management and Operations and Pit 9 contracts in the fourth quarter of 1994. The remaining decrease in earnings in this segment reflects the one-time $118 million gain associated with the Materials IPO and the $50 million termination fee from Grumman Corporation recorded in the first quarter and second quarter of 1994, respectively.

The following table displays the pretax impact of the merger related and consolidation expenses as identified to each segment.

	Three Months Ended June 30, 1995	Six Months Ended June 30, 1995
Space and Strategic Missiles	$ 263	$ 263
Aeronautics	138	138
Information and Technology Services	24	24
Electronics	93	93
Energy, Materials and Other	7	172
Total	$ 525	$ 690

LIQUIDITY AND CAPITAL RESOURCES

During the first six months of 1995, approximately $259 million in cash flow was provided by operating activities, compared with $484 million for the same period in 1994, with the decrease mostly due to higher tax payments and cash outlays in connection with merger related and consolidation expenses. Capital expenditures for property, plant and equipment increased principally due to fixed asset requirements for new programs within the Space and Strategic Missiles segment. Other cash flow requirements in 1995 related to acquisitions, principally Dravo, while in 1994 cash flows benefitted from proceeds from the Materials IPO and receipt of the Grumman termination fee, which offset cash used for the acquisition of the former Space Systems Division of General Dynamics Corporation and the defeasance in substance of $125 million of 9.5% Notes in February 1994.

The Corporation held cash and cash equivalent balances of $247 million at June 30, 1995 and $639 million at December 31, 1994. During the second quarter of 1995, the Corporation issued short-term commercial paper; the amount of these borrowings outstanding at June 30, 1995 was $150 million. Cash on hand and temporarily invested, internally generated funds, and available financing resources are expected to be sufficient to meet anticipated operating, consolidation and debt service requirements and discretionary investment needs.

During the second quarter of 1995, the Corporation repaid approximately $240 million of medium term notes which matured during the quarter. The Corporation has no additional material maturing long-term debt that is scheduled to be retired during the remainder of 1995.

At June 30, 1995, stockholders' equity was approximately $6.1 billion, a decrease of $27 million from the balance at December 31, 1994. The decrease is principally due to the excess of dividends over year-to-date earnings. On July 27, 1995, the Corporation's Board of Directors authorized the repurchase of up up to six million common shares under a systematic repurchase plan to counter the future dilutive effect of common stock issued by the Corporation under its 1995 Omnibus Performance Award Plan. Additionally, the Board authorized the repurchase of up to nine million common shares to counter the dilutive effect of common stock issued under the Corporation's other benefit and compensation programs and for other purposes related to such plans.

Item 1. Legal Proceedings

On March 15, 1995, Lockheed Corporation (Lockheed) and Martin Marietta Corporation (Martin Marietta) consummated a transaction (the Business Combination) pursuant to which Lockheed and Martin Marietta became wholly-owned subsidiaries of a newly created holding corporation, Lockheed Martin Corporation (collectively with its subsidiaries, Lockheed Martin or the Corporation). A detailed description of the Business Combination is contained within the Joint Proxy Statement/Prospectus which forms a part of Lockheed Martin's Form S-4 Registration Statement (No. 33-57645) filed with the Securities and Exchange Commission (the Commission) on February 9, 1995.

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

As a consequence of the Business Combination, proceedings involving either Lockheed or Martin Marietta have the potential to affect Lockheed Martin. Certain of these proceedings are described in "Item 3. Legal Proceedings" on page 7 of Lockheed's Annual Report on Form 10-K for the fiscal year ended December 25, 1994 (the Lockheed Form 10-K), in Note 10 to Lockheed's Consolidated Financial Statements included in Part II of the Lockheed Form 10-K and in "Item 3. Legal Proceedings" on pages 28 through 39 of Martin Marietta's Annual Report on Form 10-K for the fiscal year ended December 31, 1994 and, except to the extent superseded by the discussion below or by Lockheed Martin's filing on Form 10-K dated May 10, 1995, these descriptions are incorporated herein by reference.

Lockheed Martin has previously disclosed ongoing negotiations of an Administrative Settlement Agreement with the United States Air Force Office of Contractor Integrity arising out of Lockheed's entry into a plea agreement with the United States Government relating to violations of certain provisions of the Foreign Corrupt Practices Act. On June 30, 1995, a settlement was reached. Compliance with the terms of the settlement will not have a material adverse effect on Lockheed Martin.

Reference is made to prior disclosures of proceedings relating to a contract with the Navy for the full-scale development of the Supersonic Low Altitude Target (SLAT). On June 30, 1995, Lockheed Martin filed an Answer and Counterclaim and discovery is proceeding.

Reference is made to prior disclosures of stockholder litigation filed in connection with the Business Combination. At a hearing on the matter, the Court stated its intention to approve the settlement discussed in the earlier disclosures, however, the Court has not yet issued a signed judgement approving the settlement.

Reference is made to prior disclosure of a subpoena received by the Corporation on May 4, 1995 compelling the production of records relating to the Advanced Concept Center and the Information Systems and Technologies businesses which are parts of the Lockheed Martin Management & Data Systems company. Lockheed Martin has produced the documents requested.

Reference is made to prior disclosure of a subpoena received by the Corporation on May 9, 1995 compelling the production of records before a federal grand jury sitting in Boise, Idaho. During the second quarter of 1995, several current and former employees of the Idaho National Engineering Laboratories (INEL) testified before the grand jury. Lockheed Martin has not been informed of the focus of the investigation, but it appears to relate to alleged violations of environmental laws pertaining to handling hazardous waste.

Reference is made to prior disclosure of subpoena received on December 22, 1994 by the Corporation's Ordnance Systems facility in Milan, Tennessee compelling the production of documents related to health and safety matters. The Corporation has been provided minimal information as the focus of the investigation, but it appears to relate to an investigation of the accuracy with which certain accident statistics used in the computation of the Corporation's award fee were reported.

Reference is made to prior disclosure of subpoenas received by the Corporation's Ordnance Systems facility at Milan, Tennessee on January 6, 1994 and January 20, 1994 compelling the production of certain purchase order files. The Corporation has been provided minimal information as the focus of the investigation, but it appears to relate to allegations of procurement irregularities and on May 26, 1995, two former employees of the Corporation pled guilty to violation of the Anti-kickback Act and conspiracy to defraud the United States.

Reference is made to prior disclosure of a subpoena received on June 27, 1994 compelling the production of documents related to Lockheed Martin's Compu-Scene IV image generator product. Lockheed Martin has produced the documents requested.

Reference is made to prior disclosures of proceedings relating to a government investigation of alleged defective pricing and labor mischarging in the Pershing II program. In January, 1994, the Corporation was informed that criminal prosecution had been declined but that the Civil Division of the Justice Department intended to further investigate the matter. The Corporation has now been informed that civil prosecution has also been declined.

Reference is made to prior disclosures relating to a civil suit brought against Martin Marietta Energy Systems, Inc., (MMES) and the Department of Energy (DOE) relating to the shipment of hazardous waste from facilities managed for the DOE by MMES into the State of Arkansas. On July 21, 1995, the Court sustained Motions to Dismiss filed by MMES and the DOE. A thirty-day period in which this decision may be appealed has not yet run.

On May 26, 1995, Lockheed Sanders, Inc. received a federal grand jury subpoena issued by the United States District Court for the Central District of California compelling the production of documents relating to a consultant used by the Corporation in Taiwan. The Corporation is in the process of producing the documents requested.

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

On July 3, 1995, Lockheed Martin received a subpoena directed to the Lockheed Fort Worth Company requiring the production of records before a federal grand jury sitting in the Northern District of Texas relating to the Corporation's use of foreign consultants and commission representatives. The Corporation is in the process of producing the documents requested.

Lockheed Martin is involved in various other legal and environmental proceedings arising in the ordinary course of its business but, in the opinion of management and counsel, the probability is remote that the outcome of any such litigation or proceedings, whether or not specifically described above or referred to generally in this paragraph, will have a material adverse effect on the results of Lockheed Martin's operations or its financial position.

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 and six months ended June 30, 1995 and 1994.

2. Exhibit 12. Lockheed Martin Corporation Computation of Ratio of Earnings to Fixed Charges for the six months ended June 30, 1995.

3. Exhibit 27. Financial Data Schedule for the six months ended June 30, 1995.

(b) Reports on Form 8-K

1. Current report on Form 8-K filed on May 4, 1995

Item 5. - Other Events

The registrant filed on behalf of Lockheed Corporation, its wholly-owned subsidiary, a copy of Lockheed Martin Corporation Procedure No. INT-01, which pertains to consultants to Lockheed Martin Corporation.

2. Current report on Form 8-K filed on May 24, 1995

Item 5 - Other Events

The registrant filed unaudited results of operations for the month ended April 30, 1995 to satisfy the requirement, with respect to affiliate trading restrictions set forth in Accounting Series Release No. 130, that financial results covering at least 30 days of post-merger combined operations be published.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the resigtrant has duly caused this report to be signed on its behalf by the by undersigned thereunto duly authorized.

LOCKHEED MARTIN CORPORATION
(Registrant)

Date: August 10, 1995 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 June 30, 1995	Three Months Ended June 30, 1994	Six Months Ended June 30, 1995	Six Months Ended June 30, 1994
	(In millions, except per share data)			
ASSUMING NO DILUTION:				
Average number of common shares outstanding	189.3	186.6	188.9	186.4
Earnings (loss) before cumulative effect of change in accounting	$ (53)	$ 259	$ 84	$ 531
Less: Preferred stock dividends	(15)	(15)	(30)	(30)
Earnings (loss) before cumulative effect of change in accounting applicable to common stock	(68)	244	54	501
Cumulative effect of change in accounting	-	-	-	(37)
Net earnings (loss) applicable to common stock	$ (68)	$ 244	$ 54	$ 464
Earnings (loss) per common share:				
Before cumulative effect of change in accounting	$ (.36)	$ 1.31	$ .28	$ 2.69
Cumulative effect of change in accounting	-	-	-	(.20)
	$ (.36)	$ 1.31	$ .28	$ 2.49

LOCKHEED MARTIN CORPORATION
COMPUTATION OF EARNINGS PER COMMON SHARE

	Three Months Ended June 30, 1995	Three Months Ended June 30, 1994	Six Months Ended June 30, 1995	Six Months Ended June 30, 1994
	(In millions, except per share data)			
ASSUMING FULL DILUTION:				
Average number of common shares outstanding	189.3	186.6	188.9	186.4
Dilutive stock options-based on the treasury stock method using the June 30 market prices, if higher than average market price	28.9	2.3	4.4	2.2
Assumed conversion of the Convertible Series A Preferred Stock	4.2	28.9	28.9	28.9
	222.4	217.8	222.2	217.5
Earnings (loss) before cumulative effect of change in accounting	$ (53)	$ 259	$ 84	$ 531
Cumulative effect of change in accounting	-	-	-	(37)
Net earnings (loss)	$ (53)	$ 259	$ 84	$ 494
Earnings (loss) per common share:				
Before cumulative effect of change in accounting	$ (.24)	$ 1.19	$ .38	$ 2.44
Cumulative effect of change in accounting	-	-	-	(.17)
	$ (.24)*	$ 1.19	$ .38*	$ 2.27

* The assumed conversion of the Corporation's Series A preferred stock for purposes of calculating earnings per share on a fully diluted basis has an anti-dilutive effect for both the three months and six months ended June 30, 1995. Accordingly, conversion of the preferred stock has not been assumed in the fully diluted earnings per share presentations.

Exhibit 12

LOCKHEED MARTIN CORPORATION
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
FOR THE SIX MONTHS ENDED JUNE 30, 1995
(IN MILLIONS OF DOLLARS, EXCEPT RATIO)

EARNINGS:	
Net earnings	$ 84
Taxes on income	63
Interest expense	152
Amortization of debt premium and discount, net	(4)
Portion of rents representative of an interest factor	27
Losses of less than 50% owned associated companies	1
Adjusted earnings before taxes and fixed charges	$ 323
FIXED CHARGES:	
Interest expense	$ 152
Amortization of debt premium and discount, net	(4)
Portion of rents representative of an interest factor	27
Capitalized interest	1
Total fixed charges	$ 176
RATIO OF EARNINGS TO FIXED CHARGES	1.8

The above ratio computation reflects the impact of merger related and consolidation expenses recorded during 1995.

[ARTICLE] 5
[LEGEND]
This schedule contains summary financial information extracted from the condensed consolidated balance sheet and condensed consolidated statement of earnings and is qualified in its entirety by reference to such financial statements.
[MULTIPLIER] 1,000,000

[PERIOD-TYPE]	6-MOS	
[FISCAL-YEAR-END]		DEC-31-1995
[PERIOD-START]		JAN-01-1995
[PERIOD-END]		JUN-30-1995
[CASH]		247
[SECURITIES]		0
[RECEIVABLES]		3,583
[ALLOWANCES]		0
[INVENTORY]		3,099
[CURRENT-ASSETS]		7,861
[PP&E]		8,220
[DEPRECIATION]		4,761
[TOTAL-ASSETS]		18,275
[CURRENT-LIABILITIES]		6,003
[BONDS]		2,894
[PREFERRED-MANDATORY]		0
[PREFERRED]		1,000
[COMMON]		200
[OTHER-SE]		4,859
[TOTAL-LIABILITY-AND-EQUITY]		18,275
[SALES]		11,251
[TOTAL-REVENUES]		11,251
[CGS]		10,326
[TOTAL-COSTS]		11,016
[OTHER-EXPENSES]		64
[LOSS-PROVISION]		0
[INTEREST-EXPENSE]		152
[INCOME-PRETAX]		147
[INCOME-TAX]		63
[INCOME-CONTINUING]		84
[DISCONTINUED]		0
[EXTRAORDINARY]		0
[CHANGES]		0
[NET-INCOME]		84
[EPS-PRIMARY]		0.28
[EPS-DILUTED]		0